

TOWARDS THE COMMON GOOD

Statement on the Future of the Welfare Society by the Bishops of
the Evangelical Lutheran Church of Finland, March 1999

(Original in Finnish)

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Isaiah 58:3-8

*Why do we fast, if thou dost not see it?
Why mortify ourselves, if thou payest no heed?
Since you serve your own interest only on your fast-day
and make all your men work harder,
since your fasting leads only to wrangling and strife
and dealing vicious blows with the fist,
on such a day you are keeping no fast
that will carry your cry to heaven.
Is it a fast like this that I require,
a day of mortification such as this,
that a man should bow his head like a bulrush
and make his bed on sackcloth and ashes?
Is this what you call a fast,
a day acceptable to the LORD?
Is not this what I require of you as a fast:
to loose the fetters of injustice,
to untie the knots of the yoke,
to snap every yoke
and set free those who have been crushed?
Is it not sharing your food with the hungry,
taking the homeless poor into your house,
clothing the naked when you meet them
and never evading a duty to your kinsfolk?
Then shall your light break forth like the dawn
and soon you will grow healthy like a wound newly healed;
your own righteousness shall be your vanguard
and the glory of the LORD your rearguard.*

(The New English Bible)

To the Reader

The bishops of the Evangelical Lutheran Church of Finland have at their regular consultations repeatedly taken up basic issues concerning the Finnish welfare society, giving attention to its ethical foundations and to its challenges and challengers.

Many of those points which we have made in our dioceses and through the media have their origins in our common deliberations.

As we have developed our positions, we have listened to the feedback from congregations and from their experience within their local communities. Their comments have led us to express our concern for the future of the welfare society, to defend it in

the midst of the current transformation and to suggest modifications which the new situation calls for.

We are publishing our statement in the Lenten season. This time of the church year calls us not to withdrawal and quiescence for the sake of our own peace of mind, but in order to come face to face with the Word of God, which may destroy our tranquillity and confront us with grave questions.

We have chosen as an introduction a biblical passage about fasting. (Isaiah 58:3-8)

We present here first a summary of our thought in the form of theses, which open up the themes for our ensuing wider consideration of the foundations of the welfare society and of the challenges and pressures for change directed to it.

- Life is not only trade, consumption and markets. Giving and receiving gifts, caring for and comforting others, playing and the enjoyment of company make life human.
- Markets are not faceless forces. They are made up of persons, whose decisions affect the economy.
- All markets have some sort of morality. The morality concerned is that of the people who by their buying or selling make use of market forces and influence them.
- Buyers and sellers need to consider the consequences which their actions and decisions may have on the environment and on society itself.
- Competition cannot function properly unless it is regulated. One way to regulate it is to increase its transparency and give consumers the opportunity to make conscious choices.
- The regulation of international markets requires supranational decisions. All parties concerned need to be listened to, and what is heard needs to be taken into account. Today a simple one-dollar-one-vote principle dominates the world economy.
- International organizations ought to impose sanctions upon countries which condone immoral practices, such as the use of child labor, environmental destruction or the persecution of trade unionists.
- The detrimental effects of international money markets and the crises caused by speculation can be alleviated by international legislation such as levying taxes on international currency exchange. Finland could be an active promoter of such legislation.

- We must not give up the Nordic achievement of a form of society, which is characterized by a broad social responsibility.
- Free markets do not guarantee adequate conditions of life to all people. Therefore we need a state that protects the weak and defends social justice.
- The eradication of poverty presupposes equalization of income. This means, for example, that the strong and well to do must assume a proportionally greater burden of taxes than the weak and the poor.
- We need services which citizens themselves initiate and generate, and the new potential, which they can contribute to the life of our congregations and local communities.
- The ultimate responsibility for ensuring that local communities have the resources to guarantee basic security for all their members rests with the national government.
- Basic security must, in the future, also include education, health care and adequate living standards, so that all residents are reasonably covered regardless of their wealth and position in society.

March 1999

Signed by the Bishops of the Evangelical Lutheran Church of Finland

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Towards the Common Good

In our day the instruments of economy are glossy but the goals are vague. Many matters seem to have been wrenched out of human control. One day a society is boiling in its overheated economy and the stock exchange promises a sharp rise. Another day a giant investment bank on the other side of the globe collapses and economic indicators are turned upside down. Worldwide changes are reflected almost immediately in the lives of

individuals. Bewilderment and confusion gain ground. Many ask where one should anchor one's life, where to look for something to lean on.

In everyday life such changes are reflected in uncertainty about income and employment. Economic growth, entrepreneurial activity and voluntarism are offered as remedies. These have worked in many cases. At the same time, however, many people drop out of the normal routines of society, are left without hope and become virtually untouched even by news about the improvement of general economic prospects. Those who persist and try to hang on find life ever more menacing and distressing. Demands mount and many experience a burnout.

There is plenty of information around about human suffering and present-day difficulties. Nevertheless, dollars and cents dominate the public debate. National governments, local communities and individuals have to subordinate their plans and their economies to the terms and demands imposed by international markets. Where do these demands actually originate?

Government Policies to Be Evaluated

The economic foundation of the welfare of society is a high employment rate and the growing productivity of work which provides more proceeds to be shared. The welfare society is thus based on the promise of continued economic growth. Its greatest menace is that traditional work for wages is no longer available for all and that the sources of funds for use in the public sector are shrinking.

We are on the doorstep of a new era. Although production is growing, the amount of work is decreasing. The gross national product is increasing but ever fewer are employed. Those who succeed are asking whether we can any longer afford a welfare state, which insures income to those who do not participate in production. Why should revenue from taxes go to those who do not work? Many well-to-do middle class taxpayers tend to believe that they can manage without the welfare state.

Government policies are meaningful when they address the needs of the people also in times of change. The Finnish parliamentary commission on the future drew attention to this in its report in the autumn of 1998. According to that report an assessment of the impact of government policies and a comparative study of the objectives and methods of politics have not found a place in the Finnish political system. The following observations of the commission demand attention:

Several hundreds of thousands out of a population of five million are either unemployed or are undergoing training which does not correspond to the changing demands on the workforce. In some fields there is a shortage of personnel. For example, there is an increasing portion of nursing care which is left undone in hospitals, old peoples' homes and private homes.

It is estimated that in 1996 the "grey" economy and economic crime in Finland drained some 25 to 50 billion marks (5 to 10 billion U.S. dollars) from public funds. During 1997 employers failed to turn over to the Internal Revenue Service taxes to be collected in advance amounting to a total of 4,4 billion marks (800 million US\$). In the previous year, the amount had been 5 billion marks. In a survey made in 1998, 74 per cent of those who answered suggested that their work does not offer enough incentive as an alternative to living on social security. Approximately 600,000 Finns have to resort to some form of social welfare. In the first half of 1998 about 300,000 households received a subvention in order to survive.

The government has transferred some part of its responsibilities for public services to the local communes. The earmarking of social funds has caused problems, and in some parts of the country those who are in the greatest need find themselves left without adequate care. Communes have been forced to curtail services and to increase the charges for them and in several cases to send teachers on involuntary leave of absence in order to save communal funds.

Persons with small and medium incomes are taxed so heavily that, with both parents working, the family may still have less ready money than those who live on public assistance.

The Welfare State as a Model for Survival

When we look at the effects of government policies, we question whether at the beginning of the new millennium citizens still have confidence in the national state. Can it still sustain a sense of belonging together? Some concerns are handled most effectively on a global basis, some are limited to a European framework, and others again to the sub-regional or local level. With advancing globalization, some traditional state functions and decision-making powers have already been transferred to the organs of the European Union, and more of them will go there or even further away to be decided. The freedom of the member states of the European Union to make independent decisions is being curtailed in many ways.

The welfare state is bound to face many painful questions as the current social transition continues: Can the benefits and services be distributed to all, irrespective of their needs or wealth? Can a person in need have the right to receive social benefits without making compensation, without the responsibility to work or without the obligation to serve others in some direct way? The possibility of returning to policies of social welfare based on recognized needs of the recipient is gaining renewed interest.

Changing the established principles of distribution may, however, entail some dangers. If the well-to-do citizens realize that they are merely contributors to the system and derive no personal benefit from it, they may reject the welfare model, in which most people have trusted. It would then lose its potential for preventing social menaces and risks.

When we examine a model of welfare and well being, we have to ask how and in what direction the responsibility of the citizens and their partnership in caring for society can be expanded. How are we to break out of the circle of poverty and alienation which emerges when some of the citizens belong to the active and productive ◆lite and others have to resort to temporary and poorly paid work? What happens to mutual solidarity, if attitudes harden? Where are we going, if the strong are increasingly claiming privileges over the weak?

We are faced with an ominous situation when we realize that the resources of our state may be inadequate for maintaining a welfare society. In the context of worldwide economic competition, the economy of a small country has only a marginal significance. Many, also outside our own country, are asking today anxiously whether, with this degree of competition, national states have any chance of survival. Will it be possible for them to build up international control systems which could reduce disturbances in the global economy and integrate regulation and sustainable regional development?

In addition to current trends in the global economy, various cultures and religious ideals that defy political control are challenging the idea of the nation state. When the state loses its grip on what is essential for it, that is to say capital and investments, it also becomes incapable of representing what is of ultimate significance for it - its citizens.

The origins of many of today's problems such as climatic change, the instability of money markets and the vicious circle of the debts of the developing countries, are largely outside Finland. They can be resolved only through international efforts. What we need is supranational control systems together with joint democratic decision-making procedures. The development of international structures presupposes the parallel improvement of local administration.

Our Common Future: A Net State

The responsibility for regional development within Finland has recently been transferred from the administrative offices of provinces to fewer regional administrative centers, which in turn rely on a high degree of communal autonomy. This is a move in the direction which futurologists have suggested for years. The destination is a net state, which consists of the sectors of national government, sub-regional and local administrations, and non-governmental organizations and their local sub-units. All these form together a net, which is based on interaction and shared responsibility. In order to live in this kind of a net, we have to know who we are. The ability to be linked to the net is becoming crucial for survival.

The parliamentary commission on the future states in its report:

In addition to the factors essential for economic and technological success, humanity needs a solid cultural foundation. It needs a global ethical ground. Moral values do not

reflect the hectic rhythm of today's rapid social change. For example, the values underlined by Christianity continue to be valid. In addition, the philosophies of ancient cultures provide an intellectual challenge to the people of our modern era.

Moral Values and The Golden Rule

"Always treat others as you would like them to treat you". (Matthew 7:12, (The New English Bible))

When new problems emerge, it is expedient to consider what people consider important and valuable. That is what a discussion of moral values is all about. Issues or things have value only in so far as a person or a people so decide. This implies either an individual or a collective decision. If a community defines moral values, they are intended to have at least some degree of general validity. If the value judgement is that of an individual, it may express a generally recognized moral value or it may reflect only his or her own personal conviction.

Many in recent times have given up the idea of generally applicable moral values: Let pluralism be the only common value! The more widely this view becomes accepted, the less meaning there will be in any discussion of moral values. Society will then continue its fragmentation into a mosaic-like combination of sub-cultures, and communication across their boundaries will become ever more difficult.

However, if the point of departure is that there are, and should be, generally recognized fundamental values, then it is necessary to acknowledge a foundation for values or moral judgements that transcends the opinions of individuals.

A noteworthy ethical principle common to all humanity is the Golden Rule: Always treat others as you would like them to treat you (Matthew 7:12). The fact that the very same principle is recognized by most world religions and by many schools of philosophical ethics adds to its weight. It transcends the boundaries of different cultures. It helps us to distinguish between right and wrong in everyday life and to reflect on complex ethical problems.

Despite wide recognition of the Golden Rule, its meaning is frequently misunderstood. It does not in the first place advise us to do to others what we think would be good for ourselves, but to place ourselves in the position of the others. It leads us to ask what we would wish them to do to us, if we were in their situation. Only when we make the life-situation of others into our own and can identify with their position, can we arrive at morally right decisions and acts. The traditional Lutheran interpretation of the Golden Rule has placed special emphasis on the need to view the situation with the eyes of those who are in the weakest position.

The Golden Rule arises out of the reality of the human predicament: life gains meaning only in fellowship with others. Happiness and success are experienced together with others. Also wounds are inflicted through relationships with others. Accordingly, the value of a human person is not just an individualistic concept. It is realized in relationship with other persons and with a community.

According to the Golden Rule, all issues have to be considered primarily from the viewpoint of the other or others, from within his, her or their position. Such an attitude does not disregard one's own human dignity, nor does it allow reckless self-realization at the expense of others. Individuality and personal freedom are placed in the context of the community.

Sound ethics gives priority to the common interests of the community rather than to personal self-fulfillment. The economic ambitions of an individual have a communal limit: the interests of one person have to be seen in relation to similar and equally legitimate interests of others; likewise the interests and objectives of one society in relation to the interests and objectives of other societies; the interests of one region or continent in relation to the overall or global interests; and the interests of one social class, or a key interest group, have to be seen in relation to the life and interests of the whole society. Moderation in life is in essence adjusting one's own life and standard of living to the resources of the entire community.

Those in decision-making positions should take into account the conditions and needs of all members of the society. This cannot be done from the top down or from outside, but only by immersion in the everyday reality of the life of the people. Also the freedom of markets, economic growth and efficiency must be placed in this context.

Regarding the Moral Foundation of Well Being

In making the case for a welfare society, the right to decide about one's own affairs by oneself has frequently been emphasized. The function of society is not and must not be to provide maternal tutelage for its mature members. On the other hand, the right to self-determination has been used as an argument for defending human selfishness and unrestrained market mechanisms. This has resulted in a one-sided identification of the ideals of liberal democracy with the justification of free markets and the continued growth of consumption.

In the history of Western thought we can distinguish two different basic approaches to the appraisal of the functions of a market economy. Traditional Anglo-American economic liberalism has emphasized human liberty as liberty from something (negative freedom). It has stressed freedom from the restrictions of a political system. In continental Europe also another concept of liberalism has been emphasized, one which links it with humanism and which has placed the accent on the freedom of an individual for something (positive freedom). One of the leading ideas of such humanistic liberalism

or liberal humanism has been that of the self-fulfillment and self-realization of the individual as an independent and rational moral being.

In the market economy based on Anglo-American liberalism moral and political rights are deliberately separated from issues of economic policy. The inequality of human beings in material possessions is justified inasmuch as it is thought to contribute to productivity and to result in more wealth to be shared by all. The goal has been to maximize free markets, guided by an invisible hand, and the result to minimize the value of moral considerations. Thus the only common goal is the pursuit of material gain.

A bipolar orientation appears also in views about the role of the central government. Economic liberalism aims at restricting the responsibility of the state, whereas liberal humanism favors a role for the government, which includes not only the just distribution of resources, but supervision of education, healthcare and other fundamental rights. The moral foundation of the Finnish welfare state reflects on the whole the liberal humanist tradition. In addition, ethical thinking within the Lutheran tradition and the best heritage of the labor movement has pointed in the same direction. It is the responsibility of the government to ensure such basic livelihood as helps the poor and downtrodden to become morally and politically self-reliant partners in society.

During the recent recession, the moral position which stands for the common good seems to have been pushed aside under the pressure of market forces and of those who give preference to the advancement of selfish individual interests. We are faced with the danger that people will no longer see any justification for our welfare state, i.e. the moral foundation that fosters respect for human dignity. If this were to happen, the critical and responsible citizens, who are essential for the democratic system, would disappear from the political scene. The stage would be set for a takeover by those for whom a human being is nothing but a pursuer of his or her own interests. The essence of the sickness which today threatens society is the step by step erosion of its moral foundation.

Some sociologists are of the opinion that the post-war history of Finland may be said to consist of three periods. The first, stretching until the late sixties, has been called a period of moral economics. Policies were defended by moral arguments. The next period, from the end of the sixties to the early eighties has been designated the period of planned economy. It was assumed that all problems could be solved by means of scientific planning and organization. The third period, in which we are now living, is defined as an era of competitive economics.

The philosophic foundation of today's economic orientation is based not so much upon moral or scientific argument as on the idea of the battle for survival, which characterizes today's business and industrial world. Its basis sounds very Darwinian: "He who is the most inventive and who accommodates best will win." "Pragmatism has replaced justice, and efficiency, defined by the market economy, has conquered the scene." The language of public life reflects clearly the latest shift. The terminology of the business world is being used in political debates. This is evident, for example, when social and

health services are considered as industries and spoken of in terms of supply and demand.

The present situation is a cause for concern. The concept of justice, which was crucial for the builders of the welfare state, has had to give way to the freedom emphasized by free market liberals. An ethical crisis has ensued because choices are governed by moral weakness. The traditional ethics of responsibility has disappeared and been replaced by a short-term ethics of results, whereby an act is judged according to the gain produced and damage caused. Whereas according to the ethics of responsibility the human person has an inherent value, he or she is now being turned into an object which has merely instrumental value. Such value is used as a measure in every day situations, for example in hospitals and in the care for the elderly, and everywhere where money is at stake. The ethics of results does not allow space for the strengthening of the individual's personal identity, but increases emptiness and rootlessness. People lose the capacity for self-understanding and for contact with environment and with others. Buying happiness based on material goods cannot fill the resulting emptiness.

Morals, Ethics and Social Ethics

The words ethics and morals have frequently been used as synonyms. Nowadays however, it is customary to distinguish between them. By morals we mean the values which guide our thinking and acting. With ethics we consider the foundation of our moral values. For example, the Golden Rule is an ethical foundation, in the light of which we can appraise what is good and just, i.e. make moral decisions in everyday life.

By social ethics we mean the ethical consideration of social issues. Its purpose is to clarify the grounds on which something can be judged to be good and just between human beings, in society and in the relations between the human race and nature.

In recent years, a central issue of social ethics has been how to understand the relations between democracy, justice and a market economy.

Can Markets Have Morals?

The basic postulate of a market economy is that each market partner seeks primarily his own interest. This is considered economic rationality. Its blind spot is that it does not take into account the influence of individual or corporate actions on the welfare of others. Moreover, it presupposes that a human being is inherently selfish and seeks only his or her own satisfaction.

To be human, however, is much more than to be rational in economic matters and to strive for one's own interest. In the first place, it rests upon the natural interaction of a person with his or her fellow human beings, upon being heard and accepted, and upon

being able to serve others. An unselfish need to share and to assume responsibility for common causes and for the lives of others is a deep-seated element of being human.

Markets do not recognize unselfishness. Even if they communicate an immense amount of information, they do not impart any essential knowledge about life and living. Nevertheless a commercial outlook is rapidly penetrating areas of life to which it is poorly suited, for example education and health care. This results in well-to-do clients getting what they want, while the situation of others deteriorates. Living conditions become increasingly unequal. Does it really mean that more than in the past one should concentrate on making more money in order to provide an education for one's children and to assure oneself of security in old age? The recognized goal of the Finnish people has so far been to ensure basic security, education and health care for all. If commercialism is allowed to spread in these areas, the foundation of our society will be affected and fundamental human needs will be ignored.

Markets do not give the individual much chance to put himself or herself in another person's place. It is enough that products sell. However, a client is not, even in front of the cashier, just an individual who wants to safeguard his or her existence and who is seeking his or her own satisfaction. Everyone's life depends to a large extent on the decisions of others. At the same time, the choices of each influence the lives of others.

Particularly the pricing mechanisms prevent markets from taking into account the side effects of production and consumption. Only rarely do prices reflect the burden which the production process and the use of the products place on the natural environment. Markets are by and large very little interested in the requirements of justice and of a life worthy to be called human.

In the view of Anglo-American liberalism the fewer hindrances all individuals encounter, the better off they are. When active and strong persons carry out their plans, they attract others to participation in the same process, resulting in an increase of freedom and wealth. Therefore, no one must be controlled or restricted in his efforts to ensure for himself personal security and a comfortable life. These are principles which overrule all other considerations. They carry much weight within the neo-liberal movement.

A weak point in neo-liberal thinking is the assumption that the freedom of all can continually increase. In reality, this is not the case. A market economy as such cannot prevent the freedom of some increasing at the expense of others. A market economy makes it possible to buy freedom. When some purchase more of it than many others, the latter are more tightly restricted. They become the means by which the wealthy realize their ambitions. Those who cannot benefit from the markets are unable to be free and active partners within the system. The increase of the well being of an individual at the expense of others is in conflict with the moral foundation of society, with the Golden Rule. It is an expression of selfishness and greed in so far as it leads to the deterioration of the living conditions of others.

A market economy which is based on the pursuit of individual interest, is incapable of achieving its central goal: the maximum freedom of all people. It assumes that those who compete for success start from equal positions and are equally free. Accordingly, it is seen as fair and just that everyone can reap the benefits of competition for himself or herself. These presuppositions do not correspond to reality. The starting points of human beings differ widely and the differences seem to be increasing.

In order to achieve equal freedom and value for all human beings it would be necessary to make both the starting points and the end results more even. Many defenders of the free market economy regard such thinking as a restriction of competition and freedom. If it is not followed through, however, competition and freedom become their opposites and the differences in peoples' living conditions become ever greater.

Markets and Justice

An individual's endeavor to add to his or her own well being conflicts sooner or later with similar endeavors of others. According to neo-liberal thought, moral considerations of the role of society stem first from such a conflict situation. That is the time for agreeing about the rules of the game: I may continue in peace with my venture just as you may with yours. I do not disturb you - and you do not disturb me. We each acknowledge the same rights to safeguard our respective existences. This reflects the demand of the Golden Rule that you do to others as you wish others to do to you. However here the requirement that you place yourself in the position and living situation of the other is missing. Moreover, it provides no incentive to care for the other. Neo-liberalism affirms only the principle that everyone has a right to promote his own interests.

According to neo-liberalism, no one has the right to interfere with the property, health and well being of another. You must not harm another person. Almost anything is permissible as long as you do no damage to a person or to the community. Rights defined in this way are commonly called negative rights. Guaranteeing the negative rights of citizens is also one of the duties of society.

We have to ask, however, what we mean by harming another. Have not the rights of many people to make their living been harmed in recent years in the name of economic growth and gain? The rights of people have been violated first by irresponsible economic activity and then by making them pay the bills for these "business deals". We can ask whether even the minimum requirements of negative rights have been respected. Many people's jobs have been eliminated and living conditions have been worsened, while at the same time for others - fewer than before - well being has continued, and even increased. Positive rights, which include the right to earning one's living, the right to education and to healthcare, are as important as negative rights. When fundamental rights are at stake, negative and positive rights must not be separated.

The Ethics of Images and Associations is not Enough

The mother tongue of market forces is the seductive language of advertising. It carries hidden messages suggesting how to become accepted and appreciated by others. It combines matters that are inherently incommensurable, and thus cannot be compared, thereby creating an impression that good family life, self-confidence and social success can be bought and appropriated for use when needed, just as picking an object chosen from a box of cosmetics.

The method by which people are approached in advertising is spreading to other forms of communication, even to scientific and research work. Is any part of human reality outside its influence? It seems that nothing is important but watching out for one's own self-interest and the manipulation of others. People become instruments which advertisers use in pursuing their goals. Recent studies suggest that this does not quite work according to the expectations of marketing managers. Human beings are more independent than advertising strategies assume. They cannot be guided indefinitely by fabricators of images and trends.

A similar phenomenon occurs in political life, when efforts are made to sell opinions and viewpoints. If people are unwilling to buy, the fault is not sought in the system itself or in the way of thinking, but in inadequate marketing skills. What if people have an inborn instinct against making everything subject to buying or selling? To be human implies doing things together, caring for others, giving and receiving help, as well as learning and playing.

Sound Competition Presupposes Regulation

In a market economy, the way money is used indicates the kind of products people want to buy. In addition decisions about consumption made at a supermarket or department store could reveal what kind of production people want to encourage and what kind of companies they consider trustworthy and socially responsible. Unfortunately there is far too little information available about the background of these products.

There is nothing to prevent customers from demanding that companies and their owners behave as responsible members of society. Businesses ought not to be guided only by the interests of their owners and clients. They should have to take into account the whole environment and society in which they function.

It is difficult for individual enterprises to behave ethically, if the whole system of the market economy simply ignores responsibility for the state of society and the environment. Responsible behavior becomes a practical expression of the meaning of the Golden Rule by showing that no section of society and no part of creation may use other parts for their own benefit. Every part must contribute, by its own behavior, to the common good.

Economic growth and competition do not in themselves further the common good. Competition best serves the common interests of all when the strength and influence of the various actors participating in economic activity are comparable and none of them can reap disproportionate profits. Such conditions do not arise from competition itself, because every competitor aims at reaching a superior position. Competition cannot function well without regulation.

To minimize the harmful side effects of market forces we need a morality and a polity that transcend the national and cultural boundaries.

Market Economy and Democracy

One reason why the democratic order of society seems to many people to be threatened is that voters have no genuine alternatives from which to choose. All political parties appear to represent more or less identical views.

The political parties are trapped by their own resolution to link economic order and justice. However, the latter belongs to the domain of morals. Justice has by this association been reduced to a question of how to distribute well being. The parties are thereby bound in advance to furthering economic growth and to improving the governmental mechanisms of distribution. The differences between the viewpoints of the parties within the government coalition have been disregarded or have become insignificant. Power struggles between political leaders seem too often to overlook the real issues at stake.

People tend in such a situation to lose interest in the mechanisms of a democratic society and to conclude that you cannot influence political life by participating in elections, or by approaching government authorities. This phenomenon is well known all over Europe. The result is that the power of those who control the economy increases and the power of the democratically elected political decision-makers is weakened.

With respect to the worldwide situation, there is a real need for democratic decision-making processes. Without them the market economy becomes a system of plundering. But the western nations cannot demand democracy only from others. They must recognize the obstacles to the development of democracy which they themselves are creating. Furthermore, democracy at the national level is today not enough. There is a need for more transparent and comprehensive worldwide structures. To create them is certainly not simple. It requires a broad-based political will. It is necessary to strive for them with determination. Otherwise a large part of humanity and nature will be left to the mercy of hard-line market forces.

Our present-day democratic system seems unable to cope with the global money markets. They behave like a computer game, in which you have to react quickly. Investment companies use mathematically designed economic models to estimate the

yields and prospects of various companies. Decisions about buying and selling are then made on the basis of such analyses. This "game" has a powerful influence on the life of entire nations. There is no binding code of conduct which would ensure fairness in this activity, although this would provide significant protection for the functioning of the world economy. The gains resulting from movements of capital could be taxed and thus made to benefit the development of societies. Although the difficulties of establishing international controls for the flow of capital are considerable, this is nevertheless a worthwhile goal.

Industries and businesses, as well as money markets have been rapidly internationalized. According to some experts, this development has moved us to a new type of global economy, in which the interdependence of the various parts has markedly increased. The triumph of western democracies, which in the minds of many is linked to the strengthening of a market economy, is not as auspicious as it may have appeared. A sudden arrival of short-term investment funds and their equally rapid exodus have caused havoc in developing countries by raising unrealistic expectations, which have been followed by heightened unemployment, and led to much economic misery. Social problems have been aggravated. The gains of the rich have rocketed and the standard of living of western countries is constantly moving further ahead of that of the poor countries.

The recent economic crises in Asia, Russia and Latin America have evoked second thoughts among economists concerning how far it makes sense to allow money to move without restrictions in any direction in pursuit of rapid gain. The potential rise of anti-western sentiment is becoming a cause for concern. The advantages of currency controls and the regulation of capital transfers are being rehabilitated as subjects for consideration. It is suggested that developing countries with weak economies could strengthen their banking systems and their economic legislation if they could limit the flow of capital by regulatory measures. Even temporary regulation could make the world economy healthier, create stability and reduce the risk of crises. It would presuppose unanimity among the economic "giants" about the need for and the scope of such regulation.

The development of a global economy raises the question whether the worldwide economic system might require an organized reconstruction program which free trade cycles as such do not provide. Its core should consist of a program for economic stabilization that would be focused on those countries and regions which are going through a crisis or being threatened by one. It should be aimed at restoring the confidence of investors in the economic development of the areas concerned. International organizations, individual governments and major investors should accept responsibility for planning and operating such efforts. Finland could be one of the initiators and active promoters. In view of the economic collapse in Asia and the Pacific region and of the political time bomb involved, it is widely recognized that investing in the reconstruction of the global economy is the wisest economic measure that the western countries can take to safeguard a common future for all, including themselves.

Asian countries have just had a bitter experience of what happens in areas which have no systems of social security, when rapid economic growth suddenly turns into a depression. Many in the West have thought that the lack of economic freedom is the heart of the Asian problem. At least an equally serious problem exists where people have no ground on which to stand on when the economic ground collapses. It is irresponsible to build a society based on economic growth alone.

Increasing Disparities in Living Standards Jeopardize the Foundation of the Welfare Society

The differences in the standard of living between social classes and occupational groups have been relatively small in Finland. This has contributed to the stability and security of our society. However, recently income disparities have begun to increase. Some suggest that this is a welcome phenomenon, because, they say, such development ultimately benefits all.

These increasing disparities might perhaps be defensible, if they were to bring with them a real improvement in the conditions of the weakest in society. The widening gap can, however, also lead to an actual weakening of the situation of the low-income groups. There is already evidence of such a trend in Finland. This is likely to continue if the principles of a market economy are fully applied, e.g. to education, health care, and the care of the elderly.

If the current direction is not changed, our country will depart step by step from the most fundamental moral premise of Nordic societies: basic rights are to be safeguarded for every member of society. By basic rights we mean simply the right to reasonable living conditions, the right to education and health care for all, and not only for those who can afford to pay. The growing tendency to assess the functioning of society increasingly from the perspective of supply and demand will inevitably aggravate social antagonisms and create instability, which will be a threat to all.

The responsibility of every person for him or her self, for family members and for others near to them must not be forgotten in this connection. We are faced with two main options. According to the first, the government and the communes are to provide the basic services and create conditions for minimizing social inequalities. The key lies in the public use of the power of the whole community. According to the second option, individual members of society have to create their own living conditions and assume personal responsibility for their families. Society should come to the rescue only when an individual fails to cope with his or her situation.

The choice between the two patterns differs between southern and northern Europe. The Roman Catholic tradition has strongly emphasized the value of the network of relationships which connects an individual with his or her family and with others close

to them. The Lutheran tradition has laid more emphasis on the overall responsibility of society for its members.

It is a cause for concern in the predominantly Roman Catholic countries that the system depending on the voluntarism of citizens is eroding under the impact of the current social transformations. The institution of the family is facing a crisis, and the once very significant religious orders have been shrinking.

It would be important for the two emphases, that of the North on public responsibility and that of the South on the responsibility of the individual and the adjacent community, to discover that they belong together and complement each other, and thus make a joint contribution to social thinking in Europe. Whichever of the two emphases sets the tone, more important than budgetary decisions or legislation are the quest for human responsibility, the upholding of ethical values, the social atmosphere, and inherited attitudes to life.

The freedom of markets provides no reason for giving up the traditional values of Nordic societies. On the contrary, priority should be given to seeking to express them more widely. A mere agreement in principle that social rights must be secured does not indicate how this is to be accomplished. We do not presume that our welfare state could or should be maintained precisely in its present form, but we are convinced that the essential social responsibility of government and society cannot be replaced by its delegation to someone else.

Movement of Capital Causes Competition between States and Regions

With expanding markets, companies have flourished, but societies have not. Sales have increased, but the number of jobs has decreased. Profits have grown, but the taxes paid by businesses have diminished. The success of the world's largest corporations has added to the disparities between people and weakened the social foundation of individual countries. The movement of capital has not driven only companies and employees to merciless competition, but governments as well.

Today large companies solicit bids from communes when they are considering locations for new production units. The communes in turn offer tax exemptions, support for construction projects, training programs and even free facilities and subsidies for wages. The cost of such competition is paid for by the taxes collected from local employees.

Many governments, fearing that capital will escape from the country, are cutting taxes on business enterprises. Tax competition in many European countries has resulted in the unwillingness of successful companies and rich individuals to share their well being with those less fortunate. Income from capital has grown, but taxes levied on it have been lowered. Taxation of wages does not compensate for the fall, because many potential

taxpayers are unemployed and many of the well to do can make arrangements whereby a large portion of their income is in the form of income from capital, which is lightly taxed.

Supporters of the neo-liberal ideology blame people for using benefits provided by society without paying compensation. Resentment about the alleged misuse of social subsidies is widespread. At the same time, some companies are greedy for social privileges, but ignore their social responsibility. They try to convince us that society is the ultimate winner, because new jobs are created and the standard of living rises. However, such a prospect is steadily becoming less and less likely. If the business world thinks that society must not offer social benefits without compensation, it must be prepared to follow the same principle itself. A company should not lower the living standards of its region of operation, but participate in their improvement.

Government and Society as Regulators of Markets

Markets must not be allowed to become an independent system with its own rules, to which people only adjust, whereas the damage that it has caused can be repaired only afterwards. Government or an alert citizens' organization should establish an outside organ to set limits to the freedom of markets when they function without moral responsibility. Another approach is to recognize that citizens are a part of markets and to ensure that they act in this context as responsibly as in all other areas of life. The combining of these two perspectives would sustain consistent ethical behavior most effectively.

Upholding moral demands does not in itself result in moral actions either in business or in other areas of life. Shortsighted pursuit of self-interest distorts human activity everywhere. If love of one's neighbor is not practiced, it is possible to blame human selfishness of human beings and approach the matter individualistically. An individual can occasionally change his or her mind and become socially responsible. There is more than enough evidence, however, that moral exhortation and appeals to individuals cannot correct serious social injustices. Collective means are necessary for the regulation of the economy. The heart of the social responsibility of government lies in its ability to act in larger contexts than those accessible to individual citizens, communities and organizations. Furthermore, it has sufficient authority to deal with matters of justice and with the consequences of individual or group selfishness.

The so-called third sector - private and voluntary activity - can never replace the government or any other public authority in upholding social justice. It does not have adequate resources for such a task. On the other hand, it is very difficult for a government or a state to exercise its responsibility without the support of its citizens, communities and business circles. The public and private sectors have to work hand in hand.

Social justice, with all the costs it implies, may look in the short term like an obstacle to economic activity. In the long run, however, it is a prerequisite for a sustainable economy. This has become evident when, in the assessment of economic activity, attention has been paid also to social capital, which includes mutual trust between citizens. Such capital is significant in the Nordic countries, where social disparities are relatively small. Partnership and mutual trust are essential elements for the proper functioning of a welfare state.

A nation state is no longer effective enough. The need for larger structures is obvious. The recognition of the social dimensions of the European Union deserves increased attention. The model of a social market economy which has been developed in Central Europe, is not identical with the Nordic concept of social responsibility. Despite the difficulties involved, the Nordic model has proved more effective than other European models in ensuring basic human rights for all. For example, equal rights for both genders can hardly be achieved without the solutions characteristic of Nordic societies. The Nordic countries should make concerted efforts to strengthen the development of social welfare policies within the European Union. These efforts should be an integral part of our pursuit of justice worldwide.

Societies of Nordic Lutherans in Defense of Fundamental Rights

The depression of the '90s brought poverty and even hunger back to Finland. Hidden poverty is frequently found in suburban housing estates where many live in isolation, not visiting the city center for years. Markets are not concerned with them, because they have no buying power. This is also why the media often overlook poverty. Because the poor are not visible, it is easier to cut their benefits - when capital so requires.

Those who have kept their jobs have, on the average, a better income today than before. However, job security has decreased, and those who have been given notice find it harder to find a new job. If they do find one, the eagerness of the applicants can be abused and they can be asked to make inordinate sacrifices. Short-term employment makes it difficult to plan for leisure-time activities or any other aspects of life. The risk of running into economic distress grows and the creation of protective safety nets becomes increasingly difficult. Fear of poverty is already causing social groups to rise up against one another.

Poverty is defined in an economic sense as a state in which the income of a person is not sufficient to cover basic expenses. The goal in alleviating it is to ensure that neither the poor nor the rich have any special position. Everyone has a right to a share of the common good, just as also everyone has a duty to contribute to it. Both society and the individual are bearers of social responsibility. It is the task of society to assure a just distribution of the common good. Even if the resources to be distributed decrease, justice must still prevail.

The elimination of poverty has been an accepted goal in the Nordic countries. All citizens are ensured their basic rights regardless of their income or social standing. This practice goes back to the Reformation view of society. The welfare society which guarantees basic rights to all, has become a mark of the Nordic countries. Its best elements serve as a historical illustration of the application of the Golden Rule. Its point of departure is the interest of the whole and sensitivity to the situation of another person.

A problem of the Finnish and Nordic societies in recent decades has been an inadequate commitment by individuals to support one another. The trend has been to shift the responsibility away from individual members of society to public structures. The citizens have participated in bearing common responsibility mainly by paying taxes. This pattern has seemed to function as long as the economy was growing and the revenue from taxable income continued to increase. Whether this can continue to the future is no longer certain.

The key to renewal is our understanding of the human being. The pleasures of the individual have gained prominence among the values and goals of human life. In the balance between rights and responsibilities, rights have tended to predominate. The primary task of the community with its social agencies is increasingly conceived of protecting the rights and pleasures of the individual. It must provide the conditions for self-realization. However, the view which emphasizes only the rights of the individual, leads to a dead end. In healthy human life, rights and responsibilities are always balanced. Giving and receiving are matched. We must love our neighbor as we love ourselves.

Persistent pursuit of self-fulfillment and striving for one's own good result in the intensifying of social tensions. Ultimately they also destroy the life of individuals. The end result differs from the promised end of pleasure seeking. Therefore we need to realize that we can have a good life only insofar as we live for others. This does not imply the loss of individuality and freedom, but their correct use. We ourselves are not the ultimate origin of our resources. We are empowered by being in contact with other people and with God. Life cannot be bought. It is received as a gift.

Common Civic Responsibility and the Responsibility of Society

The global liberal market economy forces incessant change by intensifying competition and by continually cutting production costs. The main hindrance to growth is the cost of the work force. The global economy is conceived as functioning best without the participation of the majority of people. Finnish people too have been exhorted to adjust to the demands of a global economy. Such demands are presented in the name of economic rationality, without regard to the damage caused by market forces.

Not all economic activity can or should aim at bringing home the profits made on international markets. It is possible to develop local activity through which people can

participate in the development of their own region and their own living conditions. We need economic activity whose product cannot be sold abroad. We need long-range and down-to-earth work which is based on a knowledge of local conditions and people's needs, and entrepreneurial activity which aims at ensuring a decent living standard instead of large profits. We need people who are not obsessed by seeking their own good, but are committed to seeking the common good.

We hear people talking about marginalization and alienation as if those were to be accepted as a normal condition of a large part of the population. A society must never strive for or be satisfied with a situation in which some of its members are drifting away from the mainstream of good living. Nor is it enough to aim at providing material aid to the marginalized. The only acceptable model of society is one in which every citizen shares fully in the rights of its members and in the self-respect that accompanies the knowledge of them.

A society in which more and more of its members are becoming useless is taking an aberrant direction. From whose point of view are they useless? Most of them have a family which needs them and which they themselves need. Because there are people who need them, neither society nor the economic system has any right to treat them as useless. The meaning of life is not based on the advancement of one's own interests. It arises from sharing life with others and being needed by them.

Since the support of society has been reduced, the interest of individuals in the means of survival has grown. In some communities, people who refuse to allow themselves to be dominated by market forces have discovered new patterns of shared communal life. They have begun to exchange goods and services with one another and to launch small-scale cooperatives and workshops. New forms of community life have replaced competition and the pursuit of individual interest.

The positive development of new patterns of life together brings with it the danger that society may reduce even further public responsibility for its hard hit members. This must not be allowed to happen. The responsibility of individuals and public responsibility cannot be judged by the same criteria. It cannot simply be argued that when one type is increased the other can be reduced. There is no question that, alongside the public support of society, there will always be need for mutual caring. Moreover, public support does not necessarily presuppose large amounts of money and costly institutions. It can also be realized by ensuring conditions in which the basic needs of people will be met. This has in many cases proved possible by cooperation between the public sector, voluntary organizations and individual citizens. In some towns, communal authorities and citizens' organizations have made formal service contracts by means of which basic living conditions and security can be ensured for people under any circumstances.

The diaconal task of the church is not only to seek out those who have ended up outside all security systems, but also to support cooperation between the public system and members of society. This should not be understood as transferring the responsibilities of

society and of citizens to the church. Rather it underlines the responsibility of the church as a partner and promoter of cooperation and more inclusive community life.

Principles of Lutheran Social Ethics

The relationship between the individual and society has always been a theme of social ethics. Can individual interest be by-passed in favor of the interest of the community? Can an individual pursue his or her own interest against the interest of the community? The welfare state, as it is conceived in the Nordic countries, is intended to combine the advantages of both individuality and communality, and to minimize their disadvantages. The lives of the sick and the poor are to be protected by means of social legislation and revenue from taxation. At the same time, entrepreneurship is to be encouraged in order that the common good may be enhanced. A welfare state is at all times bound to maintain the balance between freedom of enterprise for individuals and the interest of the community, and thus to promote continued wrestling with the meaning and issues of justice.

The Nordic model of the welfare state is unique because it strives to combine the interests of individuals and communities. When insecurity tends to increase, security is sought in the community. The development of the concept of a welfare society on the basis of the Nordic experience is desirable also because the basic security that it guarantees increases the predictability of everyday life and the efficiency of risk control. Finland is accustomed to seeking ways of combining economic efficiency and social solidarity. It could be recommended as a model to be tried out also on a worldwide scale.

The market mechanism does not guarantee economic stability or a just distribution of income. The services intended to equalize well being in society have proven to be the most demanding task of the public sector. Pressures to curtail such services demand a thorough debate about fundamental principles. The desire to reduce taxes, the increase in the number of people in need of social services because of the aging of the population, the measures required to integrate the national economy with the European economy and to counterbalance the impact of globalization are the main reasons advanced for the cutback in social spending. In such a situation we have to ask ourselves what are the priorities for the well-being of the nation, how far the public sector will have to carry social responsibility, and in what matters and areas, and to what extent citizens should bear direct responsibility, and what functions of welfare could be moved to the private sector.

The basic structure of the welfare state is important for our church, not least because it is rooted in our tradition. Early in the period of the Reformation programs were launched in our towns to eradicate poverty and marginalization. Before that era it had been the common understanding that each individual should strive for the highest good, under the best conditions supported by the people closest to him or her. The pattern of thought was individualistic and moved from the bottom upwards. The discovery of the Reformation

was that God distributes the gifts of creation to humanity. The direction was from God downwards. It was the social responsibility of Christians to follow the same principle. As a community they had to eliminate poverty and marginalization and to transmit the good received from above to those in need according to the principle of love of one's neighbor.

Towns of the Reformation era were able to eliminate begging, which had reached systemic proportions, and to create community funds for the towns, into which money was transferred from churches, monasteries and foundations and from well-to-do citizens. These ideas and practices arrived in the Nordic countries in the early stages of the Reformation. Town councils had to organize and supervise the management of the newly acquired funds and to pay the salaries of the clergy, for the care of the poor, and the upkeep of hospitals, schools and universities.

In the beginning Lutheran social thinking included two key themes, which are still valid. The principle of *communio* says that the town or local commune forms a whole. All of it, under the leadership of its civil servants and officials, serves the common good and follows the Golden Rule, i.e. tries to place itself in the situation of the people in need. This is best realized when all activity is motivated by love for one's neighbor, which in turn stems from the Gospel.

The point of departure for the principle of public authority is that most people, being inherently selfish, think first of their own interest. The community, i.e. the state and the commune, are called to combat such selfishness and to care for the deprived and those who are neglected. The Creator thus uses the public authority in order to ensure that the common good is distributed to as many as possible. Human selfishness tends to allow the accumulation of the good in the possession of a few.

The principles of the social thought of the church, i.e. those of *communio* and of public authority, are based on the belief in the Creator, the source of all good, who has placed the law of love into every human heart. The very core of this teaching is the Golden Rule.

A Close-up View of Welfare

The welfare state is a moral concept, not only an economic or sociological entity. The state has to fulfil its obligation to protect human life, provide security and be a collective expression of love for one's neighbor. A commitment to this foundation is important also because no other sustainable order has been developed. The greater the menaces, the more we need to hold fast to this model of risk-control. We must do so even if shrinking resources force us to lower the former level of services. A vision of life in community and the recognition of the role of public authority must again be brought into our common consciousness. The government and the commune must accept the roles that fall to them from when they follow this vision.

What has been stated above requires that the division of responsibilities between the central government and the commune be clarified. The rights and responsibilities of every citizen, regardless of where he resides, must be clarified. The decision-making powers of the communes have been increased in recent years. In principle this should bring the local people closer to the decision-making process and thus provide more opportunity for the fulfillment of the Golden Rule.

Decentralization, however, has brought with it some disadvantages. It has contributed to local decisions which are problematic from the point of view of the nation as a whole, such as giving to school teachers involuntary leaves of absence and making the availability of social and health services dependent on the place of residence. The government has been unable to supervise local decisions adequately. Some of the difficulties stem from the inconsistencies of government policies themselves. The parliamentary commission on the future envisages more flexible funding and subsidizing patterns to facilitate more rapid responses to structural changes which may occur suddenly in local communes. The communes need guarantees for longer period than a year to plan for their social services.

Alongside with the welfare state, we must pay attention also to the welfare society. This includes, in addition to the government and communes, numerous voluntary organizations, congregations, private service agencies and individual citizens. We must underline the significance of the Golden Rule and the *communio* principle. A large proportion of social services comes from near at hand, through the communes. This is in line with the basic intention of the Golden Rule, which is that we have to place ourselves in the situation of the other.

The communes handle eighty per cent of the basic social services. In the beginning of the 1990s, the central government still covered about half of their cost, whereas today its share is down to twenty per cent. The government has to make it quite clear what it wants the communes to do, and the communes must know on what they can count in planning their role. According to our national constitution, the communes have considerable autonomy. If their policies fluctuate by following general political trends and are too dependent on the patronage of the government, we should ask what is really meant by autonomy.

The communes need strengthening, because only when they flourish can the provinces prosper. Cooperative arrangements between communes facilitate regional cooperation. A local commune is the twin brother of a local parish. A society based on communes has long historical roots in the Nordic countries. This heritage should also be cultivated in the context of the European Union.

The community character of communes, towns and cities should be emphasized, with new accents involving the concept of a society of citizens. Local inhabitants perform the communal functions. We have to move away from local politics to the politics of residents, in which all members of the communes and all inhabitants of cities share

responsibility for common affairs. We need new patterns for expressing communal responsibility. This would mean that the commune, the non-governmental organizations and service agencies would all clarify their functions, make service contracts and define mutual obligations, and invite feedback from their residents.

On the Way Towards the Common Good

- We shall continue to need our welfare state also in the future.
- We need sustained work on the social-ethical foundation of our welfare state from the point of view of our Nordic-Lutheran premises.
- We need regulation of the global economy as a cooperative effort of governments, in the planning of which Finland should actively participate.
- We need to emphasize the attitude of placing oneself in the situation of other people, and to promote broad popular participation in the development of social services.
- We need new vitality among people for directing the work of our congregations and communes.

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