

Economic justice policy paper of Felm

Our view at Felm is that the main barrier to economic justice is the prevalent inequality around the world. To achieve economic justice, power, resources and opportunities must all be shared more fairly.

As a globally active church organisation Felm strives to highlight economic and social unfairness and oppressive socioeconomic structures. In our work we often see how emphasising economic values above humanity and nature leads to deprivation.

Opportunities for enterprise and employment lie at the heart of economic justice. Everyone should have the opportunity to make a decent living from their own work. We promote the realisation of local communities' land use and ownership rights, and we strive to strengthen communities' capacity to benefit from traditional and new livelihoods. Particularly enhancing opportunities for indigenous peoples, minorities and women to run their own enterprises plays an important role in our work.

As the significance of corporate responsibility grows it is no longer acceptable for responsibility to be based on voluntary actions. We see corporate responsibility as being divisible into economic, social and ecological responsibility. Businesses must bear responsibility for the impacts of their activities on the communities whose resources they utilise, on all of their other stakeholders, and on the environment. Due diligence obligations imposed on corporations in relation to the environment and human rights must be binding both nationally and internationally.

Responsibility with regard to the payment of taxes and the related reporting is central to economic justice. Effective and transparent global taxation mechanisms must ensure that tax revenues are duly channelled to the rightful authorities where the taxes should rightfully be paid. To ensure that tax revenue is used to benefit the world's most impoverished people, international taxation rules should be reshaped with the voices of developing countries given more say.

Environmental issues are also closely linked to justice. Businesses guilty of wastefully exploiting resources and polluting the environment must be regulated, and compensation must be paid to those suffering from negative environmental impacts. The impacts of all activities must be examined from a long-term perspective and the viewpoint of future generations.

We work to realise economic justice in cooperation with an extensive network of partners. We are present at the grassroots level of the global economy in the everyday lives of communities benefiting from development cooperation around the world. We insist on good governance and transparency in the work of our partners as well as in our own work. Through advocacy work we strive to combat the structural factors behind economic injustice at both national and international level. Collaboration with our network of ecumenical and other partners plays an important part in our work. Justice benefits everyone.

1. Introduction

During the strategy period 2017-2022 four key goals will feature prominently, as specified in our thematic Roadmap of Hope: 1) We will bear witness to God's universal love; 2) We will defend the human dignity and rights of marginalised people; 3) We will strive for a more just world; and 4) We will build peace and reconciliation.

Felms's Theological Charter defines the theological foundations for all our work. Policy papers have been defined for three focus areas within our thematic Roadmap of Hope: human rights, economic justice, and peace and reconciliation. The policy papers should be applied in unison, since human rights violations, economic injustice and conflicts often go hand in hand. The papers also reflect the key values defined in our strategy: neighbourly love, justice, partnership and responsibility.

This policy paper on economic justice particularly aims to expand on the third thematic goal in our Roadmap of Hope: "We strive for a more just world – by working with our partners to defend economic and social justice."

Our policy papers steer all of our activities, while also informing our various stakeholders about our approach and our positions on the key issues addressed in our work. The paper has been designed for application between our wider strategy and our specific programmes. Procedures covering issues related to the environment and climate change have also been defined in connection with the policy paper. Our earlier policy papers related to HIV/AIDS and food security remain in effect, and will continue to support our strategic Roadmap of Hope.

This policy paper sets out Felms's position on economic justice, the values and basis behind our work, and the principles we apply to promote economic justice as part of our holistic mission work. Related analyses of current challenges and our operating environment help us to examine the areas where we at Felm and our partners are working now and will work in future.

2. Operating environment

Challenges and opportunities

The lack of economic justice is reflected in growing inequality around the world. Although absolute poverty has been halved globally, income differences are persistently rising. The richest one per cent own more than half of the world's wealth, while the poorest 50% own just 1%.¹

In previously low-income countries that are now becoming middle-income countries, income differentials remain high. Economic inequality is also increasing within many countries.

Population growth tends to increase inequality: the World Bank estimates that over the next 25 years the total population living in the world's rich countries will grow by about 50 million people, whereas the population living in poor countries will rise by about half a billion.²

Economic growth does not prevent human rights violations. Many of the world's most rapidly growing economies are countries where the risk of violations is very high. Corruption remains a widespread problem and one of the most significant reasons for human rights violations. Injustices related to the black market and the large amounts of money involved in organised crime are both growing.

¹ Credit Suisse: Global Wealth Report 2015 <https://www.credit-suisse.com/ch/en/about-us/research/research-institute/global-wealth-report.html>

² James D. Wolfensohn, President of the World Bank https://www.worldbank.org/progress/reducing_poverty.html

Gender differences are emphasised by economic inequality. Women's economic inequality is reflected in factors including discriminatory inheritance practices, land ownership rights, and employment and pay levels. The impoverishment of women affects the well-being of children and families, slowing the development of communities. Social inequalities give rise to instability, accelerated migration, and the increased risk of conflicts arising or worsening. In addition to affecting individual countries, these factors also have global consequences.

Economic injustice and inequality lie behind many ecological crises. Natural ecosystems do not have the capacity to meet the resource needs of economies requiring continuous economic growth and increasing consumption, or the consumption demands of wealthier population sectors. The global market economy system is directly linked to problems including climate change, food shortages and declining biodiversity.

Opportunities for enterprise and employment lie at the heart of economic justice. Everyone should have the opportunity to earn a decent living from their own work. According to the International Labour Organisation (ILO), 21 million people around the world today are working under forced labour conditions in various kinds of modern slavery.³ Such workers include adults and children forced into prostitution or involved in other kinds of illegal human trafficking, as well as migrant workers forced into debt bondage, and various industrial and agricultural workers otherwise forced to work in conditions resembling slavery. Migrants and members of indigenous communities are particularly vulnerable in this context, and frequently exploited as forced labour.

Land rights are also closely linked to the realisation of economic justice, especially where the rights of indigenous peoples are concerned. The right to practice traditional local livelihoods is often tied to land use rights. The economic interests of states or corporations can often ride over the rights of local communities, wiping out their entire livelihoods.

Environmental degradation and climate change particularly cause problems among the poorest population sectors in developing countries, and among people directly dependent on natural resources for their livelihood. These impoverished groups typically only use natural resources sparingly, and therefore do not burden the environment as much as more commercial enterprises.

Sustainable agriculture has a key role in both local economies and wider food security, since some 500 million small-scale farmers produce food for 2 billion of the world's people.⁴ A holistic approach to agricultural development is needed. In addition to improvements in production tools and methods, important issues include land ownership issues, logistics and marketing, and the rules controlling world trade. Support from the entire global community will be needed to ensure sufficient food security at the local level.

The structures and players that shape the global economy are themselves global: multinational companies sell their products to consumers around the world, creating linkages between their everyday consumption and the conditions endured by workers in the producing countries. The financial flows of large corporations greatly exceed those of the entire economies of many countries.

In a globalised economy corporate responsibility becomes increasingly important. At the moment corporate responsibility is largely based on self-regulation and voluntary measures. Since the fundamental basis for corporate activity is to maximise profit within current legal constraints, the effectiveness of voluntary due diligence measures remains limited.

States bear the main responsibility for defending human rights, but many states do not realise the human rights of all of their citizens or of migrant workers originating from other countries. Corruption at local government level can also make it less likely that corporations will act responsibly. People's rights may not be realised in circumstances where corporate responsibility is perceived as bringing a company no economic benefit. The visible consequences of irresponsible corporate activity around

³ International Labour Organisation (ILO) <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

⁴ International Fund for Agricultural Development IFAD <http://www.ifad.org/pub/viewpoint/smallholder.pdf>

the world include violations of workers' rights, as well as environmental accidents and health hazards affecting both workers and communities living near production facilities.

Market-centred enterprises seeking short-term economic profit do not account in their bookkeeping for the consumption of ecosystem services or the social impacts of their activities. The unsustainable use of natural resources and the exploitation of labour often end up as positive factors in countries' gross national product figures or in cost-benefit accounting in the private sector. The negative impacts of such activities nevertheless affect the lives of the poorest groups of people. The lack of market controls, official indifference, and the absence of comparable indicators of sustainability combine to result in unfair production processes and unsustainable consumption. We enjoy our high-consumption lifestyle at the expense of the basic rights of poorer people and the capital available to future generations.

One key form of economic justice is the fair payment and reporting of taxes. Tax justice does not only apply to corporations. Tax flight, tax evasion, aggressive tax planning enabled by lax legislation, tax havens, deficient tax collection systems in developing countries, tax-related corruption and the lack of taxation in financial markets are all important problems in the global economic system, which civil society organisations (CSOs)⁵ estimate may have deprived the rightful authorities of tax revenues totalling 2,300 billion euros. This sum is comparable to estimates of the funds that would be needed to reach the UN's Sustainable Development Goals.

Improvements to tax collection and global tax justice could release precious resources for enhancing education, health care, food security and vital national infrastructure. Developing countries presently receive about 120 billion euros of development aid every year. But at the same time tax avoidance by large corporations deprives developing countries of an estimated 900 million euros of tax revenue annually.⁶

Key factors and ongoing processes

Economic justice is advocated by several institutions and in various actions. It is also included among the UN's Sustainable Development Goals, which aim to eliminate poverty around the world, reduce economic inequality, and ensure that consumption and production patterns are sustainable by 2030.

Businesses striving to practice corporate responsibility are supported by many national and international certification systems and criteria, such as the OECD's guidelines for multinational enterprises, the UN's Global Compact initiative, and the UN Guiding Principles on Businesses and Human Rights, also known as the Ruggie Principles.

According to the Ruggie Principles, businesses are responsible for respecting human rights in all of their work, while states are obliged to protect their citizens against human rights violations caused by businesses or other actors, and to ensure that anyone guilty of violating human rights is duly held responsible, while the victims of violations receive effective legal redress and other support.

At the Paris climate summit in December 2015 a new, comprehensive and legally binding climate agreement was signed, committing signatories to reduce emissions globally from 2020 onwards. It is now essential to ensure that the Paris Agreement is promptly ratified by different countries, and that the promised emission reductions are duly implemented.

Actions on other environmental issues include the Convention on Biological Diversity, devised by UNEP, which provides guidelines on how businesses should enhance the protection of biodiversity in their operations.

⁵ Action Aid: The Elephant in the Room (2014)

http://www.actionaid.org/sites/files/actionaid/the_elephant_in_the_room_-_how_to_finance_our_future.pdf

⁶ OECD: <http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm>

Another positive trend is that the concept of corporate responsibility is becoming less voluntary. A new EU directive obliging large European businesses to examine their activities in relation to environmental and social issues, their employees, human rights, and efforts to combat corruption and bribery, will come into force from December 2016. National implementation plans for the Ruggie Principles are also under preparation, with Finland among the countries leading the way.

Finland's international development policies nevertheless emphasise the role of the private sector. Development funds are increasingly being channelled through businesses. It is important in this context to clarify Finland's policies on how corporate responsibility issues should be considered wherever public funds are used to support corporate activities, with commitments to responsibility made more binding.

Decisions on global taxation policies are administered by the OECD, and the voices of developing countries are not heard in these processes. The taxation committee of the UN's Economic and Social Council (ECOSOC) focuses on tax agreements, tax evasion and tax avoidance, while promoting international cooperation on taxation issues, and supporting tax authorities in developing countries. The committee's resources and membership are, however, very limited at present. The rich countries, including Finland, have voted against proposals to strengthen this UN tax committee.

Striving for economic justice is an important part of the work of ecumenical actors. The World Council of Churches' New International Financial and Economic Architecture programme calls for the regulation of the financial sector, fair global taxation policies, and just global economic structures. The Lutheran World Federation is committed to help eliminate poverty through its work, and to support the equitable distribution of power, resources and opportunities.

Many international organisations, such as Oxfam, campaign prominently for economic justice. International civil society organizations (CSOs) including the European CSO alliance Concord and the Tax Justice Network help individual CSOs to engage in thematic collaboration and have an impact at the global level.

In Finland CSOs play a significant role as defenders of economic justice, particularly through their involvement in discussions with the Ministry of Employment and the Economy, the Ministry for Foreign Affairs, the Confederation of Finnish Industries, and other representatives of the business sector.

3. Felm and economic justice

The theological basis and values behind our work

The need for justice and equal human dignity for all, and our duty to cherish the integrity of creation are essential elements of our Christian faith. According to the Bible, all members of humanity have been created in the image of God. Humanity's task is to cultivate and cherish creation. The gifts given to us by God should be shared responsibly across social, geographical and gender boundaries to ensure that everyone may live a decent life. Human greed impoverishes both other people and the natural environment, and conflicts with the ethical ideal enshrined in our Christian faith.

The golden rule taught by Jesus, urging us all to "Do unto others as you would have them do unto you" (Matthew 7:12), is a strong and universal ethical principle fundamental to Lutheran ethics. This principle encourages us to put ourselves in other people's position, and calls on us to demonstrate solidarity with disadvantaged people and to live responsibly.

The stories told in the Bible happened in historical societies with very different socioeconomic conditions. The models presented in the Bible have been adapted to societies that have promoted

decent living conditions and human dignity, while they have also prophetically challenged systems that result in inequality and discrimination. God's mission is contextual, and is realised in specific times and places.

The problems facing the world today are also the church's problems. Jesus's teachings emphasise that God can be found in poor and vulnerable people. Jesus was sent "...to proclaim good news to the poor, to proclaim freedom for prisoners, and recovery of sight for the blind, and to set the oppressed free" (Luke 4:18-19). The earliest Christians saw their task as distributing food and looking after the poor. The same ideals guide us today.

As a global ecclesiastical organisation we see it as Felm's duty to highlight economic and social injustice and oppressive socioeconomic structures. In our work we see how prioritising economic values over the need to cherish humanity and nature gives rise to exploitation and deprivation. We wish to highlight the various kinds of injustice encountered by the global church in line with the Bible's calls for justice – and we want to bring about positive changes.

Operating principles

Felm's concept of economic justice is based on our Christian world view and on the UN's Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights. These documents recognise individual rights including the right to work, decent working conditions, and equal pay for the same work, as well as the right to form or join trade unions, the right to social security and a decent standard of living, the right to sufficient food and housing, and the right to be an officially registered citizen. Our efforts to promote economic justice are also guided by the values defined in Felm's strategy: neighbourly love, justice, partnership and responsibility.

Felm believes that the fundamental barrier to the realisation of economic justice is the inequality that characterises the world today, and the way that income and wealth is concentrated in the hands of so few people. To achieve economic justice we need power, resources and opportunities to be shared more fairly.

We work with our partners to improve the status of the weakest and most vulnerable groups. In our view, economic justice is essentially evident as a global phenomenon, and thus forms an integral part of our work. Since the factors behind economic inequality are structural, advocacy work is a very important tool for dismantling structural inequality.

We see poverty as a phenomenon that affects people's lives in many ways, leading to low incomes and wealth, and limiting individuals' opportunities to make choices, achieve decent living standards, or shape their own lives. Everyone should have the opportunity to earn a decent livelihood.

We feel that trade, investment and the commerce and employment that they generate are important for developing countries and their people. But the concept of free trade, which sees lifting controls over trade as the best way to generate economic growth and wealth for all of the world's citizens, has not yet enriched the world's poorest people. International trade could represent an opportunity for developing countries to reduce poverty. But it is difficult for them to gain from such trade, since the conditions they are starting from are disadvantageous compared to those in the rich countries. It is problematic that world trade is still dominated by the rich countries. The benefits of free trade tend to go to those who produce goods efficiently, rather than to those practicing fair trade. For this reason a strong public sector and well-functioning civil society are still needed, and Felm supports both of these sectors.

We see corporate responsibility as being divisible into economic, social and ecological responsibility. We believe that businesses must bear responsibility for the impacts of their activities on the communities whose resources they utilise, on their other stakeholders, and on the environment. Due

diligence obligations imposed on corporations in relation to the environment and human rights must be binding both nationally and internationally.

To ensure that tax revenues are utilised to also benefit the world's poorest people, the rules governing international taxation must be rectified. To enhance global tax justice and combat tax avoidance, mechanisms for the automatic exchange of tax data must be established, and companies must be forced to meet country-specific tax reporting obligations. The voices of developing countries must be better heard in global discussions on taxation, particularly within a strengthened UN tax committee. The taxation of financial markets would extend justice into the financial sector. Developing countries' capacity to collect taxes must also be enhanced.

Climate issues are also profoundly linked to justice. The true costs of environmental impacts have not been considered in the pricing of goods and services produced by companies whose activities affect ecosystems. Businesses guilty of wasting resources and polluting the environment must be effectively regulated, with due compensation paid to those suffering from harmful environmental impacts. The impacts of all activities must be considered from a long-term perspective and the viewpoint of future generations.

We strive to promote the realisation of local communities' land use and ownership rights, in order to strengthen their capacity to benefit from traditional and new livelihoods. Enhancing opportunities for indigenous peoples, minorities and women to run their own enterprises plays an important role in our work. Indigenous peoples' right to participate in decision-making in line with the widely recognised principle of free, prior and informed consent is respected in all of our work.

Activities designed to combat corruption and strengthen good governance form a significant part of Felm's work promoting social justice. Felm defines corruption as any misuse of power to gain advantage for an individual or a group. The motives behind corruption may include greed, need, opportunity, the improbability of punishment, deficient monitoring, peer group pressure or custom. Corruption is facilitated by weak governance and administrative structures. It particularly reduces the capability of the weakest members of society to use basic public services, practice their livelihoods, own land, and live in a safe and unpolluted environment. Especially in rural regions corruption may also hamper infrastructural development and affect public health, wellbeing and educational opportunities.

Throughout Felm's long history one of our most powerful means of action has involved measures to strengthen the capacity of our partners. Through such work we can enhance their administrative structures and help them to operate in accordance with the principles of good governance.

Felm strives to promote participation, combat inequality, and increase transparency and openness on economic issues. In our procurement practices we favour ethical service providers. In our own work we also strive to increasingly consider environmental impacts.

Felm's added value

Felm works with some of the world's poorest people to improve their lives. Our long track record of ecclesiastical work and development cooperation has given us deep insights into global economic issues – particularly regarding how they are reflected in local realities. Our work originally started with collaboration between two impoverished actors, and not with the idea of a rich country aiding a poor country. During World War Two our partners in Namibia had to provide food for our Finnish mission workers. Today we still feel that we are working together with our partners hand in hand.

Our long-term presence in the countries where we work gives us a holistic understanding of the socioeconomic structures that make it hard for the most vulnerable people to realise their rights.

We collaborate with an extensive network of partners. We are present at the grassroots level of the global economy in the everyday lives of the communities benefiting from our work around the world. Through collaboration we strengthen the capacity of our partners to advocate in their own societies for fairer government policies and administrative structures.

Felm is one of the few Finnish CSOs to have set up a comprehensive corruption reporting mechanism as part of our work. This helps us to give our stakeholders, partner organisations and grassroots beneficiaries genuine opportunities to report on any possible malpractices they may encounter in relation to projects funded by Felm.

Our advocacy methods help us to combat any problems related to economic injustice that we observe during our work, while also enabling us to act to address their structural causes at national and international level.

Collaboration with our network of ecumenical and other partners plays an important role in our efforts to promote structural change. Justice benefits everyone.