



Fondazione Centesimus Annus
Pro Pontifice

2020 CAPPF International Conference **The milestones of the integral ecology for a Human Economy**

23rd October 2020

I Session: Governance and Business models

Opening Remarks

by Giovanni Marseguerra¹

I am very pleased on behalf of the Foundation's Scientific Committee to welcome all of you to the first session of the 2020 Centesimus Annus International Conference devoted this year to the milestones of the integral ecology for a human economy. As we begin our Conference, I would like to warmly thank all the distinguished guest speakers that will address the many issues surrounding our general topic, and in particular, of course, His Eminence Secretary of State Cardinal Parolin.

We are here today to reflect on the role of values such as solidarity and fraternity in promoting sustainability and human development, and to assess the extraordinary power of the integral ecology approach to radically change the world we live in. As clearly indicated by Pope Francis in the new Encyclica *Fratelli tutti* (n. 21): *"Some economic rules have proved effective for growth, but not for integral human development. Wealth has increased, but together with inequality, with the result that "new forms of poverty are emerging"*. The problem is then to understand how economic growth and fair and balanced development can be prompted in the digital age by a more solidaristic behavior so to orient the current digital transformation to generate a more inclusive and equal society.

We begin our reflection today focusing on two intimately related issues. The **first** refers to the forms of governance required both to put our society along a path of sustainable development and to make our global community more just and equal. And the **second** issue refers to the challenges posed by the new business models prevailing in the economy.

We live in a deeply unequal and divided society. Inclusion and inequality reduction are of special concern to Pope Francis because he is well aware that neglecting these issues may have particularly serious consequences. We know that inequality and exclusion have perverse effects not only on people's living conditions but also on social cohesion, on individual psychology, on diseases and life expectancy, on economic growth. In this respect, the role of governance is essential for promoting an inclusive and sustainable society. In the last two decades a new world has emerged, driven by digitalisation, artificial intelligence and robotisation. The global market economy has left behind our

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political institutions a long time ago. The pandemic has added to all this further inequality, exclusion, injustice.

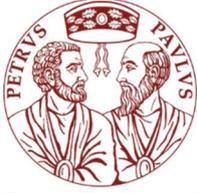
Good governance is fundamental at all levels: At political level (local, regional, national, global), at corporate level (firms, conglomerates, industries).

At political level global governance is probably the toughest challenge. The new scenario for politics requires the capacity to envisage new ways of working together to build a stronger community. Adverse macro-economic conditions need to be balanced with social needs. It is becoming increasingly urgent to develop long-term programs to support job creation, growth, ecological sustainability and inclusive social development. Again, in *Fratelli tutti* (n.177) Pope Francis, borrowing from the *Laudato si*, is very clear on this: *“politics must not be subject to the economy, nor should the economy be subject to the dictates of an efficiency-driven paradigm of technocracy”*. [...] *“economics without politics cannot be justified, since this would make it impossible to favour other ways of handling the various aspects of the present crisis”*. [] *“what is needed is a politics which is far-sighted and capable of a new, integral and interdisciplinary approach to handling the different aspects of the crisis”*. [160] *In other words, a “healthy politics... capable of reforming and coordinating institutions, promoting best practices and overcoming undue pressure and bureaucratic inertia”*.

Significant economic, technological and demographic changes are today profoundly modifying our society and our common home. All these changes are deeply affecting labor markets. Many existing jobs are being substituted by robots and computer-driven processes, while new emerging jobs require different sets of skills. Due to technology and other factors, large numbers of young people are left out of employment. The result is that opportunities of a decent work are being reduced and at the same time the demand for employment is growing.

At a more theoretical level, there is a growing concern both in the academia and at the social level about the limitations in the capacity of the standard market economy to create and distribute social wellbeing, take care of environmental issues and foster human dignity. With an ever-greater disparity between the world’s rich and poor, actions need to be taken to remove the imperfections and remedy malfunctions of the market mechanism.

Social entrepreneurship offers today an increasingly number of insights that may stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms. There is a rapidly growing number of organizations that have created models for efficiently taking care of basic human needs that existing markets and institutions fail to satisfy. Because it contributes directly to internationally recognized sustainable development goals, social entrepreneurship may also encourage established corporations to take on greater social responsibility. In the line of this, new



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business models are developing around the world which combine solidarity and efficiency, human dignity and economic performance, to meet needs previously left unsatisfied.

At firm level, there are a number of questions related to corporate governance that need to be addressed and on all of these questions a proper understanding and implementation of the principles of the Catholic Social Teaching is fundamental. Examples of such questions are:

- (i) For people working in business, what is the meaning of dignity of the human person? How can it be defended and possibly promoted?
- (ii) while working in business, how can relationships of solidarity be established and made solid? how is it concretely possible to embody solidarity within daily business activities?
- (iii) in the context of business, what does true human flourishing look like? Is it possible to reconcile integral human development and business activities?

A well designed corporate governance system should generate a corporate culture where trust and confidence prevail so that firms are reaffirmed as communities of people working together for the common good.

Both in the world of politics and in the world of business, skills, reforms and renewal are the key words whose implementation demands collaboration between all stakeholders (within firms and within society at large), as well as improved governance in the public and private sector.

In the general audience of the last 19th of August, Pope Francis reminded us the need to face the challenges posed by the pandemic. *“Many people want to return to normality and resume economic activities. Certainly, but this “normality” should not include social injustices and the degradation of the environment. The pandemic is a crisis, and we do not emerge from a crisis the same as before: either we come out of it better, or we come out of it worse. We must come out of it better, to counter social injustice and environmental damage. Today we have an opportunity to build something different”*. I think it is an opportunity that we cannot and should not miss.

On all these issues, we are called to reflect in our meetings today and next Friday. I am sure that our reflections will contribute to generate the new model of social life which the Holy Father is forcefully supporting and promoting.

Thank you.