

# **The Good Society and the Future of Jobs : Can solidarity and fraternity be part of business decisions**

**Dr Lawrence Gonzi  
Former Prime Minister of Malta**

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Excellences, Ladies and Gentlemen

Allow me first of all to thank the *Fondazione Centesimus Annus Pro Pontifice*, for the privilege and the opportunity to participate in this conference and especially for the invitation to address you at this final session of the 2014 International Conference.

We have met here in Rome to try to answer a very important question – is it possible in the 21<sup>st</sup> century to have a Good Society that guarantees the future of jobs and can this happen using solidarity and fraternity as part of business decisions ?

**This is not a hypothetical question.**

Let me repeat what has already been stated : as we speak, millions of people in Europe and elsewhere are unemployed, large numbers of them young people.

The numbers alone speak for themselves. According to the ILO, nearly 13% of the world's youth – close to 75 million young people – are unemployed. In the worst hit countries, youth unemployment rates have risen well above the 30%. In Europe, some countries have registered unemployment rates that have not been seen since the end of the Second World War.

This, therefore, is a topic of enormous relevance to millions of people out there who are having to face daily challenges which are unimaginable for some of us.

It is a topic that touches the frayed nerves of the young university graduate who is unable to find a single suitable employment opportunity after six years of tough studying in a University.

It touches the very heart and soul of every person who has had to face the trauma of losing one's job and who is now desperate because the future appears to be devoid of any hope for him and his family.

It is a topic that ignites the desperation of the immigrant who escaped from Syria because he feared for his life when his village was destroyed by incessant bombardment and who came to Europe illegally seeking refuge, seeking understanding, seeking solidarity and instead found a cold, unwelcoming and sometimes degrading treatment often fuelled by populist policies that negate the values we are supposed to cherish.

This is precisely why we need a careful and wise answer to the question which this seminar has put to us because the social and economic costs of losing a generation to joblessness is perhaps the biggest risk we are facing today.

**My first point, therefore, is intended to emphasise the fact that the topic chosen for our discussions over the past two days is not and should not be considered as an academic exercise or as an exercise in hypothetical conjecture.** On the contrary, we have been discussing a topic which presents a real challenge for all of us who want to see a better world, for all of us who look at events from a Christian perspective, for all of us who want to try to make a positive difference in the society we live in.

I have had the privilege to be the Prime Minister of Malta for nine years during which my country had to adapt to EU membership in 2004; introduce the Euro in 2008; address the annual tsunami of irregular migration crossing the Mediterranean most of them coming from sub-Saharan Africa; handle the impact of the Arab Spring and

the Libya crisis which we faced in 2011; and address the challenges created by the global financial and economic crisis especially during the first two years between 2008 and 2009.

During all this turmoil, the greatest and most important challenge which we faced was the one relating to job creation and job retention. Both are enormous challenges in a society that continues to change – a change which is mostly driven by technological advancement, by our own decision to invest heavily in education, by the global nature of today's business environment; by the reality of a society that is increasingly shifting from one based on manufacturing, to one based also on services.

A lot of people say a lot of things about job creation. But the reality is that no jobs will be created unless there is stability (political, economic and social), unless there is capital, unless there is potential for the capital to be invested successfully and generate profits, unless there is the competent human resource that is available to make that capital work and unless there is a sense of optimism for the future.

Remove anyone of these ingredients and the future of jobs will be at risk.

But there is another point that must be made. Today, policy makers are faced with a harsh and difficult task. They have the added burden of trying to find a working balance between the responsibility to create more jobs and the responsibility to create better jobs.

Let me explain myself. The global economic crisis has forced most countries in the world – including most of us in Europe – to have a close look at our labour laws. Policy Makers are being advised to liberalise the labour market so that entrepreneurs will be free to invest their capital in the most creative manner possible. Advisors tell us to remove the bureaucratic red tape resulting from statutory provisions

regulating conditions of employment and to facilitate matters for our investors allowing them to hire and fire as necessary.

Of course this advice makes business sense until we realise what it means in the real world. It means that the labour market will now move towards employment contracts that are temporary in nature, that give the flexibility to the employer but take away the job security of the employee.

Allow me therefore to raise my concern on this extremely sensitive point.

Of course, I agree that we have to be competitive to create jobs and that unnecessary red tape should be removed without any hesitation. But I stress the term “unnecessary” because I am afraid that unless we are careful, we will be moving towards a situation where employment conditions will be diluted to the extent that our so called “social market economy” will lose the “social” part of it and become exclusively “market” – a situation which created the havoc we faced throughout the global financial and economic crisis.

**This brings me to the second point. Is there a place for “solidarity” and “fraternity” in a world where competitiveness, efficiency and increased productivity are the most important ingredients that attract investment and consequently generate jobs ?**

If I have to be honest with you, then I must admit that probably the majority of business people will give you an extremely sceptical answer. They would surely insist that business is business highlighting the fact that whenever they approach a bank or a financial institution for an investment loan, the bank would - as a rule - ask them for the company’s P&L accounts and its balance sheet and not for the CSR (Corporate Social Responsibility) track record.

But if this is so, how – may I ask – will we react ?

Do we resign ourselves to the inevitability of a world led by capitalist rules that seems determined to carry on making rich people richer even if this means that poor people become poorer ?

Or do we rise to the challenge that Pope Francis has presented us with ? The challenge to think out of the box and design a Good Society that answers to the voice of our children who are pleading to us to create a better world for them ?

I love the words “Good Society”. They bring images of kindness, of altruism, of genuine care, of solidarity as explained by His Holiness Pope Francis – ie not only assisting the poor by the giving of alms, or by designing and sustaining a strong welfare system, or by having business understand the value of corporate social responsibility – but also widening the term “solidarity” to encompass our responsibility to generate more and better jobs, to formulate family friendly measures, to respect the dignity of every single worker including immigrants, to deliver an economy that is solid and sound and environmentally friendly – in other words, to deliver a society that makes you and me – that makes us all feel the goodness of life, the beauty of nature that surrounds us, the miracle of human life, the value of every single human being even if he or she is dark skinned, or speaks a different language or is a severely disabled person or an eighty year old suffering from dementia, or a six month old foetus in the mother’s womb.

In his address to this same Conference this time last year, Pope Francis called for a new economic view that places the human person at the centre. “*We must return to the centrality of man*” he said, “*to a more ethical view of business and human relations, **without the fear of losing something***”.

Let me emphasise this last phrase of his : “**without the fear of losing something**” – Why did Pope Francis feel the need to say this ?

I suspect that Pope Frances felt the need to qualify his statement because of the experiences we shared in these last five years. Of course we need programs to get our country's finances on solid grounds; of course we need politicians who cater for the future and not for the populist present; of course we need austerity where austerity demands responsibility – BUT we can and we should do so by remembering that we are dealing with human beings and that it will be the weakest and most vulnerable amongst us who will suffer the most.

And as Pope Francis says we will not lose anything when we cater for the vulnerable amongst us and even if we do lose something, then we should not fear this at all, because we all share a responsibility towards those who are the weakest in our society.

Pope Frances was echoing what Pope Benedict XVI had said in his social Encyclical *Caritas in Veritate* in 2007 and I quote : “*To function correctly the economy needs ethics; and not just of any kind but one that is people centred*” (§45).

Were the two popes dreaming ? Was this wishful thinking of a Church that is out of touch with the real world ?

Of course not.

They have told us in the clearest of terms that things cannot go on as they are.

And we know that they are right because they are speaking about our collective responsibility towards each other.

You do not need to be a practising Christian or a religious person to realise that the Financial Crisis, the global recession, climate change, social turmoil and civil strife in numerous countries are all indictors that there needs to be change in the way we live, the way we think and the way we act.

Today, we are living in a world where the individual's self-interest has become the most important concern – indeed it seems that in today's language, the term “common good” has been consciously transformed into one that means my personal right to freedom of choice - a freedom that is unshackled by any ethical, moral or spiritual principles.

In other words, “relativism” in its worst form.

Thus for some, good business means fast profits at the least cost. It means selling High Street brand name products manufactured by underpaid and exploited workers somewhere in the developing world where health and safety rules are inexistent, where child labour is uncontrolled and where human dignity is reduced to a daily bowl of rice as payment for a full day's work.

The argument put forward to justify all this is disingenuous. It goes something like this : developing countries need these jobs. Their low wages mean that they are more competitive, which brings more sales, which generates more jobs.

Of course, this argument hides the tragedy which we saw in Bangladesh when on the 24<sup>th</sup> of April 2013, an eight-story commercial building collapsed and left 1,129 people dead and another 2,515 injured. The Brands manufactured in that building included Benetton, Bonmarche, Joe Fresh, Mango, Primark, Walmart and others.

Does this not remind you of what Pope Benedict XVI wrote in his encyclical *Caritas in Veritate* : “.... a society lacks solid foundations when, on the one hand, it asserts values such as the dignity of the person, justice and peace, but then, on the other hand, radically acts to the contrary by allowing or tolerating a variety of ways in which human life is devalued and violated, especially where it is weak or marginalized”.

The Bangladesh 2013 tragedy is an eye-opener. It proves to us all that a business formula that relegates the human person to the level of a production unit devoid of his or her dignity as a human being – is a morally bankrupt formula.

Speaking of “bankrupt formulas” allow me to remind you that it is this same business behaviour, shorn of any ethical or moral consideration, that caused the global financial meltdown and the consequent economic collapse of some major economies causing so much suffering amongst millions of people around the world.

So Pope Francis’s exhortation to “*return to a more ethical view of business and human relations*” comes at the right time. It is highly relevant to the realities we face in today’s national and global markets and it is something that is increasingly acquiring global recognition as an important criterion for consumers to choose which products or services they purchase.

In other words, what Pope Francis is proposing, is not ONLY spiritually, morally and ethically correct, BUT it is also a valid business proposition.

We all know that the advent of technology and the consequent spread of social media has changed things dramatically.

It was the tool used to ignite and sustain the Arab Spring. It is what creates today’s trends, what formulates opinions, what influences consumers’ choices.

Consumers are today empowered more than ever before. But it is precisely because of this increased empowerment that modern day consumers are now more sensitive to issues such as the environmental impact of the product purchased, the genuineness of the product and its health related ingredients, the impact on energy consumption and so many other similar criteria which are today major considerations

for any marketing strategist tasked with the selling of a product or service.

**Business leaders who fail to recognize this growing trend, do so at their own risk.**

The answer, therefore to the main question posed by the theme of this seminar is surely in the affirmative. Yes, the future jobs will depend on the ability of entrepreneurs to understand that their business will grow if it is :

- sensitive to the environment,
- it works hand in hand with the reduction of the energy footprint,
- it understands that there is a responsibility to contribute towards climate change targets,
- it delivers products that are manufactured in a safe and responsible way,
- it has a manufacturing policy that respects the health and safety of its employees,
- it has an image that is not blemished by the way employees are treated,
- it has active family friendly measures,
- it implements a work ethic that adequately caters for a healthy work-life balance,
- it invests in lifelong learning, training and re-training.

This is what makes a Good Society. You can call this Fraternity and Solidarity with each other and with the environment we live in. But the truth of the matter is that this is what good business sense is made of.

I have a strong feeling that the future will continue to place even more emphasis on these aspects and that businesses will only succeed if they can prove to their customers that not only is their product of good quality, not only is it offered at a competitive price, but it is also

produced in a manner which respects the employees, the environment and society.

I am therefore convinced that the success of any business decision today and even more so in the future, will depend heavily on the business leaders' ability to re-discover the value of solidarity as a vital ingredient for a successful business model in the 21<sup>st</sup> century.

It is with this in mind that I venture to propose to you the following five action points for your consideration :

**Firstly**, let us remember one of Winston Churchill's most famous quotes : *"Never let a good crisis go to waste"* – a quote that was taken up by Emanuel Rahm in 2008. Rahm – who was Chief of Staff to President Obama – added that a crisis is *"an opportunity to do important things that you would otherwise avoid"*.

This is not an easy task for politicians and policy makers. Jean Claude Juncker – Luxembourg's long standing Prime Minister until last year and a close friend of mine, is credited with a theory known as the "Curse of Juncker". According to Jean Claude, every Prime Minister knows what needs to be done [in a crisis], but then *"we don't know how to get re-elected once we have done it"*.

So – are we prepared not to let this crisis go to waste ? Are we prepared to learn lessons and do what needs to be done ? In other words to disown populist policies, to avoid decisions based on short term gain, to remember that you can only distribute wealth if you have first generated it and to recognize the fact that we have a collective responsibility towards future generations – a responsibility to see that our children inherit a world which we have made better for them ?.

Our answer to all of these questions must be an affirmative one and I urge the Fondazione Centesimus Annus to work with lawmakers and politicians and to help them rediscover those policies that are inspired

by Christian democratic principles, foremost amongst them being the concept that politics is a means to be of service to the community and therefore to the common good.

I consider this to be one of the most important tasks that the Fondazione can and should continue to undertake in today's world.

We need more politicians who are able to embrace the concept of what makes a Good Society; more politicians who enter politics to be of service to their country rather than the other way round; more politicians who understand that every human being is valuable even if that human being is an unborn foetus, a dark skinned migrant who does not speak our language or a fragile 80 year old grandmother who has been abandoned by her family.

We need more politicians who have a strong foundation in a 'pro-life' perspective on all of life, from conception to the grave.

And we need more people to speak out – to stand up and make their case. There is too much silence by people who believe in a Good Society.

I trust that the Fondazione will continue to do what it is already doing in my country – investing in a group of people who can contribute in a concrete manner for our society to be a “Good” one.

**Secondly**, placing the human person at the centre of business decisions implies that the shareholders, the Board members and the CEOs understand that there is much to gain if their business model is engineered in a manner that respects the dignity of employees.

A concrete example of this is found in those business environments where family friendly measures have been introduced. Inevitably working parents remain much more attached to their job if arrangements are made for them to strike a reasonable work-life

balance between their duties on the job and their responsibilities as parents.

Measures of this sort allow parents to remain active in the labour force. But it also safeguards the substantial investment a business firm would have made in the training of experienced personnel who would otherwise probably decide to give up their job in order to dedicate themselves to parenthood.

It should be our collective task to persuade our business environments that this is the way to go if we want to have more and better jobs.

**Thirdly**, I hope we realise that we are indeed a fortunate generation because the point I have just made is facilitated by modern day technology.

We live in a world where technology has given us miraculous cures to diseases which were incurable until only a few years ago. We communicate in a manner which was the subject of science fiction until a dozen years ago. We can use search-engines which tap into an ocean of information and get an answer to a question within micro seconds and which – until very recently - used to take weeks if not months of research to discover.

The enormous power of these tools must be harnessed in a manner that helps business become more family friendly, more environmentally friendly, more socially friendly. In essence : more solidarity friendly.

Telework, flexitime, job sharing and a myriad of other innovative working modules are today made easier if proper use of technology takes place for the benefit of a more efficient and more humane working environment.

Business will surely benefit from all this but this can only happen if the legislators are prepared to facilitate such an environment by

designing laws that encourage and , where necessary, enforce the introduction of such measures in the workplace.

**Fourthly**, many businesses have begun to question the common assumption that what is best for capital is also best for everyone and have begun to experiment with new models of organization, development and production.

In an article titled “*The Challenge of Solidarity in a Competitive Business Environment*” (published in the De Paul University Chicago - Journal of Religion and Business Ethics, 2011), Thomas W. O’Brien states that many businesses are now becoming committed to sustainability programs that focus on environmental impact to both human and non-human life.

This echoes what Pope Francis has told us - solidarity is no longer restricted to providing alms to the poor. Today, the term has come to mean environmentally friendly, family friendly, technology friendly.

Other business trends that point in the direction of this upgraded solidarity are the wide-spread adoptions of new forms of Corporate Social Responsibility charters that take a broad look at the social impact of all operations in a company and seek to minimize negative impacts while maximising value.

One example of this trend is found in the document prepared by the *Forum per la Finanza Sostenibile* dated June 2012 titled “Charter of Sustainable and Responsible Investment of Italian Finance”. This Forum includes ABI (Associazione Bancaria Italiana), ANIA (the Associazione Nazionale fra le Imprese Assicuratrici), ASSOGESTIONI (Associazione del Risparmio Gestito) and FeBAF (Federazione Banche Assicurazioni Finanza).

The document lays down three guiding principles. The first of these states the following : “*It is fundamental for the financial community to recognise the importance of the environmental, social and*

*governance issues within their investment decision making processes, not only on a moral ground but also with a risk management perspective*".

In other words, these financial institutions will hesitate and possibly refuse to endorse business propositions that do not adequately address environmental, social and governance dimensions of their business proposition.

These and other efforts made by contemporary businesses help to build faith in a capitalist system that has endured a decade of dramatic moral failures. They also help to combat the impression that businesses are myopically focused on making a few owners wealthy, and are damning the rest of the world to live in an apartheid society made up of "haves" and "have-nots".

**Fifthly :** I will conclude my address to you with a fifth and final recommendation which – I believe - addresses the very core of the issues we have been discussing.

It is a recommendation dealing with our collective "responsibility" towards our communities and towards future generations.

*Caritas in Veritate* defines "solidarity" as : "*first and foremost a sense of responsibility on the part of everyone with regard to everyone*".

It echoes what the G20 leaders acknowledged in the Statement they adopted at their Pittsburgh Summit in 2009 : "*The economic crisis demonstrates the importance of ushering in a new era of sustainable global economic activity grounded in responsibility*".

The Good Society is one where each and every one of us accepts the fact that our rights carry with them an equal and balanced set of responsibilities. The future of Jobs, the future of economies, indeed the future of this planet depends very much on our understanding of

the enormous responsibility each one of us carries in our daily life. It is a responsibility towards each other, towards the environment that surrounds us, towards future generations and towards the whole human race.

It is this sense of joint responsibility that must be re-ignited in our business decisions.

The word “solidarity” itself reminds us of the Latin words “*in solidum*” which means that we are jointly responsible for something. The word “Fraternity” was one of the three pillars of the French Revolution without which there is no “*Egalite*” and no “*Liberte*”.

I believe very strongly that it is time for us to remind everyone that there are no rights without responsibilities - very serious and grave responsibilities towards ourselves and our children; towards this generation and future ones.

It is with this concept in mind that during my address to the 64<sup>th</sup> Session of the United Nations in September 2009 (practically the day after the G20 Pittsburgh Statement), I made the following statement on behalf of my country Malta : “*Just as it was necessary in 1948 to recognize the need for a universal declaration of human rights, as a fundamental condition for the enjoyment of freedom, justice and peace for all men and women around the world, so it has become vital now to have a concomitant declaration on human duties of the present generation as well as our responsibilities towards future generations.*”

The proposal which I had the privilege to put to the UN General Assembly as Prime Minister of my country, is based on a strong conviction that human duties are intrinsic to the personality, oneness and uniqueness of the human being, and are as inalienable as human rights.

These duties do not arise from laws or obligations but are fundamentally inherent to the human being. Such duties refer to the human beings themselves and to their fellow beings, and in a special manner to their family, to the community at all levels and to the natural and cultural environment in which their life evolves

These are the basic fundamentals of a Good Society.

I conclude therefore by urging the Fondazione Centesimus Annus Pro Pontifice to take up this initiative and to encourage the rest of society to proceed down this path. In doing so we would be taking another important step forward in human kind's journey towards a Good Society that is able to generate wealth for the benefit of the whole community.

Thank you.