



FONDAZIONE CENTESIMUS ANNUS  
PRO PONTIFICE

## DUBLIN PROCESS

### THE MADRID CONCLUSIONS ON A DIGITAL ECONOMY FOR THE COMMON GOOD

Co-sponsored by the Centesimus Annus pro Pontifice (CAPP) Foundation, the Universidad Pontificia Comillas and the BBVA Group, the fourth ‘Dublin Process’ consultation was held in Madrid on January 25-27, 2017. As in previous meetings, the group included: specialists in Catholic social teaching, economists and other academics, and professionals from business, workers’ organizations and politics. The present short summary includes points of consensus among participants<sup>1</sup>.

#### DISRUPTIVE FACTS OF THE DIGITAL ECONOMY

At the time of hyper-connectivity, the number of interactions, information transmissions and the volume of information available for treatment are growing exponentially and this opens the way for a vast diversity of new products and services, and considerable potential benefits for society across the globe. The challenge for organisations and professionals is to see digital change, not as a threat, but as an opportunity to adapt, learn, evolve and progress. Companies need to take risky investment decisions in a new world of low cost, high volume information and new ways of understanding the behaviour of economic agents. In this revolutionary environment, where *information is the new oil of the economy*, the roles of consumers and producers are mixed and traditional patterns of work can be profoundly changed.

The digital environment conditions our patterns of learning and even of reasoning. Speed of change leaves little time for evaluation and discernment. The strength and effects of the underlying *technology imperative* are sometimes difficult to detect: even if the theoretical distinction is clear enough, it is not always easy to distinguish technology as a means from the ends pursued. All of this raises well-known ethical issues with regard to consumer protection. But the new ethical issues also appear on other fronts.

The ambivalence of technological achievements is especially visible in some unresolved and sometimes growing divides of our world. For instance, artificial intelligence applied to medical progress does not so far prevent thousands of children and adults dying every day from curable diseases. But it is also true that working for inclusion against the ‘great divide’ may be more feasible, precisely thanks to digital technology: the possibilities of inclusive developments are

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<sup>1</sup> List of participants attached

exponentially increased through cheap communications, for instance through the availability of cell phones or the possibilities of distance education. And still, in our world, four billion people remain without access to internet.

‘Work scares’ are a recurrent feature of our market economy in the last two hundred years. The threat of ‘robots and computers eating men’ now appears more serious than in previous historical cycles because employment has lagged behind output growth in recent years, wages have stagnated in comparison to other factors’ share in GDP, and the fall has affected mostly simple manufacturing, clerical and administrative jobs, leaving the higher and lower sections of the labour force less affected. However, a large majority of jobs existing today were not even imaginable 70 years ago: rather than the fact of jobs disappearing and others emerging, the real problems probably lie with the educational and institutional obstacles against change, and the lack of measures to mitigate/promote necessary restructurings. Historical studies show that innovations take decades before they convert into consolidated, standardized technologies. The application of digitisation tends to be much faster than that of previous technologies, but the outcome is still difficult to foresee and does not provide yet a clear pattern for formalized specific professional training.

The effects of technological breakthrough also create new competition scenarios where some oligopolistic positions are based for a limited time upon provisionally exclusive technical advantage, and not only on size or market share. In some cases, the existence of a ‘market price’ determined by supply and demand may be at risk as a consequence of a very fine market segmentation and individualisation.

Digitization does not work alone. It is an aspect of globalization and combines with other driving forces: demographics and intergenerational tensions, the flexibilization and precariousness of jobs, shifts in income distribution from work to capital and, more generally, the often unacknowledged forms of relativism that characterize ‘post-modern’ culture. In the financial sector, it is also a combination of pressures that makes the transformation so big: the consequences and remaining threats of the recent crisis, new approaches to regulation, new business models only partly imposed by technology, overcapacity in banking and new consumer behaviour patterns all combine with digitization to the present transformation.

But digitization itself is profoundly changing payments and credit. Data self-reported by customers, combined with transactional data observed by the banks and publicly available information are already being treated and analysed, thus allowing improved knowledge of the customer’s needs and credit scoring. Big data include call data patterns, web browsing history, social media activity, location data, utility payment records, mobile money transaction data and behavioural analytics. Although the original data are being ‘anonymised’ by law, technological advances and the possibilities of cross analysis are shifting the boundaries of the concept of personal data. The right to have data rectified or deleted has been recognized, as well as the right of portability. The new areas of ethical questions raised are extremely wide and can range from added new systemic risk to the limits of democracy.

More specifically, an intensive debate about consumer protection and the use of personal data in the new economy is developing everywhere and the question arises whether the ‘battle for privacy’ has not already been lost. Regulation is quickly adapting, for instance in the European Union, with the aim to ensure that the recently adopted laws on personal data protection will be applied in the new digital context, while at the same time enabling companies and the public

sector to develop a fully productive digital economy. Regulation does not try to control technology, but rather to ensure that the principles developed in the framework of the modern social market economy can be maintained and applied in the new technological context.

Finally, a pattern of unstable identity has been observed many times in the past: the same individuals have different moral attitudes and behaviour characteristics when exposed to different situations. Values cultivated and applied in the family or in friendly communities are forgotten when the same persons drive a car or work at their desk in a company. This fact does not disappear with digitization, on the contrary: the *technology imperative* – everything technically possible is deemed legitimate - may prevail and make it even more difficult to unify moral values, behaviour and incentives.

## ETHICAL INSIGHTS AND PROVISIONAL CONCLUSIONS

It may be too early to draw conclusions and judgements based on Catholic Social Thought (CST): these developments are very recent and still too new. The questions however are very much in the Church's court: every ethical issue linked with digitization inevitably leads to cultural and communication matters, echoing questions about the person, community and moral assumptions. There is wide space for new ethical research and it is a necessity to have Church groups and communities dedicating their efforts to think on these problems.

### Key Insights from CST

The Church offers some essential keys for this reflection. The *culture of encounter*, a term often used by Pope Francis, requires practices for the good use of technological resources as well as the cultivation of human relations. Regarding communications, the ethical responsibility of journalists and media, under the pressures of the so-called 'post-truth' era, is particularly magnified and threatened in the digital context: there is real danger that our cultural discourse becomes superficial. Against the prevailing utilitarian, positivistic, or emotive versions of ethical attitudes, CST traditionally draws attention to objective theories rooted in the conviction that the rightness or wrongness of human ethical choices can be discerned by reflection on what it means to be human. But moral thinking cannot be imposed, and thus we need to start new conversations: "*We are challenged to be people of depth, attentive to what is happening around us and spiritually alert. To dialogue means to believe that the 'other' has something worthwhile to say*".<sup>2</sup>

Regarding the new perspectives on jobs and work, "*once our human capacity for contemplation and reverence is impaired, it becomes easy for the meaning of work to be misunderstood. We need to remember that men and women have 'the capacity to improve their lot, to further their moral growth and to develop their spiritual endowments'. Work should be the setting for this rich personal growth, where many aspects of life enter into play: creativity, planning for the future, developing our talents, living out our values, relating to others, giving glory to God. It follows that, in the reality of today's global society, it is essential that 'we continue to prioritize the goal of access to steady employment for everyone', no matter the limited interests of business and dubious economic reasoning*".<sup>3</sup>

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<sup>2</sup> Pope Francis, World Communications Day Message, 2014

<sup>3</sup> Francis, *Laudato si*, n.127

### Some provisional conclusions

Based on these thoughts and trying to take into account the facts as well, consensus was reached among participants in the consultation on a few provisional conclusions.

- There is a risk of a moral vacuum whenever decisions are taken by machines and self-educating algorithms; there is no human responsibility in the absence of a moral agent, and this leads to unknown territory in human history.
- The ‘*technology imperative*’ often implies a consequential moral judgement, where the ends tend to justify the means. This thinking seriously undermines a person-centred moral rule.
- If information is the main resource of the economy and has measurable monetary value, then data must be treated with the same care and under the same principles as third-party money. This applies not only to financial institutions but in every business activity. The same as there is an ethical universal code-book for dealing with goods, services and money, there should be one for data.
- Trust in financial institutions and business in general can be regained only based on proven facts. Doubts about data treatment make it more difficult for banks and business to regain trust and confidence.
- The new economy produces new kinds of contracts, cooperation and conflicts. Analysis and policy measures are needed so as to protect the weaker part in these new situations.
- The digital revolution, together with other causes of change, urgently requests that focus is shifted from protecting *jobs* to protecting *workers*, providing them with the necessary flexible social benefit and learning possibilities in a changing world. This can’t be done without dialogue between employers and workers.
- A radical rethinking of education is needed, shifting away from the ‘universal’ secondary school/university curriculum towards more flexible alternatives which favour continuing life-long learning, employability and a capacity for moral judgement.
- Regulation is too slow to keep up with the pace of innovation, so society and the economy must rely on culture to govern company use of data, and on checks and balances to regulate company behaviour.
- More than ever, there is a need for examples of best practice of business enterprises which voluntarily put the human person in the centre of their strategy, a statement which might lead to a critical examination of still unconsolidated technological developments.
- More attention must be given to the demand side of these processes: what do consumers want? How can their true priorities be expressed and taken into account? What responsibility should they exercise? The Church has an important role in educating consumer choice.
- The conversation on ethics in the digital era should be more inclusive and involve all affected parties, especially young people, women, and people from the developing world.

## SEVEN PRACTICAL PROPOSALS

This discussion will continue for the coming years. The following seven specific proposals emerged from the present consultation:

1. Regarding the future of work, responsible dialogue between employers and workers' organizations needs to start anew, far from the usual public debate and a somewhat sclerotic relationship. There is a need for trust-building meeting places for this purpose. One of them can be a platform based on Catholic Social Thought.
2. New ways of cooperation should be explored between public sector and private agents to design *transition projects* tending to mitigate risks on employment and to incentivize responsible leadership in the digital economy.
3. The ongoing debate on educational priorities must be revised in the light of findings on the future of work. The prestige of professional training and permanent learning opportunities need to be fostered against the obsolete idea of a university grade offering stable professional future for everyone. The uncertainties of technological development should also lead to the reevaluation in education of arts, as well as slow and serene thinking.
4. Data gathering enterprises including financial institutions and technology firms could follow the example of the health professions to design simple, understandable and trustworthy forms of consent for data treatment.
5. Voluntary co-operative use of big data treatment potential could be promoted in the financial sector in order to improve risk management and protection against unknown risk accumulations like, for instance, OTC derivatives.
6. The use of big data treatment potential can also be promoted by banks and corporations, in collaboration with international organisations and universities, for common good projects such as, for instance, natural disaster damage prevention, job market exchanges or data access on business opportunities for small companies in developing countries.
7. A continuous dialogue among social ethics specialists, economists, politicians, workers' representatives and business practitioners should be encouraged with aim of developing an understanding of the new ethical issues and possible answers to the various challenging questions, always within the perspective of a *digital economy for the common good*.

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