

International Conference--Centesimus Annus Pro Pontifice Foundation

Rethinking Key Features of Economic and Social Life

Monday May 25 and Tuesday May 26 2015

GROUP DISCUSSIONS (English-speakers)

Chairman: Dr. Joseph Borg (FCAPP Malta)

Rapporteur Dr. James Rice (FCAPP USA)

2nd Session

The future of Employment and the “Informal” Economy

The chairman began the second session by again quoting from St. John Paul II: “...however true it may be that man is destined for work and called to it, in the first place work is ‘for man’ and not man ‘for work’”. (*Laborem Exercens* 6, 1981)

The discussion commenced with comments on the contrast between treating employees as worthy human beings with social needs and the alternative of considering employees merely as resources to the business. It was felt that employees should not be considered a cost but a resource who should be helped to flourish in the workplace. We motivate employees by recognizing their dignity and, as a result, find that doing the “right” thing usually enhances the profitability of one’s business. Overall, it makes sense for a business owner to “hug” or, perhaps better stated, “love” himself, his employees and his customers in the long run. Treating employees as worthy of dignity derives from the fundamental principle of Catholic Social Teaching, the dignity of the human being. As stated by St. John Paul II, the correct treatment of employees is not for the purpose of enhancing the bottom line, but that is one of its consequences.

Turning to the specific issue of employment in the informal economy, it was pointed out that both government and business may choose the lowest bid for jobs requiring unskilled labor, disregarding the working conditions and pay provided to the laborers hired by the contractor. The ethical approach would be to consider more than the lowest price by taking into account the fair treatment of the employees engaged. The desires of business owners and shareholders, government leaders and taxpayers for lower costs, work at cross-purposes with this ideal. Ironically, many countries refuse the import of products from poorer countries, particularly in Africa, while providing billions in foreign aid to the very same countries. One possible solution to both kinds of problems would be the education of customers so that they will know the origin of goods and the working conditions under which they were produced, as well as the potential environmental impact of such production.

Another kind of problem with the informal economy in poorer countries is excessive regulation such as the requirement for land registration (a prerequisite for bank financing). These barriers often lead to government corruption involving those who are charged with responsibility for such land registration or business registration (e.g., taking bribes).

Catholic Social Teaching has much to offer by way of potential solutions to the inequities of the informal economy, including in the area of secular decision-making, such as by advocating a living wage for all employees and creating initiative to poll employees as to their needs. A model can be found in the common approach to alumni relations by educational institutions, focusing not only on the collection of money but also on other factors such as support for families and the flourishing of alumni in their work and home environments.

An illuminating light on the dignity of work always comes from reference to Catholic Social Teaching. *Caritas in Veritate* (63) quoting *Laborem Exercens* (8) states "In many cases, poverty results from a violation of the dignity of human work, either because work opportunities are limited (through unemployment or underemployment) or because a low value is put on work and the rights that flow from it, especially the right to a just wage and to the personal security of the worker and his or her family."