



“ETHICS, FINANCE, BUSINESS LEADERS & SOCIETY”

“WORK, VALUES & THE COMMON GOOD”



Report of the working sessions held
by the Think Tank of the UNIAPAC Foundation

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Uniapac Invited Keynote Speakers Think Tank meeting 2014

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Pierre de Lauzun

Deputy Director General of the French Banking Federation - FBF, the professional organization of banks operating in France and CEO of the French Association of Financial Markets AMAFI. Mr. de Lauzun worked at the Ministry of Finances in France, and the Club of Paris. He has written eight books on Christianity and economics, politics, and philosophy.

Githa Roelans

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INDEX

Panel I: “ETHICS, FINANCE, BUSINESS LEADERS AND SOCIETY”

1.1	Introduction by José Maria Simone , President of Uniapac International.	6
1.2	Objectives and expectations of the Think Tank meeting 2014 by Pierre Lecocq , President of the Uniapac Foundation.	7
1.3	Presentation by Pierre de Lauzun , President of French Bank Federation.	8
1.4	Presentation by Sean Fieler , Equinox Partners LP, New York.	15
1.5	Open discussion moderated by Brian Griffiths , Chairman of the Trustees of “the Centre for Enterprise, Markets and Ethics” (CEME), UK.	20

Panel II: “WORK, VALUES AND THE COMMON GOOD”

2.1	Introduction by Burkhard Leffers , President of Uniapac Europe.	36
2.2	Presentation by Githa Roelans , Head of Multinational Enterprises and Enterprise Engagement Unit at the International Labour Organization.	37
2.3	Open discussion moderated by Stefano Zamagni , Professor of Economy, Bologna University.	44
2.4	Conclusions, recommendations and way forward debate for Uniapac by José Maria Simone , President Uniapac International.	55

Annex I	Essay by Pierre Lauzun .	57
Annex II	The ILO and its values by Githa Roelans .	64
Annex III	Participant list.	77

In attendance		82
Luis Bameule	Edouard Herr	Richard Turnbull
Sergio Cavalieri	Pierre Lecocq	Françoise Vintrou
Michel Camdessus	Burkhard Leffers	Stephan Werhahn
Pierre de Lauzun	George Mallinckrodt	Rodrigo Whitelaw
Charles de Liedekerke	Githa Roelans	Etienne Wibaux
Sean Fieler	José Maria Simone	Stefano Zamagni
Lord Brian Griffiths	Domingo Sugranyes	

Panel I: "ETHICS, FINANCE, BUSINESS LEADERS AND SOCIETY"

1.1 Introduction by José Maria Simone

Good morning, it's a great pleasure for us to have you all here for this meeting. This is the fifth time we are holding this meeting in Paris, and once again we would like to thank Michel Camdessus for his kindness in letting us be here. We are lucky to have some new persons participating for the first time. So, before we go any further, if you would like to introduce yourselves, and tell us a little about what you are doing.

As an introduction and as food for thought for the whole day, I would like to share with you this strong message from the Pope that he gave in Davos, in February this year:

What is needed, then, is a renewed, profound and broadened sense of responsibility on the part of all. "Business is in fact a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life" (Evangelii Gaudium, 203). Such men and women are able to serve more effectively the common good and to make the goods of this world more accessible to all. Nevertheless, the growth of equality demands something more than economic growth, even though it presupposes it. It demands first of all "a transcendent vision of the person" (Benedict XVI, Caritas in Veritate, 11), because "without the perspective of eternal life, human progress in this world is denied breathing-space" (ibid.). It also calls for decisions, mechanisms and processes directed to a better distribution of wealth, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality."
"In fact, those who have demonstrated their aptitude for being innovative and for improving the lives of many people by their ingenuity and professional expertise can further contribute by putting their skills at the service of those who are still living in dire poverty."

This is a very profound definition for some of the objectives of the discussion we are going to be having here today.

1.2 Objectives and expectations of the Think Tank meeting 2014 by Pierre Lecocq

We have organised today's session in two parts. The first part is on **Ethics, Finance, Business leaders and Society**, where we will have presentations by Pierre de Lauzun, President of the French Bank Federation, and by Sean Fieler, President of Equinox Partners LP from the US, under the moderation of Brian Grittiths.

In the afternoon, there will be a second panel with a presentation from Githa Roelans from the ILO on **Work, Values and the Common Good**.

As you already know, for the last two years, Uniapac, particularly in collaboration with the Council for Justice and Peace, has organised a certain number of colloquium, seminars, etc. around the issue of ethics in finance, and this has given us a broad and deep basis for our discussions and for the direction that should be taken. In our discussion today, I would very much like for us to reflect on all of this, and also to be a little more specific as to what is at the core of these issues: **is it a question of regulation? Is it the role of states? Or does it go much deeper than this: is it a question of individual behaviours?** In any case, **what should be done, and what could we propose to do to address the core issues?**

For the first panel, we will start with a presentation by Pierre de Lauzun, followed by Sean Fieler, and then engage in a discussion. I don't want to take up any more time, so Pierre if you would like to begin. Thank you again, I know you have been very much involved with Uniapac through the different Justice and Peace meetings, which have been very successful and very relevant.

1.3 Presentation by Pierre de Lauzun

Thank you very much! People in finance are not deeply loved in these times, so it's already a big step forward to have this kind of direct discussion—a discussion that tries to challenge both the perception of the world of finance, but at the same time addresses what can be expected from people involved in finance. The bottom line is that **people involved in finance means everybody**, because everybody has money, and everybody invests. It is therefore not just a question for professional people who are active in a limited activity called finance, but it is everybody.

I started my paper (see *annex 1*) with a few obvious, or seemingly obvious, preliminary remarks: the first is the **conception of the company**. Of course, a company is something that produces products that are sold. This means that people buy them in some way or another, and are interested in buying them. It means that the company has to sell those products, and it has to sell them in a way that produces some kind of profit. They have to use fewer resources than they can get from the customers. This may seem completely obvious and mechanical, but it does mean that any criticism of profit loses this perspective.

However, at the same time, the moral duty of any human community, including a company or an enterprise is not only to be profitable, which is absolutely necessary for its own life, but also to show responsibility and accountability towards its members, towards its providers of capital, its clients, its suppliers and society in general, and this includes the long-term future. Such an accountability is ethical. **Ethics is about knowing what is good and bad. As Aristotle said, what is good has to be done, and what is bad has to be avoided, which means that any kind of human activity at whatever level has to be ethical.** It may seem obvious when you say it like this, but as everybody knows, not only is the practice different, which is not a surprise, but the theory is very often different, and there is a tendency to forget this dimension.

Another dimension I insist on in my paper is the role of **ownership of property**, because the **owners of a company are the shareholders, and therefore shareholders have a central role**. I think this and the consequences thereof are not emphasised sufficiently. The system is built on the fact that the responsibility for the goods used by a limited company lies with the shareholders, who are the owners. They are in charge of the company; they are in charge of the main moral responsibility of the company. There may be, of course, managers who help to implement what is thought desirable for the company, but the people who have the basic responsibility are the shareholders. From the point of view of the Church, this implies what the Church calls the *universal destination of goods*, that is, what is available in terms of resources is here for the use of mankind in general. The people in charge of using those resources in the best way are the owners. **The question of using resources in a company with some view towards the Common Good in general is the basic responsibility of its shareholders.** This is very important because, in the discussion in general, not only do people who criticise the system have a much narrower view of what a company is, and should be, but also have a narrower view of ownership.

Whoever the owner may be, this responsibility will always exist—there has to be an owner. Even if you have a state-owned company, or a mutual company, or even a very egalitarian society where everybody has exactly the same amount of money or capital, or where everything is socialised in some way or another, you will always have owners, that is, you still have people who take the decisions for the use of the goods. This is very important because it means that the bottom line is **what the owners do with the ownership is more important than the way the ownership is distributed**. Of course, you may have to change the ownership to achieve a better result by putting the goods in better hands, but using the ownership itself in an appropriate way is more important than changing artificially or by whatever means that ownership. At the same time, it is true, as Pope John Paul II elaborated upon in *Laborem Exercens*, **those goods have to be used for the good of the people**. People, so as to be able to develop their capacity to contribute to society, should have some access to ownership themselves, because they will need to be in a position to use the tools in some way. This means that you may have to redistribute, not for egalitarian reasons as such, but because the people will need this to attain a better form of capability to develop themselves by using those tools to create something for the Common Good. This is extremely different from the point of view of, let's say, an *a priori* conception of society where you decide that people should have a more or less equal say, etc. **The important thing is what the people do with that responsibility that is given to them as owners.**

The company in itself is older than most people think. I think the first company using shares and shareholders was probably in the 13th/14th Century France in Toulouse. This means that it is natural for people possessing goods to put them together and to organise themselves in this way. At the same time, we may have to accept the idea that companies or economic activity can be organised in a different way—and if a different form of organisation works, there is no reason against that. This said, we have to be very pragmatic about the organisations themselves, and we have to be very strict about the moral responsibility of whomever is in charge, whatever the organisation. People, even if they are the owners of just one share, have a tendency to consider their ownership as something merely financial, that is, they have a relationship with that ownership that is limited to the monetary flow between themselves and the company. Of course, this is an essential dimension, but it is much broader than this! **It also means that if they buy a share, in a certain sense they are buying a social role—they are buying social responsibility**. It means that responsible investment is a major collective ethical issue, that is, collectively, it is essential for society that the shareholders behave in the best way possible. And, of course, it is not something that society, as embodied by the state, can decide, it is something that has to be deeply integrated into the minds and priorities of the people, and based on the right principles. It also implies that they have a duty, not only to feel responsible, but to work on that responsibility, that is, to try to understand what that responsibility actually is and entails, with, of course, the capacity they may have. It means contributing to examining the way the company is managed, the way it operates, the way it behaves vis-à-vis us, and, of course, vis-à-vis the employees and, above all, the clients, because the first priority is, of course, the clients and then the suppliers and society in general. Clearly, a shareholder with one share is not in a position to achieve all this, but he may be in a position to associate with others and thereby create the collective tools that can enable such an active responsibility, which I think is ethically necessary.

This means that there is a deep relationship between the shareholders and the company. However, it is not a marriage; it is not forever: if you emphasise the value of long-term relationship excessively, then you go beyond how economies should really work because one of the jobs of the owner is also to try to use the capital in the best way possible. This may mean selling if necessary, either to send the proper signal to the market or to use the money in a different way if there is another priority. There should be a desire for a long-term relationship, but, at the same time, there has to be the capacity to get out of that relationship if necessary, which means that we need the existence of the financial market in itself. By that I don't necessarily mean the market as it works today, but the existence of the market in itself is good. The better the market can be organised, so much the better for society. There is some kind of romanticism about long-term relationships—where people remain together forever—but they don't work. It is not necessarily better for the relationships because, of course, if you are stuck with an investment, it means you cannot do anything, it means you have no significant influence. My perception of the Social Teaching of the Church is that the economy is built on persons. Persons have responsibility, they have to face up to their responsibility, and they have to be free to do so. This freedom entails their being able to buy, to sell, to vote in the General Assembly and so on. Consequently, this means, which is obvious, **that shares are not investments/instruments like others.** There is a big difference between bonds or any other kind of venture and shares. **Shares mean ownership, they mean a deep responsibility.** If I buy a bond or if I lend money, it's a kind of bilateral contract, where I give some money and receive something in return, except, of course, if the company goes bankrupt or something, but it is extremely limited. **Shares mean some form of solidarity.** It is very interesting that in the Middle Ages the Church always spoke in favourable terms about the participation in any kind of commercial enterprise, i.e. taking risk etc. Taking risk was supposed to be a kind of signal that you had some form of solidarity. So even then it had a positive ethical dimension. But saying “*you owe me this and that sum, and I'll go to the courts if you don't give me back the money*” is a different relationship. The law in general, the common perception, and also tax policy should take into account the fact that the relationship is completely different.

You then have the question of finance itself because if you have this kind of relationship, or this ownership, which takes the form of shares that can be traded—if they are not traded, there is no freedom, so they have to be traded somewhere—then it is a top priority for Christian Business people to reflect on how the financial markets should work in the best way possible, that is, as much as it is possible within their scope. However, the tendency of a lot of people is to say that “*the financial market is bad and ugly, I don't want to make any kind of reflection on that, it's bad anyway*”, and this is perfectly irresponsible. What is responsible is to say “*well, it does exist, and why does it exist? Because it is useful for people to express their views about the economy, which is good, as persons.*” The main question is **how can we make the market work as best as possible?** At the same time, we must keep in mind the fact that it is collective; that the market is the expression of the views of people, which are not limited to the financial dimension, that is, to how much money can be had from the investment, but these views also concern the duties of the owner. This means that, as Pope Benedict XVI described very precisely in *Caritas in Veritate*, **the market will be different if the priorities of people are different** because it will send very different signals. You see that already now if you look at the

market value of companies like tobacco for example, which is lower than it should be in traditional measurement of net value, why? Because lots of people don't buy the shares of those companies. It may appear extremely primitive or limited, but it means that it actually works. The fact that signals are sent on the market is something that is really important, and can impact the results on the market. It is true, even in the discussions on the social responsibility of companies, you see much hypocrisy, but hypocrisy in some respect is a positive signal because it means that they recognise ethical liability. Of course, they may react in a non-appropriate way, but nevertheless they do recognise that it exists. It is very difficult for somebody who is in charge of a large company to say *"I just don't care about ethics"*. If there are sufficient people influencing the market and sending the right signals, companies will have to take into account what they are saying. Sending the right signals is important. It is a kind of influential power on the market, which has not yet been fully exploited by people with ethical priorities.

Today, there is significant emphasis on Socially Responsible Investment. This in itself is a good thing, even if it is still limited. At the same time, it is not only limited in size, it is also limited in its ambitions. In practice, there are three elements to Socially Responsible Investment: one element is **sustainable development**, another element is **consideration of rights of labour**, and the third is **governance**. If you look at what was explained to us by Pope Francis, then what we need to do is much broader than Socially Responsible Investment. If you consider that our priority is the human person in general, then **our relationship with that human person** is of utmost importance. Naturally, we have a lot of different relationships: with employees, suppliers and most importantly with clients. It is probably very easy for an unethical activity, i.e. the manufacturing of pornographic pictures to be completely coherent with sustainable development, maybe labour and certainly governance, but such an activity does not respect the human person. **The product and the kind of service we offer, the responsibility we show, and the kind of relationship we have with the client is a very significant part of ethical behaviour**, and companies know this! Companies tend to declare that they have ethical charts demonstrating that they recognise this dimension, but ethics is not integrated in the same way in the criteria of Socially Responsible Investment. Moreover, in the majority of cases, this dimension is even more limited because people tend to confuse Socially Responsible Investment with Sustainable Development; and to confuse Sustainable Development with Ecology in a very simple meaning of the term, that is, to ensure there is no pollution immediately. Of course, it may be good to have no pollution, but this is much too narrow compared to what is expected from human activity in general and from a company in particular. That is not to say that we need an extremely complicated elaboration on what is ethics, it just means that we need to have a broad view of ethics and to be clear on what the actual consequences are for somebody who is either an owner or a manager of a company.

I see two priorities for Christians in particular: that is first to reflect on the way of translating those priorities into something practical. I see people around me, in France in particular, who are interested in what I think. However, this has to be developed much further, because it is still extremely primitive, which in a sense is positive because it means that we have room for very significant improvement and room for added value, which in itself is good, and can be the basis of reasonable enthusiasm. **If you see you can do things, then that is always a very important message to send to people.**

A second thing is to organise this influential power, which would mean, for example, having some form of rating agency with broader views. You could also have some form of collective investments, either in UCITS¹ or insurance companies or pension funds. In pension funds, the people who are managing the funds are in some way or another chosen or elected or confirmed by the pensioners, who can be anybody. If you are a teacher in California, you have a deep responsibility towards financial markets because, in one way or another, you can send messages to the managers, and they then act accordingly. If you tell them *“well, I’m interested in three months’ benchmarking towards the S&P 500 index for example”*, then the manager will have to manage on a short-term basis. However, if you say *“look, I’m interested in my financial result measured on a longer term basis”*—because pension funds can have a 30, 40 year perspective—it can be, theoretically speaking, the ideal way to contribute to the long-term evolution of society. At the same time, by following and developing certain principles, by choosing this or that kind of company, you can send a message to companies, managers and to the market itself. It is important to convince other people. **If you think this or that criteria is important, you have to convince the market of its importance.** The perception, which we may spontaneously have, that our influence is limited is something that can be corrected progressively if there are sufficient numbers of people joining together and investing, using all the technical tools that have been developed on the market. In a sense, these tools are not bad—they are useful. However, we need to be enhancing them by putting them in a broader context of other priorities that enrich the financial priorities and which help them to orientate the company in a much more precise way rather than just checking that the indexes are at the right level or the prices are good.

At the French Banking Federation, we have a commission of financial ethics, and we try to work on the question of remuneration of managers, which I think is linked and also very important. It is a question of what kind of incentive do we send, in what direction, what is an appropriate level and so on. Managers in some sense represent stewards for the shareholders, and therefore have more or less similar moral duties as shareholders, with the difference, of course, they don’t buy and sell on the market, but they act on behalf of the company.

What are the consequences for the financial markets themselves? It is true that the way markets work today is quite different from the broad picture that I have tried to give. The first issue is short-termism. **It is true that there is a very strong tendency towards short-termism.** It means that not only do people escape their moral duties, which is obvious, but that it also sends the wrong signals to the people in charge of the company. It is certainly very difficult to avoid short-termism if the priorities of the shareholders are in the short-term or if the way they measure the results are in short-term. If there is no significant change in the tools and in the benchmarks themselves, then this won’t happen. That is what I said about benchmarking by indexes. Moreover, we may have the same problem with the use of accounting methods. There are also debates about the IFRS and so on. I will make a distinction between the measurement itself and the usage we make of it, because accounting gives certain information, so it

¹ “UCITS” or “Undertakings for the Collective Investment in Transferable Securities” are investment funds regulated at European Union level.

may be useful to have information about the present value. But we must not forget that it is extremely partial information. It would be very dangerous to think that, once we have a specific measurement, we have all the information we need. The measurement doesn't give you any information on the future of the company, or on the evolution on the expected value and so on, which is the most important thing. There is a strong tendency to try to base judgements just on an accounting value. It's easy: it's a figure, so it's objective, so it can be used. However, it is also true that nobody is obliged to use it, in the same way that nobody is obliged to consider that the price on the market is an absolute reference. At any moment, the price on the market is the result of a bid and an offer, which means that it depends on who is actually playing at the time, what their priorities are, what the common vision is, etc. **To say that the market is perfectly efficient, as a lot of theories try to explain, is not only physically wrong, but even, I would say, morally wrong.** I think the job of the market is completely different. How the market works is that there is someone is going to want to buy, and somebody is going to want to sell, so you do this transaction in the best way possible for the people who want to buy and sell and for society at large. This doesn't mean that you have built a universal reference giving the truth on the next 20 years to come. Such a measurement may be very useful and absolutely necessary, but it is a limited tool.

This means that people have the moral responsibility to decide whether they buy or sell at a given moment, both in their role as owners or shareholders or people who manage the funds of the owners and so on. At the same time, if you participate in the market, you have some form of duty towards the market itself. As the Social Teaching tells us, we have a duty to try to do the best we can for the market to work well. We have a duty to give the best price that can be given in the current circumstances. This idea was already expressed by theologians in the Middle Ages because they were very conscious of the interaction of people, and how to make them interact as best as possible. Of course, it helps to have the right priorities, and it is important to care about the way people interact and the product of their interaction. This is very important when you consider the question of speculation or what people do in trading rooms. For example, if you perceive that there is a financial bubble; that the prices are too high, compared to what you think should be a reasonable price, and if you buy because you think the market is wrong and will continue to be wrong for some time—so you try and catch the rise which you think is not justified, but you think will happen—then, of course, if a lot of people do the same thing, you accelerate the bubble, or at least you help maintain the momentum of that bubble. I think this behaviour is morally bad. However, on the contrary, if you think that, without being burnt, you can help those prices that you think are too high to go the other direction by selling, then it is a positive contribution, even if you borrow the shares, that is, you sell short. It may be moral to sell, so **short selling can be moral.** I try to explain this to traders, but generally they try to kill me after the meeting. But I think it is just logical. In the Middle Ages, they thought that if you buy at a price that is obviously too low or if you sell at a price that is obviously too high without giving appropriate information, then you are stealing from the other person. If you exploit the fact that people are obviously completely wrong about the price, then in some way you are stealing from them. However, if you send a message “*look I think*

that that price is too high and so I am selling short", you can help others to realise that, in your view, the price should be lower. Of course, it may be a lot more complicated in practice, as there are collective moves and so on.

I also believe that the market, as a social institution, as a collective institution, has to be regulated in some way or another, which means you need rules of the game. It is clear that even on a market in a village in the Middle Ages, the bishop or the lord set regulations that shops had to abide by, explaining clearly what the price was, etc. This regulatory framework is needed so as to organise interaction. It is not intended to limit the market but to allow the market, that is, the social interaction of those people, to work as well as possible, which is quite different. This means that you may have to regulate with regard to collective irrational moves, etc. It may be just to say to people *"look, let's stop trading for some time, and once we come to better senses, then we can start making transactions again"*.

In the general Social Teaching of the Church, when they speak of speculators, it is generally negative. Of course, there is the negative meaning, that is, the kind of people who react not in terms of the contribution they can make to the market or in terms of what they think the actual value of the stock is but react by exploiting the collective irrationality of the market, and in some way or another even by manipulating that market. However, we can also consider speculation in the philosophical meaning of the word *speculari*, which actually means *"to look in advance and act accordingly"*, not only theoretically by explaining our opinion but actually by buying or selling. Thus, speculation can represent a useful contribution.

I think that this is a very large field for reflexion since it concerns everybody, not only intermediaries who play a central role. If people don't contribute, then they are negatively participating, that is, they are letting others define the market. I think that it would be very important to develop a vision of the financial market in general, exploring how it could be improved, not only by regulation but by ethical references that could help the players to interact in the best way possible. This means not letting people do what they want, but it also means not limiting ourselves to regulations: If we limit ourselves to regulations, it won't work either because in the end it is the players who take the decisions, whether to buy or to sell, and if they don't buy and sell, then there would be somebody else who would decide. This would mean that the owner would be a permanent owner like the Soviet Government or a similar kind of institution. People have to be free to take decisions, they have to buy and sell, and they have to organise how to buy and sell in the best way.

In any kind of radical, ethical criticism, there is the flight from responsibility; that is to say, not recognising that responsibility exists in some way or another. Somebody will have to take the decision on what to do with the capital—and those people are the owners. It is very important to know how they will behave, how they will interact, how they will implement a decision actively... and that is how the market will work.

1.4 Presentation by Sean Fieler

I was very happy to hear a defence of short-selling.

The title I have here is “*a work in progress*.” I really think that is where my career is, and it really is an intertwining of my life and my faith and work and how that all comes together. The speech I want to give you and the comments I want to give you are a little different to the ones I wish I could give you in a more perfect world. I wish I could tell you that you can embrace your faith and your work, intertwine the two and everything will go swimmingly. I would, of course, provide some appropriate examples from my life, showing that your faith will not cost you success in business, and add that while your colleagues may not always share your faith, they will respect the depth of conviction with which you hold it.

And, as uplifting as that would be, it is not exactly true, at least not in my experience. Instead, **what I’m going to tell you** is a little more complicated. **I’m going to tell you** that it will be incredibly difficult to bring your faith into your place of work; that you will likely be challenged if your faith entails truth claims. And if you are in leadership, you will have to openly make the case for what you believe.

However, despite these challenges, because we believe that business is a calling and not a burdensome means to an end, **we must try to intertwine our faith and work**.

We must try, because even though the business world may not embrace us, they need us. They need people of faith, and they increasingly realize it. There is a **growing sense** that business without values does not work. And, in particular, there is a **growing sense** that finance without values does not work; that financial firms organized around no purpose other than making money over time corrupt themselves and their employees, and do not serve society.

The first half of my story

My own journey in finance began twenty years ago when I took a job at Equinox Partners, a hedge fund in New York City. Equinox was a start-up at the time, and an unprofitable one at that. We didn’t make any money for the first six years. But I stuck it out, I worked my way up to partner and eventually became president. Today, we manage 1½ billion dollars, have great clients and have generated a 16% return for twenty years, during a period when the stock market returned 9%. In short, the business has been a remarkable success.

It is the challenges I’ve faced, not the success of Equinox Partners that I want to talk about today, specifically, the challenges a Catholic faces leading a partnership of highly talented Christians, Buddhists, Muslims, Jews, Hindus and Atheists in New York City.

As interesting as I hope this story proves, I want to admit that managing a religiously plural work place was the last thing I was thinking about when I began my career. When I graduated from college, I wanted to work at a successful hedge fund. I wanted to make money for our clients and for myself, and I wanted to move on to a more meaningful activity.

As straightforward as this plan was, from the outset, I had a **very** large and **very** mundane problem. We were losing money hand over fist shorting the technology bubble of the late 1990s. Happily, once we solved this admittedly serious problem, the other elements necessary for building a successful business fell into place.

It wasn't until 2005 that the next critical path decision presented itself. **That was the year** we faced a serious ethical dilemma. **That was the year** we bought three internet gambling companies: Gaming VC, Bet on Sports, and UK Betting.

I had been to Vegas, I had gambled. And to be honest, gambling struck me as one of the least bad things that happens in Vegas. But when I looked into the business model of these internet gambling companies, I came to understand that they didn't target the social gambler: they needed heavy users. In fact, their business model only worked if their users were betting **very** large amounts of money on a **very** regular basis. The economics simply did not work with people that played occasionally. So the whole business model of these companies was oriented towards keeping heavy gamblers gambling and getting light gamblers to become heavy gamblers.

I understood this dynamic, and was viscerally opposed to these investments. However, I **could not convincingly** articulate my opposition in financial terms. That weekend, I explained this situation to my wife, who in turn distilled the issue for me: **If you know that these firms are intentionally harming people, and if this harm cannot be corrected but is intrinsic to their business, you cannot invest.** So the following week, I marched into work and objected. This objection was met with surprise, and I was overruled. **After all**, the investment case was compelling. The companies were **very** cheap, the returns were **very** high. And, **after all**, we were trying to make money.

Then it happened. Within months of my curious and unsuccessful moral objection to these investments, the CEO of one of these companies, Bet on Sports, was arrested in transit from the UK to Costa Rica. The company's stock went to zero. Moreover, one of the other companies stock's declined 60%. These events were a Godsend. Rarely is one proven so right so quickly in the investment business. These internet gambling companies were corrupt. They were skirting US law and got caught. The arrest and investigation crystalized the case for avoiding businesses oriented towards unethical activities.

Drawing from this experience, my partner and I agreed not just to avoid investment in gambling companies, but more generally we agreed *"not to buy businesses that we find ethnically objectionable."* In sum, we decided not to check our values at the door.

While I didn't know it at the time, the incredibly modest statement we agreed upon, which excludes maybe 1% of the potential investments out there, set Equinox Partners on a very different path from our peers.

You see, gambling is not just a problem in Vegas. Gambling is a problem in finance, and our unwillingness to invest in gambling companies would prefigure the business trajectory of Equinox Partners.

Let me explain why the temptation to gamble is so pervasive on Wall Street. There are basically two choices that finance professionals have today:

- 1) **Their first choice** is to insist that all financial transactions make sense. To think them through. To make sure all parties benefit, and that a bad act is discouraged. (This is not the most popular option.)
- 2) **The second choice** is to treat finance like a game. Every financial product has a willing buyer and seller. For the players in the game of finance, money equals winning. Those in search of more meaning argue that by playing this game they are actually making society better off. (This is the more popular option)

The problem with the game metaphor is that it encourages you to treat your customer like an opponent rather than a person. And it does not require a particularly nuanced understanding of Catholic social teaching to explain that this runs counter to it.

But, there is a second, worldlier problem with reducing the vocation of business to a game. Over time, the idea of work as a game will break apart firms that do business this way.

You see, the relationship that a firm has with its clients tends to be the model relationship that is replicated over and over again throughout the firm's activities. It is like the firm's DNA. It guides all of the relationships in the firm.

Following this logic, **if you treat your clients like a means to an end or an opponent, your employees will treat your firm and their job as a means to an end, and the firm will divide against itself and break down over time.**

To be clear, this is exactly what has happened at many of our largest financial firms. They are playing against, rather than serving their clients and internally divided amongst themselves. More systems, more rules, and more technology are not going to fix this problem. In fact, the number of rules and regulation in finance has increased in tandem with the cultural decline of Wall Street.

While rules and regulations are intended to work against the problematic essence—the DNA, of these firms—they do nothing to change this DNA. In fact, they are actually aggravating the problem by presuming the moral inferiority of financial professional to their regulators. The predictable result is that finance remains a game—just one with more and more rules.

The estimated 30,000 pages of rules stemming from Dodd Frank should give you a sense of the dynamic to which I'm referring. We're far from an attempt to reign in bad actors. Rather, we are knee-deep in an effort to create the perfect systems that will force good behaviour without changing the hearts and minds of the financial professional themselves.

Moreover, we are ignoring the reality that, for finance to work, we need highly ethical people in finance, more so than most other professions. And we need to give these professionals freedom to act and to decide. We need to encourage these ethical people to put their values above profit. And, undoubtedly, a very important part of this solution is going to be a reacceptance of religion in the workplace.

Return to the Story

Returning to my career, a lot has changed since 2006 at Equinox Partners. We survived the financial crisis, and I became president. While I didn't fully appreciate it at the time, this leadership role has put an enormous incremental focus on my faith. In my case, this increased dramatically after we turned down a client that was a major abortion sponsor, shortly after I became president.

While we didn't turn this client down on religious grounds, my partners understandably wanted to know how my faith was going to affect my work. We were no longer just avoiding unprofitable investments, we were actually sacrificing.

From their perspective, **"my faith couldn't impact my work because that would make this a Christian firm and that was not acceptable to them."** In essence, this is the age-old demand that so many Catholics have faced.

From my perspective, I knew that I couldn't say that my faith doesn't affect my work. I knew that I could not wall off part of my life from God.

This simple refusal to segregate work and faith has set me on an interesting journey. **God has given me an opportunity, not to create a Catholic firm, nor a firm of believers... but to plot out a viable path for a religiously plural financial partnership in New York City.**

Conclusions

Having been on this journey for the past few years, I've come to a few conclusions. First, the strategy of allowing my faith to gently permeate my work, a strategy that worked fine as a co-worker, is not a viable strategy for a leader asking others to sacrifice. My partners felt like they were being controlled by an unseen force that was affecting their work.

What were the limits of this force? Was I favouring one investment over another because of my faith or my analysis? How could they know?

So I had to make the case for how what I believed impacted my work. In these conversations, I distilled social teaching down to the simple idea that people are made in the image and likeness of God and must be treated with their God-given dignity.

Having made the case, I then had to show my partners that I was not going to force them to adopt my position. That is part of treating them with their God-given dignity. This not only means making the case in the clear-cut instances, but also making the case when there is ambiguity and room for judgment.

The decision, for instance, not to invest in a good business with objectionable management has been a recurring theme. Is the objectionable behaviour contained, or are we necessarily the same person at work at home, with the clients with your employees?

In the money management business, these decisions come up over and over again, giving me not just an opportunity to make the right choice once, but to validate the right choice over and over again. My hope is that, in this process, if we able to treat others with their God-given dignity and insist the same of the companies in which we invest, then this way of thinking will become part of our firm's DNA.

Spiritual conclusions are also interesting: Nobody knows what their path to holiness is. But I have found that some of the suffering and the friction here is a really good opportunity for personal development. In a way, it makes you choose between humility and retribution, and there wasn't a lot of space in-between. Some of the suffering has been good, certainly for the soul, for the firm. There is something about suffering for what you believe in, for what you are trying to do that others see; that doesn't make a lot of sense to them right away because you don't suffer for a conclusion or for an opinion, you suffer for faith.

One of the things that has been good about this is that it has given to me an opportunity to share some of my faith with my colleagues at work. It has created a lot of interesting conversations, and it has given me the opportunity to forgive them, and certainly vice versa. You go through the whole suffering, forgiveness, redemption process that is so central to our faith, and this has been in some ways really healthy for me. It is not the kind of suffering that most people would describe as suffering—everybody wears a nice suit, you make a lot of money, and have nice houses. However, you do get all of those little thumb pricks of daily life. What's important is how you bear up; It's important you see it as something you can make sacrificial instead of just suffering, I think that for me has been one of the positive things out of all this.

1.5 Open discussion moderated by Brian Griffiths

I found the two presentations to actually complement each other completely. Pierre raises two fundamental questions: On the theme of ethics, finance, business leaders and society, the first question is **when it comes to the structures of our modern financial system, how do they relate in some sense to effectiveness but also to social justice?**

The second issue, which came out partly in Pierre's presentation, but what I thought came out in Sean's presentation: **if you are now a player in this system, in which the structures are far from perfect, what do you do as a Christian, and how do you behave as a Christian?**

Following the financial crisis, we have now had such an increase in regulation. My fear is that the weight of regulation is actually drowning the system. For instance, at Goldman-Sachs, we now employ 34000 people, and we have 4500 people in regulation. From a Christian perspective, if we believe the human person is creative and market economies are situations that give us freedom, then **who are the people who are taking risks in our society? Are we really killing risk-taking?**

There are many important issues to consider like the legal responsibility of shareholders, the nature of reporting, and accounting standards. We also have the question of **personal response**. However good regulation is, and however comprehensive it is, regulation is never going to be a substitute for ethical behaviour. We will always need ethical behaviour. At the end of the day, **regulation is necessary but not sufficient. We have to have the personal response! We have to have the person!**

As Vice-Chairman at GoldmanSachs International, I think the first crucial issue, of which Sean gave us an example starting with gambling, is business selection, and we need to ask the question "*would you do business with this or that person?*" If today you are an international bank or a private wealth management business, you're going to get a lot of people, and you have to do a lot of Due Diligence on clients, and you have to turn clients down. It is even more difficult when you deal with sovereign entities, as there is a lot of reputational risk. Frequently, the reason why sovereign entities come and want to do business with you is because they want to sometimes disguise what they are doing. We have very clear rules: if a client wants to do a deal in order to get around a tax issue or an accounting issue, we would never do it. Moreover, there are reputational risks associated with business collections. This is one of the reasons why banks have recently been fined.

A second issue is the whole issue of **transparency with relation to products and with relation to transactions**. The regulatory structure may require a degree of transparency, but the question is **how much transparency do you feel as a business leader you should be giving the client?**

The third is, and the major reason why so many banks have been fined, the whole issue of **systems and controls**. I cannot not tell you how sloppy some of the systems and controls of banks have been: well-known and well-respected international banks have

received huge fines, simply because they have not paid sufficient attention to what those controls are.

Another issue is the issue of **compensation. How do we compensate people in terms of cash and stocks, in terms of deferred, in terms of clawback?** There is also the question of **civil and criminal liability and how do you approach it.**

Burkhard Leffers:

I have two points which I would like to raise. Firstly, Pierre spoke a lot about the individual investor and his buying shares, thus participating in a corporation, taking part in solidarity, behaving as a socially responsible investor, etc. Practice shows that when I buy 100 Daimler stocks, my significance is zero. **Isn't it legitimate to see a share also from the other side of the coin, as an investment vehicle, rather than taking participation in a firm?** Participation is one aspect, but the coin has two sides, and the other side is that it is an investment vehicle where I focus on cash flow, pay-out ratio, and on growth potential, and I don't care about what they are doing. I think it can be taken as legitimate behaviour of the individual investor. I think we have to discuss this ambiguity: on the one side, we have an aspect of responsibility—participating, assuming entrepreneurial responsibility—but on the other side, it is just an available investment vehicle I can use to make my savings and my pension.

Secondly, Sean said that he does not invest in companies that are morally objectionable. However, **any product, any truck from Daimler can be used for military purposes; any product, any pharmaceutical, any hospital can be used against the human individual and his dignity, so how do we differentiate?** Basically any product can be used against human dignity in one way or another, and if that be the case, I can only invest in government debt, which is morally objectionable as well because it is killing the next generation financially.

Stefano Zamagni:

Pierre stresses that **a company is a human community**. In economic theory, until recently, **there were two visions of the firm: the firm as a commodity and the firm as a community**. In the US, the dominant vision in universities has been that the firm is a commodity, which, like any other commodity, can be bought and sold. If we take this approach, it is obvious that what follows is short-termism. However, if the firm is a community and if I become a shareholder of a community, I have responsibilities which go beyond the mere investment vehicle. The other implication is that, as Pierre stressed, if the firm is a community, the maximisation of shareholder value cannot be the only goal. So you move towards a multi-stakeholder approach.

The second point I would like to underline is that **there are many different concepts of ethics**. We keep on talking about ethics as if there were only one ethical theory, but there are at least, three or four. You have **Utilitarian Ethics, Contractualist Theory and, then we have the ethics of the Common Good, which is sometimes called virtue**

Ethics. I think it would be proper to specify to which kind of conceptual ethics we are referring. Otherwise there may be confusion. Of course, I am free to choose whatever ethics I think is good for me. What I am not free to do is to manipulate the ideas of people by not declaring what my position is.

Finally, with regard to sin structures, within the Church, there is a position according to which, ultimately, **what is relevant is individual behaviour**. If something is bad, it is because individual people, brokers, business managers etc. behave badly. Nonetheless, according to the notion of sin structure, in certain circumstances, even though I am a good man, if the structure, which implies the rules of the game in which I have to operate, is bad, then I am induced to do bad things, even though my intention was good. This means that it is not enough to pay attention to individual behaviour, which is certainly necessary, but that we also have to consider the role of the institutions. This is a major question for us in an association like Uniapac. With regard to regulation, the problem is **who is going to fix the rules? – Because everybody agrees that the market game needs rules**. But the question is **should we attribute this duty to an entity called the state, or should we attribute it to some other body?**

To conclude, as you know Pope Francis is just about to publish a new encyclical, due at Easter time (April/May), which is going to be about sustainability, and ecology, etc. There is a potential risk that what comes out of this document (which will be an encyclical) will be a message against entrepreneurial work. So my suggestion is **why doesn't Uniapac write a short document addressed directly to the Pope?** There is always the risk that, with a view to obtaining a good environmental target, economic activity will be penalised, which would, in my opinion, be a very big danger. I was in the Vatican four weeks ago, when there was the reunion of the social movements in 80 countries, and I heard some terrible speeches against economic activity because the message was everything is the fault of entrepreneurs, managers, and people in finance, etc.

Domingo Sugranyes:

Among the many interesting points raised by Pierre's paper, the one about ownership systems rang in my ear as it is related to my own experience. I was involved professionally in a large demutualisation. I can say that there are ethical values involved in demutualising, and that any system can be changed into a structural sin. A mutualised or cooperative system can sometimes go the wrong way in ethical terms. There are also positive ethical values involved in submitting to the discipline of the short-term. The short-term involves more controls, better verification of the information, etc. When you mention ethics, people say *"well but where does that come from"*. They think ethics is something out there, something foreign. Of course, **ethics is at every step of the decisions in business**, and you have to have criteria. Brian mentioned a few areas where I think there is the possibility of proposing things, even among people who don't agree on the whole analysis about finance, and **since finance is being reformed from top-down, and excessively probably, there is absolutely a need to construct ethical areas from the bottom-up. When we talk about inclusive finance, it means finance that**

somehow serves to fight exclusion, which in turn means the purpose of creating jobs, of financing activities. It is finance with a purpose, i.e. the Ethics of the Common Good. We need to enlarge the debate about ethics, not just to avoid any wrongdoings, but to define and commit to the purpose of serving the economy and serving the fight against exclusion.

Pierre de Lauzun:

The Investment vehicle is one important dimension of shares, but it is only one dimension. There are other sides. Sean mentioned that he wouldn't invest in gambling or in pornographic films. Likewise, even if you are a small investor just interested in investing money to get a return, you would of course also avoid that instinctively. This means that you start taking into account other considerations, which in turn means that then you have to go as far as you can. But of course you may be limited, you may have limited information; you may have limited possibilities and so on, but I think **moral responsibility is essential**. It depends on your position and circumstances and so on, but you should never forget all the other dimensions, first in the act of buying and selling, and investing, but also in trying to build collective structures, which of course multiplies your impact on the market as regards sending signals to the market. If I sell one share I send no signal, but if we are, let's say, a 1000 people buying and selling shares and explaining why we do it, we can send a signal to the market.

On the question of sin structure, it is a very important concept introduced by Pope John Paul II, and I think it is extremely useful especially in the area of finance and especially in the way markets function, because markets are also interactions. You are all one of the players. The group of players in front of you that make up the structure is something that collectively is much stronger than you. If this structure as a whole goes in the wrong direction, it means that you can go in the direction of a sin structure. **Thinking that markets are perfectly efficient is a sin structure. Thinking that you should only consider the stock price at any given time and benchmark your action on that price is a sin structure, because there is collective pressure towards this behaviour.** It is difficult to be in the business if you don't play by the same rules, as Sean has mentioned. The system may go against you, but it does not eliminate your responsibility. Of course, **you have to behave in a different way if the environment is against you, but you have to take account of that environment and try to act, if you can, against the structure itself or, if this is not possible, take an appropriate decision, knowing you have to operate in that adverse environment.** You can fight the structure if you send the right messages. I think it is very important to participate in the collective work of the Church, so as to send the right messages.

I think the main problem with at least the Catholic Social Teaching is that it comes from above. This is not a criticism of the Pope, but a criticism of lay people, of us, because we do not contribute enough. **The job of lay people, well partly society, and the economic world is to contribute to the thinking of the Church.** More or less, the Popes have done their job, we have not done ours. This is a big collective problem. We have to contribute in some one or another. For example, if maybe I can be a bit blunt,

the present Pope enjoys a very strong interaction with people, and what he says has much weight among people. He is a strong influence, but he is less oriented towards doctrine than his two predecessors. He may have a tendency to exaggerate in one direction, and not take account of all the dimensions of a problem, which is very visible in *Evangelii Gaudium*, of course, with his kind of homely more than doctrine or text. But in this case, our duty is to say *“look your Holiness, you are perfectly right, this is very important, but you see there is this and that other dimension which should also be integrated.”*

One interesting point about mutual funds: there are a lot of mutual banks, and I can see very well how they can work in the wrong way. This is one of the reasons why I insist on the fact that ownership and the changing of ownership in itself is not necessarily an answer, because you also have sin structures. And these sin structures may be very strong, because behaviour follows the same direction, and that direction can be wrong. For example, I am very sensitive about the issue of prices for customers. In a bank, you can fix a lot of retail prices very freely, because customers just accept them. Consequently, a lot of prices are completely disproportionate to reality. This is particularly a problem with mutual banks, which are more expensive than commercial banks—so obviously there is something wrong. Mutual banks should be owned by their people, but they are not actually controlled by their people: It's only mutual for the collective body of people who manage the so-called 'mutual' companies. Being mutual means behaving towards the clients in a way that commercial companies don't do or not on the same level. You cannot conclude that being mutual is synonymous with being virtuous. The moral responsibility is still there, and I agree also with the fact that we have to build ethical areas and ethical activities. In my spectrum, in collective professional bodies, I tend to emphasise the creating of collective tools. I think the question of collective references, collective ratings, and, of course, promoting collective instruments is going in the right direction, and is a top priority.

Brian Griffiths:

We have to be pragmatic about the fact that mutual banks need capital. I was very interested in Pierre's conclusion: **mutual ownership does not imply by itself a different set of priorities nor a better form of responsibility.**

Sean Fieler:

I think that all economic activity is subject to morality, I think that the Church teaches this. It is obvious that we would not subscribe to the idea that there is some part of God's creation that is a moral free-zone.

I do concede a point that Burkhard made: it is hard, but just because it is hard doesn't mean you don't have to do it, and I think that is why you really need a lot of experimentation, particularly the example that you raised with respect to trucks that could be used for poor purposes. **I think that the investments that you can exclude in a very straight-forward fashion are investments or products that are intrinsically problematic.** You can take for example pornography, landmines, or abortivations², or companies that are only profitable if they harm their clients. There is no appropriate use

² Abortivations: emergency contraceptive pills

for an abortion, but there are lots of great uses for trucks. I think that gambling is really interesting. One might have made an argument that the Church runs a lot of bingo nights; and that the Church is only opposed to predatory gambling. I think this is the distinction the Church makes. If it had been a gambling company running church bingo nights where everyone only gets to use five dollars, I think that would be OK. However, the thing that was really interesting about the companies was that it only worked if they had the heavy gambler, so you knew there was a structural problem.

The other point relates to Burkhard's question "what obligations do you have as a shareholder? As Pierre said, there are degrees. If you own 10% of a company or one share of a company, you have different responsibilities. What obligation do you have to vote your proxy? If I look at the structural problem we have with governance in America, I think **indexing is one of the biggest problems**. You have what may be a scale where you have grades of responsibility, and you turn ownership of a company into a security totally divorced from that governance or ownership mechanism. I think **you can't simply systematically shirk your obligation to inform yourself and involve yourself in the governance of the company in which you are a shareholder**. You should be involved in at least the appointment of the governors, the directors of the companies which you own. This obligation is systematically delegated largely to experts that have their own interests, which are, in many cases—certainly in the case of America with the interests of ISS³ and the interests of Glass Lewis—radically opposed to at least half of Americans' sense of what they would like to happen at public companies from a policy or governance perspective.

Stephan Werhahn:

Coming from a family business background, it is very important for me to put the focus back on responsibility. A family company is responsible for the product and people, and customers identify that product with the company name. Moreover, family companies work in certain regions and are very much based in the region, where they have strong relationships with the local people. They go to church, and sometimes they meet after church and talk about different things. There is therefore social pressure on family companies that makes them relatively down-to-earth, stable, and they are concerned about the future and the next generation. They usually have a flat hierarchy in their business, and they operate like soccer teams, relying on each other, so trusting each other is a big issue. Employees are not seen as numbers or as products, but as humans. In times of crisis, they are not thrown out, they are kept, as much as any good team would keep a good player, even if times are bad. For me, and I have also worked in big companies, it is precisely in big corporations where the shareholding philosophy is lacking that direct relationship between the responsibility of a manager and responsibility towards the product and towards the customer. **Some companies have lost that sense of direction whereby they are only there to serve customers** and, of course, make profit at the same time. Today, we have ways to find out whether customers are satisfied. I am very interested in the ranking mechanism, where customers can give stars after having made a purchase. This way, there is direct response from the market. My last

³ ISS: Institutional Shareholder Services

remark for Uniapac is we have a big responsibility to focus on specific points that we can put forward, be it with regard to the encyclical of the Pope, or be it in the public field with regard to the discussion on regulation. **The biggest failing with regulation, in my view, is that banks are taken as riskless investment.** I think if banks buy government bonds, then government bonds should have a market valuation. Governments also have to be very cautious in this respect. Indeed, we have to jointly say that, as entrepreneurs with values, and in the sense of a family business, we would abstain from assuming excessive debt, including in the public sector, and **I think if we focus on a few, very important, very crucial basic values, we can have an impact on our society.**

Richard Turnbull:

I wanted to just take us back to a couple of theological observations. In terms of any contribution that Uniapac or any other group can make to the public debate or to papal discussions, etc., we need to be able to articulate very clearly God's purposes in business and in the encouragement of entrepreneurship. I think there are two very important theological principles. The first, which was mentioned by both Pierre and by Sean very clearly, is that we are all created in equal standing before God. There is an essential theological unity that we are created in equal standing before God. The second principle, which is absolutely central to entrepreneurship and business, is that God has endowed His people with different skills, different resources, different raw materials and different abilities to combine those raw materials in the creation of wealth. If you take the first principle on its own, it can lead to a distortion, because you don't have a clear starting place, and you end up in the debate we were having earlier on whether it's your ethics or my ethics or somebody else's ethics. **And so you need both those principles together: the equal standing before God and the endowment with different gifts, abilities and skills.** If you only emphasise the standing equal before God, that is what leads to the problem that Sean was describing, where the equality agenda becomes the truth, and where the only thing that matters in any community, in any firm or any business, in any society, is that agenda; and a sin structure therefore becomes anything which goes against that equality. But this is a distortion. If you also have the other principle: that we are endowed with different gifts, skills and different capabilities, then this allows us to say that not only are we in terms of our humanity created with equal standing before God, but also there is an equal moral responsibility to create wealth, and there is an equal moral responsibility to add value and to create wealth in the economy. Therefore, you could say, and this is me thinking out loud—so this could be controversial—you could say that in the same way that a sin structure might be something that goes against this essential equality before God, a sin structure might also be something that prevents the efficient creation of wealth, because you need both sides of the coin.

George Mallinckrodt:

I have to say that a person that I actually admire in terms of standards, integrity and experience is Paul Volcker. When it comes to the kinds of issues that we have been discussing, Paul Volcker, for two years, has been struggling in some way or another to instil financial discipline. I would draw a line between what I call industrial discipline and financial (in-)discipline. Industrial discipline is actually quite exemplary in most countries whereas

the financial one is a catastrophe. I am very critical of the lack of discipline, which is very largely due to very poor education in the financial sector globally. One of the biggest problems for me is that we are not putting the emphasis on proper discipline in learning. Paul Volcker once told me that there can be one little change in Silicon Valley in the trading culture which enhances the trading by two seconds, producing within three weeks three and a half trillion dollars of uncouneted transactions. I find that the financial sector in terms of indiscipline is the worst category that we have in the world. (There are exceptions.) **If we want to change, we have to begin by saying where are the people with the qualities we need in the world?** We haven't got them! (We have some of them, Banco Santander is superb—a family business—there are a number of others.) In this regard, for example, in the UK, there are 5 or 6 totally incapable banks. Not one is actually capable as a bank itself to do what the country actually needs. We have a situation where, at the end of the day, we have a few giant banks which have no knowledge of how to run a business. None! Instead of saying that we need 200 good banks in the world, we have but a few idiots! What we need in the world are examples of proper behaviour. The other day, I was asked in Berlin to say some critical words about the banking system. Well, I said I can't. I can only say to you that there is a difference between individual people, and that difference is culture. The biggest problem is that there are people who pride themselves on making money, and I said you can forget the whole lot of them. Of course, nobody in the world has anything against earning money, but not making money at any price. If you look at our youngsters, even in the bank, from that point of view, they are just out of school more or less, and they are not even being tested! Paul Volcker told me that it is absolutely catastrophic that no one has got a clue of what in fact is happening, day-in, day-out in the so-called trading area. **Education is absolutely key.** And another issue that I think is also terribly important for us to understand is what youngsters at the age of four are already learning today with the application of technology, and if you look at what is available, and the transfer of all of that.

Githa Roelans:

I would like to look for some possible solutions for the future because we can complain a lot about how the system functions, but **how do we actually change the system for the future?** There are a number of initiatives. Speaking from working for an international organisation, it is interesting to look at what is happening at the international level and the collaboration of an organization like the ILO, which is trying to help with the IMF, with the World Bank etc., and how we integrate concerns regarding the respect for workers' rights, human dignity in the workplace at the international level with financial organisations. The United Nations has taken **an initiative of principles for responsible investment**, and I was wondering **how this is actually being taken up within the financial community, and how this is seen?** Of course, these are principles, it is not a kind of international regulation. It is also linked to Socially Responsible Investment. A number of companies make reference to ILO standards with regard to what they do not invest in. But of course, one of the challenges is then **how do you actually know what the companies are really doing?** This comes back to transparency, not only in terms of financial transparency, but also transparency in the way products and services are produced, which brings you back to labour, the working conditions, and the way the

workers are treated, etc. Furthermore, there are the various initiatives that different governments are now taking regarding non-financial data disclosure. For example, the European Commission has just taken an initiative in this respect, and they are looking at specific indicators that companies can use to actually mainstream social, environmental considerations into their reporting. So I was wondering, **how you feel about the current developments for these kinds of instrument; how this can bring about a certain change in the financial markets?**

Brian Griffiths:

There are two people I would love to speak before we continue this session: one is Michel and the other is Edouard Herr. If I can describe the question. **Was Karl Marx the greatest theologian in articulating the concept of collective sin?**

Edouard Herr:

I have a list of ten questions, but first I will just say something about **collective sin and Karl Marx**. The Church, I think, has always had a real problem with the notion of structures. **What is the ethical relevance of a structure? What is a structure?** This was a big problem for a long time, especially in the 70s when we had to deal with the problem of Marxism in Europe, and also the theology of liberation in Latin America. For Marx, the problem with the Church was first of all its insistence on the responsibility of man; the dignity of man; that he is actually free and he has to organise the world in such a manner that is orientated towards God and love and justice. The interpretation of Marx was that structures have nothing to do with human responsibility—they simply function and they are independent from man in some way. It was a problem to introduce this whole question of structures into the Social Doctrine of the Church. The Church had a very long debate on whether we **should say structures of sin, or should we say sin of structures?** The Church has much difficulty to say sin of structures, because structure then becomes some kind of a subject independent of, or above, human responsibility. So the Church wanted to say structures of sin, i.e. structures linked in some way to the responsibility of human subjects. Now, of course, there comes the problem: the Church did not want to say that a structure is wrong, because it is really only people and their freedom that may be right or wrong. We made much progress with *Sollicitudo Rei Socialis*, the Encyclical of Jean Paul, where he introduced “structures of sin”. Sin is related to people. In its anthropology, the Church explains that it is true that there is the individual person, but in order for that person to develop, from a spiritual, theological and philosophical perspective, that person has to engage with others and thus engage with structures. The Church will therefore always say, you have to take into account the person and the structure, but they are not independent from each other. The person is involved in the structures and becomes responsible for the structures. The Church does not give much of an indication as to the precise meaning of structure. For instance, if you look for a definition of a structure, there is nothing. The Church would probably say a structure, as in the moral reflection of Saint Thomas Aquinas, would be circumstance: it’s what surrounds us, it is a kind of envelope in which you work, but you are also accountable for the envelope. If the envelope is wrong, then this will affect the people.

It is a very different from the beliefs of Marx. Marx would say that there are structures, and in some way, we are not accountable for them—they work by themselves. While the Church will always say people are responsible for structures. This is an important matter in terms of social ethics. Michael Warsaw said *“even in the war, actions in war are human actions, and they are to be judged from the moral point of view”*, because people engage with the structures. This is true for the whole social system, economics and so on. If we took the stance of Marx, then we as human subjects would no longer be free persons before God because there would be things which would be out of our scope. We have to say what we are accountable for in a given structure or institution. But **we are not responsible for all**. I would be responsible even if I were a Nazi, for example. **I am responsible for what I want. What I want also includes what I have the power to do. We have to ask ourselves what our space of freedom and responsibility is. Did I know what was going on, could I have done something to change it? I am not responsible personally for the whole structures. Humanity as a whole is responsible for its institutions.** A new problem, compared to a hundred years ago, and with regard to Marx, is that from a Christian point of view, we realise now that our common responsibility is becoming ever-greater. We are beginning to become responsible for our social structures, not for everything, and we should do it within our scope. **I am responsible with the power I have.** I have a certain power, but I am not responsible for everything, but in relation to what I have and with what I know. **So structures of sin, not sin of structures.**

Michel Camdessus:

I would like to add a footnote to what Edouard has just said. It is something I remember from a personal conversation with Pope John Paul II, just a few days before he published *Sollicitudo Rei Socialis*. It came to my mind that, after all, **we are sinners within structures of sin**. Is that what the Pope wanted to instil in us?

Edouard Herr:

Yes, but I would say **we are saved sinners**, not only sinners. That is very important to know! Of course, we are sinners, and I would say there is a kind of bilateral relationship between the individual person, who can create an institution, and the institution itself. If the institution is wrong, i.e. slavery, it means that those who are affected by it also become sinners, because they engage with the structures. However, **I am not responsible for the whole structure of sin, but for what I am in charge of on an individual level. You may therefore have holy people in structures of sin.**

Brian Griffiths:

What has really hit me in our discussion is that the **Christian faith is a World view**, it's a *Weltanschauung*, and therefore, as it has been emphasised most recently, **structures really matter for justice**, and I think that is very important.

Secondly, **we are all, as individuals, meant to be examples. The metaphor used in Matthew 5:13 is salt and light, and in the financial world we can see that the darkness is spreading. There is a very short dusk. Salt is necessary because you can have all sorts of cancers which can eat away at the financial system.** But what

Jesus said is that, following the beatitudes, if we aspire to live the life of the kingdom, then in whatever area we are, and whether it is Sean having the issues he had in a hedge fund, or the issues I have wherever we are, I think we are given the assurance by our saviour that we will be helped; the holy spirit will in a mysterious way come and be with us. Obviously, one needs enormous discretion in the way one addresses non-Christians, given one's Christian world view.

Thirdly, when it comes to our world view, **the regulators could well be our allies**. Regulators are appointed by government, and the government is elected by people. Therefore, they are people who are interested in justice and in transparency etc. You were right to draw attention to the 30,000 pages of rules of Dodd Frank. While we complain about sinking under regulation, I think the regulators are really on our side, and they are people who listen.

Pierre Lecocq:

Let me just come back to some of the things I have noted from what I have heard: Pierre, you were saying what *the owner* of wealth does or doesn't do, then you said only persons are subject to ethics; Sean, you talked about how business needs people, then you said we must decide on the rules to follow; Brian raised the question how we as individuals should behave as Christians? George questioned whether you would do business with this or that person. **Behind all of our discussions, we are talking about what the person will do or not do!** At the bottom of these things, we have the person! The guy in the bank, what does he do? What does he believe? How does he behave? In this respect, I would like to make a proposal for Uniapac in the field of finance. It is clear that regulations are totally out of our scope. However, we can bring people together, as we have done several times with the Council for Justice and Peace and with other organisations to have colloquiums and to produce papers etc. Therefore, shouldn't we maybe engage ourselves in drawing up a list of 5 or 10 very simple behavioural rules that institutions and individuals would commit to follow, and could make public that they follow them, asking them to be transparent in the way they follow them? If Uniapac was just able to do that, I think we would make a major step forward.

Michel Camdessus:

I wanted to tell you an anecdote. A few days after the publication of *Evangelii Gaudium*, I was discussing in a group of Christian managers and entrepreneurs, and when immediately the *Evangelii Gaudium* was presented, there were plenty of comments, excitement, and a degree of discontent. People were commenting "*Well, you must remember this is a bishop of Argentina, there is a degree of Peronism in his thinking. So we must understand and possibly use our authority, and our private channels of communication with the Vatican to invite a more balanced language, a little bit of nuance and all of that*". There were plenty of influential people. I know that a few days after, the Apostolic Nuncio received plenty of letters asking the Pope to soften his language. I was invited to produce a paper, and while I was thinking about writing that paper, I opened my Bible and I came to John II, where I read the passage where Jesus went to Jerusalem. There in the temple, he found a man selling cattle, sheep, pigeons, and there were the money-changers, and of course, you know what follows: Jesus made a whip from cords

and drove out all the animals, and so on. Then I thought that possibly what Francis was doing was what Christ did. I asked myself whether he is exaggerating in acting as Christ, whipping the money-changers and the others. I tried to have a Christian look at the world in which we live, to evaluate the Pope's verse, and I must confess that after this kind of reading of the present times, reading the newspapers—because I am a man in the street now, I have no privileged information—I **had the impression that the Pope was very moderate in his language**. I will give you the three examples which led me to no longer request the Holy Father to moderate his language. First example is the fact that the industry that I have been working for all my life, the banking industry, has, over the last two years, been fined with 130/140 billion dollars for misdoings, misbehaviour and so on. We know that their business is big, but to be fined such an amount—and possibly the amount is poorly calculated, it's possibly more because the 130 billion only includes the big fishes. Well, this says a lot about the world in which we live.

Second example is a fact that was confirmed two days ago by Angel Gurría, the head of the OECD, commenting on the monitoring of the anti-bribery convention signed in 1999. Interestingly, and sadly enough, the number of bribery cases has significantly grown since 1999. I read the Financial Times' summary of Gurría's report: *"large companies and their senior managers are responsible for the vast majority of the world's bribery cases and are giving up a third of their profits from related projects to corrupt officials"*. A third of their profits! Corruption is not just a phenomenon of the developing world. Almost half the cases involved bribery of public officials in countries with high levels of human development. I'd recommend you read that paper so as to have a proper evaluation of what still remains to be done to ensure the world economy adheres to the Global Compact.

Thirdly, I was appointed by the G7 summit of Gleneagles to work with Kofi Annan to discuss how the south and the north disavow their responsibilities for north-south cooperation. We ask the south: are you ruling your countries properly? Are you transparent? Do you have the proper macro-economic policy and so on? And of course, we ask the north: are you delivering on your promises for official development? In the private sector, are you behaving in accordance with the ILO recommendations? Do you adhere to the Global Compact? Are you acting in accordance with the basic principles of Corporate Social Responsibility? We have been doing this job for a few years now, and we have broadened the scope of our activities a little, and every year, we look at a particular sector to gain more in-depth information. Two years ago, we looked at the sector of extractive industries in Africa. We had heard that there was a lot of plundering of resources there, and we wanted to be able to verify the information. We thought that we would discover something bad, but what we actually discovered was much worse! We looked at the accounts of old companies. I could tell you about Angola, and I could tell you about Nigeria or plenty of other countries. I will give you only one example, because it is the richest country in Africa in terms of minerals: former Zaire, the Democratic Republic of Congo. We took only five deals, five out of possibly one hundred. We took five, not for the biggest companies by far. What we discovered was that only from these five deals, the equivalent of more than double the combined annual budget for health and education had been stolen from the country—a country where 17 out of

every 100 children do not reach their 5th birthday and a country where 7 million children out of 11 million don't go to school. This money was plundered through the same well-known couple of actions: the under-pricing of mining assets and the transit through an off-shore center, where, of course, the identities of the beneficiaries would disappear and no taxes be paid, neither in the developing country, nor in our countries. Of course, this brought me to immediately start calling for a coalition of ministers of finance from the north and south to try to combat jointly this issue, but of course, the reactions are not immediate and the interests prevent immediate action. My friends here, you have work to do! So how can we complain about the strength of the language of the Pope, and secondly what can we do to tackle this situation?

I believe that Uniapac has a formidable responsibility for opening the ideas of the business community to the fact that really a lot must be changed, and we have a vocation, not only to help individuals in business to correct their behaviours, but we certainly have a role in identifying, uncovering and, if at all possible, helping to change all that is sinful in our structures. With regard to the individual person, and drawing from what we heard this morning, I would suggest first trying to promote anything that can educate people, not only professionally but also ethically, about what they can do when they enter the business world.

Secondly, we can be of use in making known the good examples, the right behaviour, showing them to all the communities of business so they can directly see that something different from the conventional wisdom of industries is possible and desirable.

Thirdly, and I refer to what Pierre suggested at the end of the morning, let's go the extra mile beyond the Global Compact in trying to define benchmarks of individual behaviour, to help those who pretend to comply with the Global Compact to see what their disavowal of their own responsibilities really means. We need to try and join forces, because we cannot work alone; we must help people to come together and to think together about identifying, and uncovering the structures of sin. We need to use our influence to remove them in some way.

Looking at the institutional settings, we do indeed have the problem of regulation, and, as Brian said, the regulators are our allies. They are well inspired; they want transparency; they want justice; they want Common Good; they are paid for that. They can sometimes do too much, and over-regulating is a problem. **What we need is not more regulation, but better regulation,** and constantly adapted regulations. We surely know that regulation alone cannot do the job for many reasons. We need to go beyond regulation, and increase our efforts not only in educating, and in helping people to be more conscious of what they do, but we must certainly, as Christians, be active in all areas of our influence in the public/private arena, to help people to behave better. To be able to do that, we must start by changing ourselves, deepening our Christian sense of society, transmitting our values, and our attitude, and use all our professional competence to improve the situation.

Luis Bameule:

Michel asks why the Pope should speak differently. Maybe, **what we should do as Uniapac is try to influence the Pope in such a way that he not only criticises business, but also offers some sort of guidance and shows the good that we do.** Because if you only concentrate and focus on all the bad things that business does, it creates a bad image and places a weight on the shoulders of all those who are trying to do business for the good. We need some encouragement from the Pope, whether it is for young managers who are starting their own company or for older ones who are thinking of leaving it for the next generation; we need him to say *"look, we have done well, we have promoted this or that"*. We should ask for more guidance from the Pope, whereby he tells us *"this is good, and this is not good"*, like the letter to Davos, where he said *"you have a noble vocation"*, excellent! The papers we have been working on at Uniapac have basically focused on the capabilities of businesses to bring people out of poverty, to bring wealth and prosperity for all, and that is what is asked from us.

Edouard Herr:

I just wanted to stress that the document of the Pontifical Council for Justice and Peace entitled "The Vocation of the Business Leader" is already a very significant sign that the Church is no longer saying that businessmen and businesses are bad guys, but now recognises that business is necessary, but from the spiritual level, from the theological level. The Pontifical Council said that **it is a kind of vocation, which means that it is the plan, the will, and the spirit of God; that entrepreneurs and businessmen are in the plan of God in creation.**

Luis Bameule:

Yes, that is wonderful, but we need **the Pope** to say that, not the Pontifical Council for Justice and Peace. Justice and Peace is very well known in the Church, but the Pope is known around the world. His word has a different weight.

Edouard Herr:

You said that he has sent a letter to Davos, so that letter is already **the Pope** himself!

Luis Bameule:

Yes, but we need more, especially prior to the release of the encyclical in Easter.

Richard Turnbull:

If I can say something on "The Vocation of the Business Leader". I am not a Roman Catholic, I am a protestant, and I think "The Vocation of the Business Leader" is a most fantastic document. I was recently giving a lecture on the theology of work in the North-East of England, and what I did was I put up the quote from "The Vocation of the Business Leader", where the heart of that calling is put out, but I didn't reveal at the bottom what the source of the quote was. One of the students even thought it was a quote by Martin Luther. Of course, what I was unable to explain were two things: firstly, that their own protestant tradition had actually lost sight of that point in Luther about everybody having a calling and everybody having a vocation, and secondly that it was in this instance the Roman Catholic Church, the Pontifical Council for Justice and Peace, the Pope, and the

officialdom of Roman Catholicism that had actually got it right. It wasn't the source that they thought. The point being that I think one of the problems with Protestantism is that we have compartmentalised everything – business and faith are now completely separated. **Therefore, the calling to bring that vocation of the business leader back to the heart of the matter is absolutely essential, because it shows that it is a common calling.**

Brian Griffiths:

I'm a member of the Angelical Church, and I feel quite strongly that we should not as Christians be criticising the Pope. Going back to that meeting in July in the Vatican when he came to have lunch with us, he started by saying *"you know, whatever you think of the global economy, there are 78 million young people without any jobs, and for anyone in the street, that is an important statistic."* And the Pope is not an economist. With this in mind, instead of saying *"but the Pope has not really understood the benefits of globalisation"*, it would be much better to be positive and to reinforce what he is saying, going on to say that **markets can help in these situations; entrepreneurs can help.** Non-Christians tell me they think Pope Francis is wonderful. I don't think we should be seen to be undermining that really.

Michel Camdessus:

After reading the *Evangelii Gaudium*, I was tempted to say let's soften a little bit this language; the Pope is too critical. After reading the gospel, I see that he is actually doing his job, and we have to go in the same direction.

Burkhard Leffers:

Economists are writing very positively about the Pope, it's the turnaround CEO, for example.

Domingo Sugranyes:

Michel gave a few examples of very bad behaviour, and he said one should give positive examples, but that is not possible because good behaviour is very difficult to sell or to explain. The press likes to focus on the negative. What actually could we say? Saying that business is good; that it is doing well is not an argument that sells well. Nevertheless, we must be positive, we shouldn't criticise our role. We need to translate what the Pope says into practical proposals. We can't change everything, but we can give positive ideas about how finance can help to create jobs. But just giving good examples works perhaps in business schools, giving case studies, but not with the press.

Michel Camdessus:

Why not have that in business schools? I am on the board of civil universities, and I observe that these kind of positive examples are not being given in business schools, which is a pity. Why? We must encourage people, particularly young people, not only to be inspired by conventional-wisdom behaviours, but also by gospel-inspired behaviours.

José Maria Simone:

For me, it is good to show that things can be done. In my discussions with businessmen, they say this or that is impossible to do, but it is not impossible to do! They do not always know how to put into practice a lot of the concepts we are talking about, and they say “oh no, this is bureaucracy, this is going to increase the costs”, or they give other excuses. The point is that those with some experience can show that this can be done by saying this is the way I am doing it in my business, in my market, in my conditions; and it works! Then you need someone to translate it to another case or to another experience. What you have to try to think is how we can complement the work that is already being done by others. Sometimes, the best way of going about this is through the exchange of experience, by word of mouth, because it’s easier to do this and thereby make this step forward. Business schools are really good examples, but those who are running the businesses are not there, and it is they who can talk about bad experiences, difficulties, and good experiences. Sometimes the difficulties involved in putting something into practice are much more interesting to understand, because they represent real life. On a daily basis, you have to confront all the difficulties you have in the market. It is good to know that you are not alone; that someone else may have found a good way of doing the same thing.

Sergio Cavaleri:

I think we are doing this at Uniapac, but it also has to be done before university. If we take the example of the environment, we can see how today youngsters have a different approach to the question of the environment, and this approach is instilled before university—in schools, in first grade, middle grade and high school. We need to address this question of behaviour. The opening session for next year’s congress, which will be in Brazil on September 30th-October 2nd is about behaviour. We have to change behaviour. And to do this, we need help from you and from other big institutions around the world, saying that business is good; that business can do a great job; that business can create wealth, but that you have to behave in a certain way! So I think this is a very important challenge. We still have a long way, but through education, we will construct a better future for the economy and humankind.

Pierre Lecocq:

Michel mentioned Christ’s attitude in the temple, but if you look at Christ during the three years that are covered by the gospels, although he was living in a society where structures of sin were everywhere, there is not a single word by Christ about the society, about the systems in which he was living. Why? Because He knew that **if He was not able to get us to change our hearts, we would never be able to change the system**. Let us first change our hearts, and then we can act under the guidance of the Holy Spirit in society. So again it is a question of behaviour.

Panel II: "WORK, VALUES AND COMMON GOOD"

Pierre Lecocq:

The second panel is entitled Work, Values and Common Good. I will let Burkhard introduce the speakers before the open discussion, which will be moderated by Stefano Zamagni.

2.1 Introduction by Burkhard Leffers

I would like to pick up on one sentence from what José Maria has been elaborating upon, i.e. the message of the Holy Father to the Davos Economic Forum, where he said **"business is a vocation, and he added a noble one"**. To me, this is the most important thing I have heard from the Vatican, or in this respect, when it comes to business. He didn't just say business is there, we have to accept it, but it's bad, it's capitalistic, no he said **it's a vocation**. There is much more than just business, there is something about spirit. There is spiritual dimension, and business is a little, maybe a humble, contribution to the creation. I think when we are conducting business, and when we will come to this afternoon's topic on work, and on how to organise work, on how to create workplaces and employment, it is horizontal. That is to say what we do in our capacity as human being on this planet is the horizontal axis of the cross. There is one thing which is extremely important: every horizontal axis of the cross can only work when it is fixed to the vertical axis of the cross. The vertical axis is vocation - why I am doing it? Which faith spurs me to do it? Unless we fix the horizontal human activities, i.e., the horizontal axis of the cross onto the vertical axis, we will not succeed, the cross will simply fall down. This idea is nicely reflected when it comes to work, values and Common Good: the values that drive us, and the Common Good to which we orientate our activities.

I would like you to see it all under three little headings: the first is work, but not only decent work, but also the creation of work! We are currently facing a huge problem, which is not sufficiently being addressed: If we do not attack the problem of youth unemployment in Europe, it will cost our economies billions of euros in the years to come. Nobody is talking about the cost in 20 years, but it will be gigantic.

The second point I would like to make is to pick up on what Pierre said. He said we need to ask: *"What am I doing as an individual?" "What can you do on an individual level?" "Do I want to do business with this individual?"* It is not only a question of structure and how the economy and the society is organised, it is a question of every one of us acting individually.

And the third point is what Michel Camdessus said: what can Uniapac do? We are employers, we are entrepreneurs. The government and the ILO cannot provide jobs—only we can do that!

What we can do as individuals and what we can do as Uniapac come together to represent a very heavy burden and important challenge we have to face, and we will probably later in our lives have to ask ourselves what we have done on an individual level.

2.2 Presentation by Githa Roelans

I am in a way very privileged to work for an organisation that was set up to promote certain values in society. It is not easy to promote these values in society, and moreover these are values that I very much as a person am also committed to. This morning reference was made to the message of Pope Francis at the World Economic Forum. The Pope also strongly supports the work of the ILO: this year during the International Labour Conference, we received a message from Pope Francis expressing enormous support for the work of the ILO in promoting the decent work agenda, which is broader than only ensuring decent working conditions, but also includes the creation of jobs. The Pope emphasized that, indeed, labour is not a commodity—and that is also one of the targets we actually stand for as an organisation—and asked for our continued work in the area of employment of young people, which is an enormous problem in our societies today, as well as mass migration, and slave labour.

One of the questions I would like to address in this session is **how can we actually achieve decent work for all women and men as a Common Good in today's globalized economy, which is characterized by a strong interdependency between different nations?** There is a strong interdependency between multinational enterprises, and local enterprises subcontracting, etc. Moreover, there is an enormous sector of informality where most of the violations to decent work really occur. There is a globalized economic system that over the years has generated wealth, and has lifted many out of poverty, but which has also contributed to exclusion and continued poverty for many others. **Many of us will agree that a new economic system is necessary, but how are we going to achieve this? What are the actual forces that can actually drive us to achieve this new economic model that is more inclusive, equitable, fair and just for all, and where enterprises play a positive role?** I really believe that enterprises have a very positive role to play in society—and are already playing a very important role—but of course this could be improved. **How can we actually ensure that enterprises do play a positive role in socio-economic developments in a way that is inclusive; that creates the jobs that are needed; that respects working conditions, so that we have a more equitable development model?** This also leads to the question **what are the roles and responsibilities of those who can help achieve this? What are the roles of international organisations, such as the ILO? What are the roles and responsibilities for enterprises, and for the workers themselves? How can workers ensure their rights are respected?**

The dialogue with you today is an enormous opportunity, on the one hand, to hear about some of the challenges that businessmen are facing when putting the many principles that they have as an organisation into practice. I would like to talk about the following points:

- I. What are the values that the ILO stands for?
- II. Why are we as an international organization so specific in this area?
- III. What is the role of enterprises, and how do we as an international organization see the role of enterprises in contributing to social economic development?
- IV. And then looking to the future, what can be done, and what are some of the challenges involved in going forward for the future?

The International Labour Organisation is a specialized agency of the United Nations. We are the only tripartite organisation within the United Nations, meaning that in our governance structures, we do not only have governments, but we also have representative organisations from employers and workers from our 185 member states. In this respect, we are quite a special organisation, even within the United Nations. At the time when the ILO was set up, immediately after the First World War in 1919, there was an enormous revolutionary movement, and we were created to look at how specific social tensions derived from industrialisation and equity between different countries could be solved. The ILO was set up through the treaty of Versailles in 1919, and was given the specific mandate to contribute to social justice, under the recognition that **peace can only be established if it is based on social justice**, and that **poverty anywhere constitutes a threat to prosperity everywhere**. It also immediately addressed the working conditions that needed to be solved. **We were given a really exceptional mandate: to set international labour standards**. The specific instrument that we have is regulation. These international labour standards, if they are applied by all member states throughout the world, can constitute the rules of the game so that labour does not become a commodity. They are part of an international treaty, which is discussed at the International Labour Conference, and which is adopted on a tripartite basis. In this respect, the players of the real economy immediately participate, through social dialogues, in the work that we do. Very often, these international conventions are the lowest common denominator that can be found between governments, employers and workers; that can be found between developed and developing countries, emerging markets and so on, and are introduced to address a very specific, pressing issue related to social and working conditions within our societies. In addition, these international treaties are ratified by the member states and have to be applied in law and practice. Furthermore, there is an international supervisory mechanism, whereby a tripartite committee looks at how the member states are actually implementing their international commitments.

Immediately when the ILO was set up, there was a lot of enthusiasm about developing a number of conventions that addressed some of the most pressing issues at the time concerning occupational safety and health, maternity protection, hours of work etc. And when you look at these very first conventions, you can see that they are still very relevant today, because still many of the issues that were dealt with then are still very much high on the agenda now. The mandate was reaffirmed after the Second World War in 1944, and we were the only international organisation that survived the Second World War—again because of our mandate and its importance. In the 1944 declaration of Philadelphia, there are a number of values that are put forward, and there are five guiding principles:

- I. **Lasting peace cannot be achieved unless it is based on social justice, grounded in freedom, dignity, economic security and equal opportunity.**
- II. **Labour should not be regarded as a commodity.**
- III. **There should be freedom of association for both workers and employers, along with freedom of expression and the right to collective bargaining.** Because this is a way you can stand up for your rights, to negotiate and to find collective solutions to pressing issues.
- IV. **These principles are fully applicable to all human beings, irrespective of race, creed and gender.**
- V. **Poverty anywhere constitutes a danger to prosperity everywhere.**

These moral principles have continued to inform the work of the ILO, especially the fact that labour is not a commodity, and within this, there are three particular values that we stand for: **human dignity, solidarity**, (not only the solidarity among states, but also the solidarity between employers and workers) and social justice.

Following the Universal Declaration of Human Rights in 1984, the ILO was very active in translating these internationally agreed human rights into conventions that could immediately be applicable in the workplace. The 1950s and the 1960s saw an enormous number of international conventions being adopted, many of them being what we now call the core ILO conventions. **Eight core conventions exist, focusing on free association and collective bargaining, elimination of forced labour, elimination of child labour, as well as the elimination of discrimination in employment and occupation.**

In 1998, we were really seeing the effects of globalisation: many developing countries were opening up their markets; production was shifting towards these countries, and we saw that many of these countries had either not ratified the ILO conventions, or having ratified them were unable to implement them because of enormous capacity problems resulting from **governance gaps**. In 1998, there was the Declaration on the Fundamental Principles and Rights at Work, which laid out the basic minimal standards that should be respected by all—and by all I do not only mean governments but **all actors in society**, including businesses, and individuals. It was these ILO principles that also constitute the labour principles in the Global Compact, because it was at this time that Kofi Annan was launching an appeal to business to commit to a number of values and to give a more human face to globalisation. As globalisation continued, the Director General, at that time Juan Somavia from Chile, also thought that it was very important for the ILO as an organisation to look at **the aspirations of the men and women who were actually working** in this globalised society. **What are their aspirations? What are they actually looking for when they are looking for a job?** This is when we developed the decent work agenda. Decent work indeed expresses the aspirations of all women and men when they are looking for work, and in this decent work agenda, as he formulated it: ***“The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.”***

The decent work agenda is the re-formalisation of the values for which we were created. There are four interrelated pillars in the decent work agenda. It is of course about **working conditions**, but also about **rights at work**, which includes the **right to find decent employment**. It also talks about the importance of **social protection** and a **safe and healthy workplace**. The fourth pillar is social dialogue, which, as an organisation set up around the principle of tripartism and social dialogue, is really at the core of all our activities. This includes social dialogue at the country-level, where you have governments entering into dialogue with employees and with workers, but also at the enterprise-level between management and the workers, who can discuss together any pressing issues and come to a jointly agreed plan of action.

Decent work and a fair globalisation: the Director General also set up a World Commission on the Social Dimension of Globalization because we really wanted to contribute to the whole discussion on globalisation, which was very much linked to liberalization of trade, financial flows and so on. This Social Commission produced a report that indicated the need for improved governance, both at the national and at the global level. In a way, it was about how you can achieve policy coherence at the international level between the different organisations that can set the rules of the game, but also of course about improving governance at the national level to ensure the implementation of regulations that have been put in place by governments to define a level playing field at the national level for all enterprises operating within the national territory, with a view to preventing unfair competition. The report also established the need to promote the whole decent work agenda and establish it as a goal for all. Consequently, in 2008, we adopted another very important declaration called the Declaration on Social Justice for a Fair Globalisation, and this is a declaration that reaffirms the mandate of the ILO for the era of globalisation. It also emphasises how we really have to engage with the new actors in society, including multinational enterprises, on a more direct level with a view to achieving social justice. **So how can we engage directly with the private sector and with enterprises?** We were actually one of the first organisations to adopt a very specific instrument with principles addressed to enterprises, specifically multinational enterprises, called the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. This instrument was actually adopted in 1977, way back when there were the first discussions on the role of multinational enterprises in society, and it was obviously linked to some of the practices of multinational enterprises in developing countries: the misbehaviour of multinational enterprises in South America triggered discussions within the United Nations on the role of these multinational organisations and on the question: **how can we ensure that multinational enterprises play a positive role in socio-economic development, and how can we mitigate and resolve possible negative impacts that might be linked to a concentration of economic power?** How can you balance power between a weak government and a strong corporation operating in a country? How can you make sure that you can still contribute to promoting the Common Good within this balance of power? In the declaration, **we recognise the positive contribution that enterprises are making to socio-economic development, through job creation, through skills development, through the transfer of technology, through business linkages with local enterprises that offer an enormous number of economic opportunities. At the same time, it also recognises that there is a need that this happens within a framework of laws and regulations that are set by Government, through a mechanism of dialogue between Government, employers' organisations, multinational enterprises and workers' organisations.** The declaration is still the only international instrument that has a chapter on CSR, even though it doesn't actually use the term CSR, and directs recommendations addressed to enterprises. There is a very important chapter on industrial relations. It is an instrument that we continue to promote worldwide in all of our 185 member states, including with employers' organisations, and of course many of the emerging markets are now participating. Very often, we have these discussions with the traditional OECD countries, but it is also important to engage with

these new players on the markets with respect to these values. **How can you also bring in these values into the operations of the new players on the international scene?** I do a lot of work, for example, in Mozambique, in Zambia in the extractive industry, in Angola. We work in many countries around the world, where we obviously see the new players coming in and playing to different rules. **How can we also encourage these countries to share the same values that we have and have been standing for as an international organisation?**

With regard to CSR, our governing body in the ILO also thought it was important in 2006 to adopt a definition on how the ILO sees CSR, because there are a lot of discussions about what CSR is: Is it philanthropy, etc.? Consequently, we adopted the following definition: ***“CSR is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values (or their commitment to their principles and values) both in their own internal methods and processes and in their interaction with other actors, and CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.”***

In this definition, we of course talk about compliance with the law, but it also goes beyond legal compliance. It is a real commitment, making sure that the impacts you have as a business actually have a positive contribution, which means incorporating CSR into your core activities as a business.

The year afterwards, in 2007, we had a really important discussion in the ILC, talking about the concept of sustainable enterprises, which includes different elements: first of all, looking at the importance of **enterprise creation**, which is important for contributing to job creation, as well as sustainable enterprises. But what is the difference between a **sustainable enterprise and any other kind of enterprise?** Because many enterprises operating around the world are not what we would consider sustainable enterprises. They might be economically sustainable in the short term, but they are definitely not sustainable in the long term if we take into account the three pillars of sustainability, which are the **economic pillar, the environmental pillar and of course the social pillar**. With regard to sustainable enterprises, we very much consider a people-centred approach: **what is the contribution that these sustainable enterprises bring to making progress with regard to human dignity and to furthering the decent work agenda?** This concept of a sustainable enterprise is very much supported by the employers' organisations, and they give us enormous support in further promoting this concept. It is also a concept that really recognises the positive contribution that business brings to socio-economic development if it is done in the right way.

As I said, we also believe that it is important to recognise that **governments also have an important role to play in creating this enabling environment for enterprises to become sustainable enterprises. How can the government introduce measures to stimulate sustainable and responsible business practices? What is the role of the public sector in promoting the Common Good? What role can enterprises play in**

achieving this Common Good, and what do you do as an enterprise when the government is not assuming its responsibilities? Enterprises can clearly not take over from the government, but what contribution can they make? What happens when principles hit the hard facts of reality? We see that many companies indeed have CSR charters for themselves and for their suppliers, but how do they implement CSR in the many operations they have across the world, where the issues will be very different depending on the governance within a certain country. These are issues we really need to address to make progress.

We have specific initiatives now towards enterprises, and one of them is the ILO Help Desk for Business on International Labour Standards, which is a specific help desk set up for enterprises that make reference to international labour standards in their charters, but which face difficulties when they start implementing them. For example, your company may make reference that you uphold the elimination of child labour, but then when you start operating and you operate in a country where there is prevalence of child labour in your supply chain, **how do you actually go about making a positive contribution?** First of all, it is important to make sure that you are not associated with child labour, but it also important to use your leverage as a company to bring about systemic change in the country. And **how do you come together with other companies and use your negotiation power with the government in making progress on these issues?** This is also the kind of work we do at a county-level around particular decent work issues or priorities: **how can we really bring the different partners around the table? How can committed enterprises be a possible leverage in making systemic change?** This is important for making progress with regard to Sustainable Development and Inclusive Growth in many of these countries where there are these governance gaps.

This is not about enterprises taking over the role of Government, and I think we have to be very clear about that; there are distinct roles and responsibilities. Government must not transfer their responsibility towards business, saying you have to deal with it. However, we must also recognise the important role business can play in making sure, first of all, that Government lives up to its responsibilities and, secondly, has the means to do it through tax etc.

We also have private partnerships with a number of important companies to make progress in this area. One example is the work we do in Bangladesh, following the collapse of Rana Plaza. The ILO was one of the very first organisations to come in, and was able to bring the government to the table together with the employers' organisation, specifically the sectoral employers' organisation in garments and also the trade unions to have them agree on a national action plan on how to ensure that something like this does not happen again. Even though the discussion at the beginning was very much about building safety, because the issue was that the building collapsed, it was in a way just an indication of the real malaise in the whole garments sector in Bangladesh, where there is no freedom of association for workers, so if their managers say "well, we have

seen the cracks in the walls, but, anyway, you go in or you get fired”, the workers have no way to organise themselves to stand up for their rights, because they need to make a living, and of course they go into the building, and then the building collapses. We are working on how to address the underlying causes which actually led to incidents like this, so as to prevent them from occurring in the future. This means we are working with the government on a revision of their labour law, on strengthening labour inspections, to enable them to actually go into the workplaces and inspect the working conditions. We are also working with the garment employers to ensure they live up to their responsibility and that their managers are responsible managers. We work with the trade unions on building the capacity of many of the workers, so that they understand that they can form unions, and that this also comes with responsibilities. What is interesting here is that we can only do this work because there is sufficient international leverage to bring about systemic change, and it is because we have the commitment of the buyers, the large brands that are sourcing from countries like Bangladesh, who are committed and who are saying “we will know that the prices will probably be going up—because if you start improving working conditions, and paying higher wages and ensure that the workers can stand up for their rights, then probably the labour costs will go up—but we are willing to stay there and make sure we use our leverage, because for us there is reputational risk”.

What we also see happening is that, as soon as certain countries start improving labour law or compliance with labour law, they move to other countries. Today, we are working in Myanmar—where they are opening up for foreign direct investment—on making sure that the proper framework, labour law and labour inspection are there; that there is freedom of association and collective bargaining, so that we do not see these kind of situations anymore. With the garments sector, we can already see that companies are now shifting to Africa. And in Ethiopia, they are already looking at how they can improve the situation to ensure that this kind of investment comes in. This means promoting Socially Responsible Investment, and contributing to Social Responsible Development in a responsible way.

Looking towards the future, there is an enormous opportunity in the framework of the post-2015 development goals. **We hope that the intergovernmental negotiations which will lead to the adoption of these post-2015 development goals will indeed include decent work as a stand-alone goal in the development agenda.** As I said, the ILO is really committed to further engaging with enterprises on decent work, on sustainable and responsible enterprises: Our Director General has adopted an enterprise initiative for the 100th anniversary of the ILO to look at the real issues that you have in the practical application of your values. **What problems are enterprises actually facing, and how can the ILO help you? How can we really bring about the systemic change that we all need to make globalisation more inclusive, more sustainable, offering more and more equal opportunities for woman and men, to ensure that they have decent work; that their human dignity is respected; and at the end of the day, that it also contributes to universal peace and prosperity for all?**

2.3 Open discussion moderated by Stefano Zamagni

The decent work project comes from the work of the Israeli philosopher Avishai Margalit, who twenty years ago published a famous book entitled “The Decent Society”. It was out of this that the ILO derived the decent work project. The definition that he gave was very interesting. He said that **a society is decent where and when no one is made irrelevant, which is more than being unemployed, because you can be employed, yet you can still be irrelevant from a human point of view**. So I think that the work that the ILO doing is really important.

Let me raise the following consideration: McDonalds and Walmart today provide work for 4 million people, and their combined stock exchange value is 325 billion dollars. On the other hand, Alibaba, Facebook and Google only generate work for 80,000 people, but their combined value is more than 800 billion dollars. Here you can see the difference between creating employment and creating value. In a book recently published in Oxford by Michael A. Osborne and Carl Benedikt Frey entitled “The Future of Unemployment: How Susceptible are Jobs to Computerisation?”, they estimate that due to the third industrial revolution, the revolution of digitisation etc., it is expected that 47% of the workforce in the US will disappear in the next 20 years. Likewise, the Google Institute made a similar estimation concerning Europe (54%). For instance, Foxconn, which works for apple and Nokia has recently announced that they are going to buy 1 million new generation robots in order to replace their workers. As a consequence of such actions, many people today talk about the end of the human era. There is a new phase that the problem of labour is taking. In other words, the great substitution which is occurring in our society today is part of a political and philosophical project, called Trans-humanism, and the idea is to get rid of all human beings. I would like to draw your attention to Google. As you know, Google is working on a project that goes exactly in this direction, and the Chief-Engineer of google, Ray Kurzweil, in his recently published book “How to Create a Mind” says we have to work for the trans-humanist era; humanism belongs to the past, and this is becoming a new religion. Of course, it is an immanentistic religion, but it is the new religion. Whereas the 20th century witnessed the fight between capitalism and socialism, the new century will see humanism versus post-humanism or trans-humanism. This is a big concern for the Church today. The real aim is to make God irrelevant. These people say, if you read the book by Kurzweil, *“God might exist, but never mind; that is irrelevant. We are working towards an era where men can substitute God”*. This is a serious problem, because the market economy is a creation of Christianity, (and a creation of humanism from the 15th century onwards.) **In the post-humanistic era, what is going to happen to the market economy?** Because the market economy will be in danger, not for the usual reasons linked to the last century’s debates on justice, etc., but about the fundamental principles of humanity.

Today, we have talked about values, respecting values at work etc. However, we live in a multicultural society, and, as already Max Weber anticipated, this implies plurality of values. **It is obvious that different cultures have different value systems. If we therefore keep on insisting on values, we run the risk of not generating proper**

dialogue. Perhaps, we have to talk about principles, because principles are universal whereas values are culture-dependent. That is, they depend on a specific culture. For example, the principle according to which no one is authorised to kill has nothing to do with culture—it is universal. But the way you dress or the way you eat—one culture may not eat pork, another one may not drink alcohol—is a matter of values. It would be appropriate to find a way to establish what is called in the philosopher's sense a *correspondence rule* between values and principles. In other words, certain principles can be considered as values, but the opposite is not always true.

Furthermore, **human labour is subjective and objective. The subjective dimension relates to dignity etc. whereas the objective dimension regards the fact that labour is an input, an input in the production process.** Some people say to me “OK, I believe in human dignity etc., but if my firm gives work to someone, then he or she has to respect these rules, and sometimes these rules might be in opposition with the subjective dimension”. Consequently, **the question is how can we harmonise these two dimensions?** An important duty, in my opinion, is to find a way to make compatible the two dimensions, both of which are essential.

My final question I would like address to you, Githa. You certainly know about the Ruggie principles: what role did the ILO play in this process? I mean did you cooperate? Because the Ruggie principles were approved definitely by the United Nations two years ago, after seven years of debate. What you said about multinationals etc. is one of the seven Ruggie principles.

Etienne Wibaux:

I would like to react to what has been said as an entrepreneur. In my company, we have observed, according to John Paul II, six factors that have dramatically changed our environment. First the **speed of calculation**: as soon as our research department produces a new sample, it is copied all around the world immediately. Second, **computer intelligence**: the speed of computers has been doubling every year for the last 20 years. It means that 8mm today will give 80,000 meters in 20 years; it means that the speed of computers will be unbelievable. We spoke of robots; we are at the dawn of robots, intelligent robots. The third point is the **coupled intelligence of man and computers**: I can now check the information during your speech to know if you are right or not; I have all the information. The fourth one is the **representation of any object**: any object can be represented digitally and sent immediately to another part in the world. Fifth, the possibility of printing any object anywhere in the world on a **3D printer**. My son in Shanghai told me that they are now producing 30 houses within one week with 3D printers. The sixth is **nanotechnology**.

With all of these factors at work, we are facing a new world, a new era, as you said. **How, as an entrepreneur, can I compete with this speed when employees only work 35 hours a week in France but 48 in Shanghai, and don't leave work until their boss has left?** We are in a difficult situation and we have to preserve or to create jobs. **The question is how should we behave in this new era?**

Domingo Sugranyes:

It is probably pessimistic what I am going to say: you don't even have to go to California or even to Shanghai to see that we are living at a time of the *broken bargain*. I am a great admirer of the ILO's performance over the past century, but today the situation is completely different. The promises implicit in the bargain are no longer possible to fulfil. Companies are now under pressure from global competition. When they have a new project, they try to do it with the lowest number of people possible. That is practice, whatever we may say! So **how can we really commit to creating employment?** It is true, or at least it is the case in my country, people have accepted to reduce salaries in a co-responsible decision to protect their jobs. But on the other hand, we all know there are millions of unemployed. We have to change the way we look at the problems, not only with regard to the technological problem, which is perhaps the biggest problem. Another big problem is that our public debt is increasing due to the deficits, and the deficits are caused in great part by unemployment subsidies and by pensions. There is no solution at company-level alone. The Church can help if there is understanding, if there is openness. **We have to think differently about work, and about the whole structure and all the guarantees.**

Brian Griffiths:

I would like to give three examples of how we at Uniapac, or how we as Christians, should also be trying to complement the work of the ILO.

First example: About 6 or 8 weeks ago, we had, in Lambeth palace with the Archbishop of Canterbury, a meeting of the chief executives of the top mining companies: Anglo-American, Newmont, Rio Tinto, Anglo Gold, and, to my surprise most of all, the CEO of Glencore. These were not the chairmen, or non-executives, they were the CEOs, and the previous year, in 2012, they had been to the Vatican. We started in the Chapel in Lambert Palace with Justin Welby, conducting morning prayer, and I found it extraordinary that there we were with people from the rougher side of capitalism saying *"look, we are not coming as Christians, but if you want to run a multinational company today, especially in somewhere like the Democratic Republic of Congo, rather than in Australia where you might do some open-cast mining, you have to confront culture and you have to confront religion"*. And it seems to me that they came because they were sincere about wanting to relate to the Church, and they said that the reason they came to me was because they had gone to the Vatican last year, and they didn't want to just deal with the Roman Catholic Church, but the Protestant Church as well. I can give you examples of chief executives asking to meet the Archbishop of Canterbury because Justin Welby is on the banking commission, and is a member of the House of Lords. They are genuinely interested in what the Church and Christians have to say, which I think complements everything the ILO is doing.

Secondly, I used to be on the board of two companies in America, including an office furniture company, Herman Miller. The company was located, like all the major American office furniture companies, in western Michigan, where you had Dutch migration, and our headquarters was in a place called Holland. Although this company wouldn't call itself a Christian company, it was one of the first companies to adopt the Scanlon

practices in America relating to workers and management. In terms of employee ownership, it was first class. And when the downturn came in 2009 and all of the office furniture companies in America suddenly found that revenue just fell by 40%, the first thing the management did was to say they would take a cut in wages and introduce all sorts of flexible arrangements in order not to have to lay people off. You couldn't exactly put such an initiative into legislation, and you couldn't necessarily have Government doing it, but it was a great initiative from business.

And thirdly, I was on another company in America, ServiceMonster, and Peter Drucker was very close to the Chief Executive and Chairman, Bill Pollard. He told me recently he'd been to China, and now you have over a hundred Peter Drucker academies. I think China is crying out for this. I gave a course in China about 15 years ago in a leading business school in Beijing on the issue of culture, and there were about 60 people there, and frankly they were totally open. I was amazed at the questions they were prepared to ask. It seems to me that there really is tremendous opportunity for Uniapac and Christians.

Pierre Lecocq:

With regard to the pessimism about unemployment and about the amount of work available. My personal belief is that the work is not lacking at the world scale. Just think about one thing: it was mentioned this morning that, over the last 10-15 years, over 7 to 800 million people have got of poverty. This means that 700 or 800 million people are starting to buy and to consume things. I have 16 factories in China, and if you go to China today, you will be amazed to see that the average salary is currently increasing between 15 and 20% a year, when local inflation is 6 or 7%, which means there is a tremendous increase in purchasing power. Let's not be too scared by what is happening in Europe today. You cannot open a paper today without being told that automotive is polluting; that the future is not automotive etc. However, on a world level, this market is growing at 4-5% a year in volume, which means about 4-5 million more cars every year, which is more than Germany produces in any given year. This is creating jobs. Today, the issue in the world is not so much the need for work, it is the way companies and countries organise themselves vis-à-vis that need for work, which is probably a different thing.

In terms of the impact of the new technology that Etienne mentioned, every time that mankind has gone through a technological step, mankind was scared that jobs would be lost, and eventually more jobs were created. I don't think structurally the issue for the world is the amount of world available, it's unlimited.

I have a few questions for the ILO: When you look at the WTO, they have in their constitution, from what I understand, a judiciary power to impose international economic laws from one country to another, and countries can be condemned if they don't apply the WTO rules. Isn't it a limitation that the ILO doesn't have the same power? Wouldn't it be of benefit if countries could not be allowed to be within the WTO if they didn't apply ILO rules? Shouldn't there be a link between the WTO and the ILO whereby countries wanting to benefit from WTO rules would have to apply the worldwide common social safety net that the ILO is trying to develop.

Githa Roelans:

With regard to the linkages between the ILO and the WTO, in the 1990s, when there was liberalisation of trade and so on, there was indeed an attempt to link the ILO and the WTO to make sure that it wasn't a race to the bottom, and that there would be this level playing field and this safety net; that looking at how products are produced would actually determine whether or not markets would be open for certain countries. In 1996, at the Singapore Summit, the decision was made that there would not be such a linkage. This decision was made by the member states of the WTO, and the reason they invoked was protectionism: they didn't want markets to be closed to them because of the way products were produced, including working conditions, and since then, this has been an ongoing discussion.

I was at this years' annual forum on businesses and human rights, where Pascal Lamy was also speaking, and there was a high-level panel discussion on precisely on how to strengthen the linkage between the global economic system and respect for human rights. He actually said that the problem with international organisations like the ILO is that the sovereign member states which give the ILO mandates to do certain things can in the same token prevent the ILO from making certain things happen.

It is true that countries cannot be condemned if they don't apply ILO principles. However, often in bilateral trade agreements or in regional trade agreements, you also have the inclusion of the fundamental principles and rights at work. When an international trade agreement is concluded with countries they haven't ratified the ILO's underlying core labour standards, then they have to actually consider possible ratification of them. The European Union supports the work of the ILO, and in Bangladesh, we have a sustainability compact with them, which was joined later also by the US. Moreover, the EU's GSP⁴ is a powerful instrument, which is linked to this. Bangladesh is a good example, because the European commission has a trade agreement with Bangladesh, which includes the GSP. In this respect, the EU could use its leverage by saying, we will not take the GSP away if you commit to making changes in the country. **As I was saying, if these actors really come together, you can make systemic change, but as long as the systems are split up, it's very difficult.**

About the ILO having teeth, the question is how does our supervisory mechanism actually work? When the ILO's Committee of Experts identifies there is non-compliance with the international commitments, we have the possibility to send a Commission of Enquiry to the country, but this has to be decided on a tripartite basis, which can be difficult.

We do have success stories: we continue to be on the ground in Myanmar and put pressure on the government with regard to the forced labour convention. This has heralded real change, and when Am San Suu Kyi was allowed to make her very first trip outside of Myanmar, the very first international organisation she came to speak with was the ILO. When she came to speak with us, she did not talk about forced labour and the work the ILO had been doing, she talked about the importance of Socially Responsible

⁴ The EU's Generalised scheme of preferences (GSP) provides developing countries preferential access to the EU market through reduced tariffs.

Investment in Myanmar and about making sure that, once Myanmar opened up its markets, the investment coming into Myanmar would contribute to socially inclusive growth and socio-economic development that would really benefit the population in Myanmar, as well as the important role of the ILO has to play in this respect. So again, it's linked to Socially Responsible Investment. There are certain success stories, but I'm not saying that this could not be improved, it could be improved greatly.

The Ruggie principles are named after John Ruggie, who was the special representative of the UN Secretary General (and professor of international law at Harvard university). He is actually the father of the Global Compact. The whole discussion on business respecting human rights goes back almost to the 1970s, when we in the ILO were able to adopt our tripartite declaration concerning multinational enterprises whereas the UN system as a whole could never adopt such an instrument. It was only at the end of the 1990s and early 2000 that Kofi Annan launched the Global Compact as a kind of compromise and that the Human Rights Council or the Commission started discussions particularly about multinational enterprises, because there is a lot of emphasis on extraterritoriality within the discussion on respecting human rights and the kind of mechanism that you need to ensure the respect for human rights by enterprises. There was a regulation under the draft norm designed by another professor, but this didn't have any support from business whatsoever, as what he was doing was trying to transfer the responsibility or the duty of the state with regard to protecting human rights to enterprises. Of course, you can never, under international law, have this kind of transfer of responsibility, so that was a disaster. Consequently, there was an enormous polarisation between business and governments on this issue. John Ruggie was therefore tasked by the UN Secretary General to look at how to ensure that multinational enterprises show respect for human rights. He was to design a kind of framework that would clarify roles and responsibility when it comes to the respect and protection of human rights. In 2008, he came up with the **Protect, Respect, Remedy Framework**, which, as the name suggests, has three pillars.

Protect: he made it very clear that it was the duty of the State to protect human rights, to protect its citizens from possible human rights abuses by corporations.

The second pillar talks about **respect** for human rights, and it is the responsibility of enterprises to respect human rights.

The third pillar relates to access to **remedy** for victims, which is the most difficult, and we work very closely with the Human Rights Council in this respect.

Coming to your question about how the ILO fits in. In the set of principles that companies should respect, you have the Universal Declaration of Human Rights, the two covenants and the ILO Declaration on Fundamental Principles and Rights at Work. It is defined within the **Protect, Respect, Remedy Framework** as the responsibility of enterprises to respect human rights.

José Maria Simone:

Uniapac is one of the few business organisations that has had a permanent chair in the ILO since the early 50s, so we have a voice and a relationship, and we should use it...correctly. We should use it more. This is important because it allows us to have a role as an observer.

My other point is more conceptual. In the history of business evolution, all the discussion has been on businessmen, workers, and their relationship. **How do we dignify workers through work?** As a matter of fact, in July, I sent a personal letter to the Pope after our meeting in July, where I describe businessmen as **workers** who create work, because we are also workers. We have to therefore be respected as workers. God has endowed us with different talents, which is the transformation of something into something else. But **as businessmen, we are not recognised as workers, we are only recognised as order-givers**. We have to start thinking about how we can build up the consciousness that we are workers and have the same rights as other workers. I would like to introduce the following concept: if we are workers that generate work, we don't do it alone. We do it together with civil society, we do it together with politicians, with a view to promoting social development. It is the politicians, for example, who are mainly responsible for the Common Good. And Common Good means all of us! In the Christian Social Thought, there is a special mention that politicians are responsible for the Common Good. It doesn't say the whole society is responsible. It uses the word politicians. So this is something that we should bring into the discussion.

Lastly, in our document called "Prosperity for all", which we prepared and presented to the Pope for the Justice and Peace meeting in July, we dealt with a very important issue, i.e. corruption. This document was prepared by five countries in Latin America and in Europe, and represents businessmen's thoughts about the *Evangelii Gaudium* exhortation. With regard to corruption, what we say is the following: *"Corruption stems from 'structures of sin', leaving many business leaders, even those of good will, we have to admit, guilty because they are involved in the process. From the corporate perspective, there is an almost unsolvable dilemma between staying in business or quitting and laying off people. Sometimes the corruption puts individuals in a position to have to take a decision whether to enter the corruption process or to have to close. It is not enough to appeal to a business leader's individual sense of morality; this dilemma can only be solved if the 'structures of sin' are dismantled and replaced by 'structures of the Common Good'. The biggest threat to the Common Good and to a more equitable distribution of the wealth created is the combination of 'crony capitalism' and 'authoritarian and crony governance'".* This has to be managed correctly, because this crony capitalism, corruption may destroy every effort we do as businessmen in order to be dignified men. Furthermore, to ensure the promotion of the dignified person, **we cannot do it ourselves alone, we have to bring together businessmen; we have to bring together the workers, through the ILO. We have to bring together politicians and the civil society.**

Stephan Werhahn:

There are four areas that have been mentioned: corruption, the financial industry, rights at work, and then we have additionally the problem of tax evasion. In all of these four areas, for a globally acting enterprise, there is the question of a level playing field. When I was working for Siemens, we were always under the same pressure: how do we go about gaining a contract? Do we adhere to our own nice Christian standards, or do we want to win the contract? In order to resolve this dilemma, we at Uniapac have to work on such ethical standards. This idea is also proclaimed in a document by Peter Turkson

in Budapest, where he writes towards reforming the context of global public authority. All of what we are doing, what the Church is also doing, is we are building, hopefully, a network for those politicians that you mentioned to bring about a public authority on a global scale. Therefore I think Uniapac has to come out of its hidden corner, and we have to go out and link ourselves in a network with political forces.

Luis Bameule:

The **only** difference between being corrupt in a developed country in the EU or the US and what you see in developing countries is that justice works. The danger of your going to jail or having to pay huge fines helps to keep the monster in the cage. This doesn't happen in developing countries, and that's where most of the efforts and the energies and the creation of value and human spirit is lost, instead of bringing these countries out of poverty. I don't know how this is going to be dealt with within the UN or the ILO. This brings to the fore that it cannot work without the support of both politicians, who are the ones who have the power to do things—more than any of us—and important institutions like justice itself. I think it's great that we can work together, but we need to include other people if we want to have some kind of change. There has to be some kind of punishment, some kind of law enforcement, if we want something to happen and fight corruption

Burkhard Leffers:

Githa you said that the ILO is liaising with multinational companies in order to make them monitor human rights. What is meant by that? When I was responsible for our bank's business in Latin America, namely in Brazil, I quickly saw that the most privileged place to work for was Westinghouse, or for General Motors or Volkswagen or Daimler, but not for a Brazilian company. I'll give you one example: Commerzbank had a rep office in Brazil employing four people. For 23 years, we had Archimiro as a driver. One Brazilian senior executive of a Brazilian company told me *"Herr Leffers, you at Commerzbank are totally stupid. No Brazilian company would employ somebody for 23 years, we would throw him out after one year and hire the next one at the 'salario minimo'⁵. He is becoming much too expensive for you."* **Is it right to focus on multinational companies, when it comes to human rights? I think you have to focus on the local companies.**

Githa Roelans:

Our instrument is not only about multinational enterprises. It talks about multinational enterprises, but actually the principles that it lays out are good practices for **all** enterprises. The same goes for the guiding principles on business and human rights. They are applicable to **all** enterprises. However, within a domestic market, all enterprises have to comply with the law, which helps to create the rules of the game at a national level. However, multinational enterprises can take advantage of weak governance in certain countries, for example in Bhopal, where still no compensation has been given, or in operations in the Niger Delta.

At the ILO, we do not monitor multinational companies. There is no monitoring whatsoever, we just set out the principles that we encourage all companies, especially multinational enterprises—because of the definitely positive influence that they can have—

⁵ Minimum wage

to take up these principles even though they are not required to do so by national law, and basically put them into their corporate practices worldwide. We only monitor states. Legally speaking, we are the only international organisation that can issue international labour standards in the form of conventions, and the conventions, as I said, are international treaties that are ratified by our member states, and so the supervisory mechanism—the monitoring—is at the state level. I think that this is important. As you were saying: **who at the end of the day is responsible for the Common Good? It is the government!**

George Mallinckrodt:

One of our problems is that we are all abiding by what the civil servants tell us to do, and I find this hurdle of civil servants in terms of the hindrance of being able to do what we want has become more and more frustrating globally. For example, we have the innovation, which is fantastic, and then we have the hindrance of civil servants who block it. What could we now do—over and above what we are already doing—to introduce a sort of new standard that we could use as a guidance on a global basis, saying we are where we are, but we want to be better than where we are, and for that purpose we need to enjoin everybody? Are we where we want to be? Are we going to be where we should be in five years' time? A lot of work has been done by others, but there is a moment we have to say with all the good will of lots of others, **how can we actually get to a point where we can actually establish a standard which is applicable in a friendly manner, but is also effective?**

Richard Turnbull:

I'd just like to go back to where Pierre Lecocq was earlier, in terms of the future of work, because unless you have some vision of the future of work, the debate between regulation and freedom and responsibility becomes a bit esoteric. If you look at the history of work and the history of industrial change, then we have had this issue at every single point along the way. At the time of the industrial revolution, there was enormous angst that it was the end of work, and yet human ingenuity, human creativity and human creation created work. We have the same tension now: the tension between creativity, innovation, the creation of wealth alongside those issues of responsibility, proper provision for workers and so on. The thing that made the difference historically was one word and that was faith. If you go back to each of those great moments of transition, it was men and women, and it was people of faith bringing together responsibility and creativity.

The second thing is that I am a sceptic about this quest for a global public authority. I simply think it is an unrealistic, unattainable, and possibly not entirely helpful goal, because if we transfer our energies to a quest for a global public authority, we miss the fact that we are still a world of nation states.

My third point is that we are debating the relationship between global markets and nation states, and obviously because of innovation, creativity, and technological advance, we have a global market, and a lot of our problems come from the relationship between a

global market and national markets and national government. So why is there an Issue on corporate tax, which is caused by the fact that you have global business operating in different national tax regimes? You have got to look at it in a different way, and look at what are the levers and what are the incentives. The relationship between the national to the global in terms of corporate tax isn't the fact that Starbucks can roast its beans in the Netherlands and sell them in the United Kingdom, which is almost irrelevant and only encourages the affected governments to reduce their corporate tax rates, which I think would be a very good idea anyway. The real issue is actually in the developing world, where you have a low tax base, and where the effect of non-payment of tax is a transfer out from of an already existing poor country. If you go back to those initial definitions of the purpose of the Common Good, the purpose of the corporation being to create the goods and services that we need and to provide employment, then the lower the level of corporate tax you have, the more employment you will generate, the more growth you will generate. And as that growth is generated, it will inevitably be taxed in the hands of individuals as they spend it, and so forth. What we need is to find the levers, and the levers are not necessarily top-down levers, they are often bottom-up levers.

Stefano Zamagni:

On this specific issue of a global public authority. What was actually meant was global governance. Governance is not Government. **Governance presupposes the subsidiarity principle.** Governance is the result of a participatory system from the bottom.

Pierre Lecocq:

Today, I personally consider that, in most cases, global companies are elevating the level of global protection and human rights in the countries where they are involved because they have to apply more and more global standards worldwide. Nevertheless, when we have been talking about protecting human rights, giving rights and so on, we keep talking about it as a sort of constraint, as something that is imposed on business. In my personal experience, we employ 25,000 people in 22 countries, 115 factories, we are way ahead, in all the countries, of all the global standards because of the way we have built the philosophy of the company, and it's not an exception—many companies are doing that. The fact is that if you respect your workers as persons, if you give them fair conditions of work, you are more efficient than if you don't. **Why do we always promote human rights and social rules as a sort of constraint that has to be applied? How can we reverse the argument and encourage businesspersons to realise that when they start respecting their people, they will find solutions, and they will be more efficient than those who do not?** I don't want to use my company as an example because there are many others, but I remember, for example, when the automotive industry went into a very severe crisis back in 2009, my volume was 55 % below the year before. Well, that year we didn't lose any money, and we didn't consume any cash. (I was trained at Harvard and I don't think there is one single business case examining the case of a CEO facing -55% volume.) The whole year, I was really surprised and very impressed by the way my people worldwide reacted to it on their own. **There are many principles in the Social Doctrine of the Church about subsidiarity, how you empower people, how you make them grow. When you have an organisation that has put in place**

the conditions for people to grow, your company is much more efficient, much more sustainable. We should capitalise on this and demonstrate it permanently. Articles of law, and regulations then come as a sort of encouragement. But we should reverse the argument!

José Maria Simone:

Next year, there will be the expo in Milan, and Uniapac is organising a series of events within the context of the six-month celebration. Not being myself an entrepreneur, I would like to suggest that we include this topic that we have been discussing today, because there will be a big audience. The story of the Ruggie principles is instructive because in the first phase, as Githa told us, entrepreneurs were not involved, and it was a disaster because you cannot fix rules without the cooperation of those people who are supposed to apply the rules. UNIAPAC, as the only organisation that entrepreneurs belong to, should raise its voice in this regard because I understand there will be a new round in the near future to update the Ruggie principles.

Etienne Wibaux:

We can see that they are participatory networks, cooperative linkages and cooperative people. What are the rules to be applied there? It could be a problem to exist in this new era.

2.4 Conclusions, recommendations and way forward debate for Uniapac by José Maria Simone

I have been looking for the common denominator in all our discussions today, and as Pierre brought out this morning, the common denominator has been the person: the individual person's conduct and responsibility when taking decisions in the financial arena; and the person in relation to other persons. So in order to change the values of the market, we must go back and change the persons of the market.

In my experience in the financial business, a lot of senior management have told me to use my gut feeling and to have fun; to do my job with those two characteristics. However, these two characteristics mean that it is a personal result, but it is not a result for all of us. You can understand when you have a gut feeling about taking a decision in a trading position, the gut feeling is correct or not. This has been one of the buzz words in many businesses for many, many years. So again, it comes down to the individual. We can introduce a lot of regulations, we can give them guidelines, but again, it is a question of attitude, and this is something we have to greatly work on in order to make a change. We always have to regard the dignity of the person as our guidelines. We have to have this embedded in our way of thinking, which is not the case in the market. We have to be able to get this message across in a way that the rest of the market understands, and we have to show that this can be done in a way that respects the other person.

All the Pope's messages in the last year and a half, more or less, are related to the person, with a view to putting the person back in the centre. In July, the Pope said ***"if someone takes out the person from the centre, something else takes the centre, and the person serves the centre."*** With regard to everything we have been discussing today, what we can do together is basically help develop business in such a way that puts the person back into the center.

The question is **how can we work together? How do we go further? How do we start putting these ideas into practice?** We are practical people, so we have to put them to work! Stefano, you mentioned participating in the document that has to be sent to the Pope for the new encyclical. That is a way of doing it.

Pierre Lecocq: if there could be a general agreement here around the table, and if some of you want to participate in it, we could try to draft 8 or 10 principles that we could circulate in a larger circle and increasingly enrich them and make them a sort of, let's be ambitious, global compact for financial players. These principles could be published either at the congress or at the second Beirut Conference. If we were to address individual behaviours, what would be the 10 principles that could be a sort of framework to which you would commit yourself? And maybe being ambitious, we could even publish the fact that we adhere to those principles.

As a company, as I said before, we signed the UN Global Compact programme a couple of years ago. Initially, we just signed it and said yes, we have signed it, ok, great. But now we really have to report on it, and say what we don't do. Progressively, the Global

Compact has encouraged global companies to react, to integrate its charter into their own attitude. I think for financial players, it's more a question of individual behaviour, whatever the regulations, whatever the principals. Nothing is going to happen unless the main players of GoldmanSachs, of Commerzbank, of BNP etc. agree to adhere to a certain number of behavioural references. We only need about 10 principles, and behind each of them one page of advice, or explain why, and what they mean.

Sergio Cavalieri:

Very recently, we had two big scandals in Brazil: one regarding a train that was bought by the São Paulo government furnished by Alstom and GE and Siemens, and where there were big bribes surrounding the contract, and more recently with Petrobras where there were also bribes concerning all the major construction companies in Brazil, and I think most of these companies had signed the Global Compact, where they adhere to no corruption and to no bribery.

Stefano Zamagni:

In the very near future, possibly before Christmas, there will be a restructuring of the Roman Curia. The Council for Justice and Peace will be aggregated, and there will be a change of both the President and the Secretary General. So when the news becomes official, a delegation of you could pay a visit to discuss with the new cardinal and the new bishop. This will increase the degree of efficacy of this, because it will be a major Pontifical Council.

Brian Griffiths:

The question is how will it actually have teeth? I think for it to evolve, we need to get people on board who are in their 30s or 40s and who are running a business unit on a trading floor or in an investment banking department, dealing with conflicts of interest or handling compliance and who know the issues, because if you want buy-in, you have to have people of that age that could be the sales force for what you are doing.

José Maria Simone:

We have focused the discussion on the financial world, but what about talking more about job creation and work. To a certain extent, in my experience as being part of the financial arena, I would indeed endorse having a list of codes or recommendations, but they have to be general, not for the financial world specifically.

We will be setting up a new meeting like this for the end of November or the first week of December next year. I meant to let you know that we have already discussed with Laurent Bataille, who is the President of the local association the EDC. They have two local associations in Geneva, and we will ask one of the persons there to take the permanent seat. We are working a lot with Pierre Martinot-Lagarde. So we'll keep in contact. Thank you one again!

Essay by Pierre de Lauzun

Preliminary remarks

A company is a human community with a limited role: to produce goods in a way that consumes fewer resources than it produces and which are useful to people who buy them. Its moral duty is to be profitable, but not only: it also implies a clear responsibility towards its members (providers of capital and people inside the firm), to suppliers and clients, and to society at large. This includes the long term future of those communities, including sustainable development in a broad understanding of the word. Profit is a bottom line, not the exclusive criterion for judging any single business decision.

Such accountability is ethical in nature. But to speak of ethics is not sufficient: there are many different conceptions of ethics. I am speaking of ethics as a way of fostering the proper development of people.

In this responsibility, shareholders as owners have the central role as ultimate deciders. This raises serious issues at a time when shareholders are more than often distant players who may buy and sell stocks without relation with the firm nor even a serious knowledge of it.

Managers share part of that responsibility. But managers of very large firms tend to build a kind of class of their own. They have highly benefited from the financial evolution of the last 30 years, much more than shareholders. And their own real accountability many in some respect be even lower than the shareholders'.

In both cases, a major question is the how to recreate that sense of responsibility.

Capital and ownership

Owning capital

The role of owners and their hierarchy of priorities is a major issue in any economic system. Even in the case of collective ownership, even in the case of a very egalitarian society, there are people responsible for the definition of what to do with the available resources, especially the collective tools: these are what I would call the real owners. Their values are a major social issue. An egalitarian society with materialistic and egocentric values will be a low quality society, probably not even a solidary society. The people who would then be in charge of managing assets collectively (pension funds or others) would act in a way which would not be substantially different from cold-hearted capitalists. More broadly, it is certainly good in itself that property should be as diffused in society as possible; but it is in itself no guaranty of the quality of collective priorities and choices.

A major concern in the Catholic Church Teaching is the priority given to labour over capital. It means capital has to be used with a view to provide work in the best way possible: create jobs for sure, but in a way that fosters human development at work and through work. Besides, human activity is considered to be the only real source of creativity, and then of economic value. In my understanding however work includes here the activity of the entrepreneur himself. It means capital cannot be cut from society and has duties towards it. But this does not mean in itself a right of workers to own that capital (although in other respects it is desirable), it means a right that capital be used properly: not only efficiently, but in the right direction.

In a decentralised economy, where persons take the responsibility of economic decisions and not a political body, this means you have people who own capital and take their decisions accordingly. And if that economy is a monetary economy, those decisions will take the form of financial decisions. This means finance has to be a major tool in an economy built on autonomous persons. But it also means that finance cannot be isolated from ethics.

In short, the fact that from an ethical point of view capital must be used in the right way, that is towards the Common Good, implies ethical rules for the people in charge of deciding the use of that capital; not that this or that part of society should own that capital. This means that the legal existence of capital and its ownership as distinct from labour or government is per se ethical. What is unethical is the wrong use of capital.

Shareholders

In our societies, economic action is managed through incorporated entities called companies; the owners of such entities are called shareholders. This means that shareholders have the ultimate responsibility for a company, for the way it behaves towards its stakeholders: labour, financiers, suppliers, clients and society at large. Nobody else can take that responsibility in their place, even management. Shareholders appoint managers (or should!); they also elect the Board, choose the purpose of the company; they may sell it. Of course on a day to day basis management takes a central part of that responsibility, but as stewards of the owners. It is therefore essential that owners of capital accept the ethical responsibility linked with that role. Even small shareholders, who just own a few shares bought on the market.

This means there is another responsibility of major importance on the capital markets: I mean another class of stewards, the fund managers. Since they manage the shares, on behalf of the owners, their responsibility is not limited to a merely financial fiduciary duty; it is part of the global ethical responsibility of these owners. This means finally that responsible investment is a major collective ethical issue. That is, it has to be at the same time active and ethically responsible. Transferring the responsibility to a mythical being called the 'market' is meaningless. The market is the collective interaction of decisions taken by persons. If those persons change their priorities and their views, the market will change. Only persons are subject to ethics.

This implies a significant qualitative investment of those owners: taking time to examine the issues, define priorities, examine the real situation of the firm, and act, that is participate actively in shareholders meetings and so on. This also means that relations have to be created with the firm and its managers, in most cases on a long term basis. But the possibility of exiting the relationship must also exist: companies are not like families or nations. In some cases, selling may be the only way to send a message. There is no reason to decide that an owner has to be wed for ever to a specific company. Nor a worker either. So freedom to go out of the match must be guaranteed. In the cast of owners of capital, this means possibility to sell their stake. This is one of the functions of the stock exchange.

A consequence of this is that day to day trading must keep a limited and subordinated role. Traders cannot take the responsibility of real owners; their role is to service those owners when they buy or sell: to facilitate the transaction, provide liquidity, and help the price formation.

Another consequence is that shares are not financial instruments like others. They are central not only for the economy, but for society at large. Shares are not claims on the company, but a part of it, solidary with it. Owning a share is taking an extremely useful risk—and at the same time accepting a responsibility. There is nothing similar with fixed income or derivatives, which are mere claims on somebody, and so in some respect a burden. Detention of shares should be considered a major collective priority. The legal and tax systems should recognise that fact. As you know reality is most often the exact contrary.

Other forms of ownership

Lots of people criticise that organisation. In the best case they may be prepared to accept what has been said of ownership; but will explain that shareholding as it exists nowadays does not deliver the kind of result you should expect, especially from an ethical point of view. A first answer to this is to say that the status of a corporation does not limit its ethical choices. Nothing implies it should be exclusively short-term, or ethically blind.

In the same time the exploration of alternative ways of organising ownership and power in economic activities is quite open. The basic question remains however: what is a company, if not some form of social organisation owned by those who put resources at stake? Of course this can include labour—with the disadvantage that workers then have a very high stake in the company—much more than in the case of ordinary companies. But even then they will need capital. And capital owners want to control the use of their money. How then organise the cooperation? My view is that we have to be pragmatic. If some formula, different from the joint stock company and associating both capital and labour, does work, so much the better. If not, one should try and improve the reference on which the present-day company is built. You can also try something else, for example mutual firms. But the experience does not give evidence that mutual organisations are a panacea. Again, mutual ownership does not imply by itself a different set of priorities nor a better form of responsibility.

Capital and ownership

This does not mean that the way finance works today is satisfactory. But the flight to utopia is not an option.

Utopia

Some people in the Church have a romantic view of long term relationships based on a total mutual commitment: no global firm, no financial market. But an economy cannot be built exclusively on family-owned SMEs. And more importantly, to block relationships for ever, in an association where the main shareholder (and manager) has a total control of information and power, can be a very unfortunate solution indeed. In an open society you don't escape the central role of the market.

A much more rewarding path to explore is the way priorities are set. There is no doubt that collective structures, decision-making processes, benchmarking methods and so on can create a collective pressure towards specific solutions, or ways to measure results, that can be not only non-neutral, but ethically debatable. If for example you are supposed to limit yourself to financially measurable results based on short term quotes on the market, what you do is certainly not ethical, nor scientific for that matter. To think that greed is the appropriate way of incentivising people and achieve the best results is an ideological approach to management. Finance should not be self-referential, especially on a short term basis: money is here to provide a way of achieving collectively constructive processes, including the responsibility towards society at large, in its long term perspective.

Sin structures

The concept of sin structures has been introduced by pope saint John-Paul II and is particularly fruitful in finance. The short term pressure linked to quarterly results is typically a sin structure; it is not the mere fruit of somebody's greed, it is a collective constraint. The same is true when you consider benchmarking fund managers based on short term measurement of market data. Such a situation is worsened by the fact that in such an environment, the corresponding behaviour can often be described as good, as the fruit of a fiduciary duty. Another kind of sin structure can be found in theoretical elaboration. For example the idea that a company is only there to maximise shareholders' profits; or that markets are efficient; or that a 15 % ROE is a reasonable standard etc.

Socially responsible investment

In the original meaning of the word, socially responsible investment should be the normal form on investment. But it will be ethically satisfactory only if the ethical reference is satisfactory. It is not the case with the usual understanding of responsible investment. In practice it is concentrated on sustainable development (with a huge weighting in favour of environmental issues), of labour and of governance. This is good in itself (provided the

criteria are good). But what about duties towards the other stakeholders: suppliers, clients, society etc.? The fact that the use of a vocabulary using morality or even ethics is often eschewed by ISR people is in itself a negative signal. There is a form of flight to procedures to avoid ethical choices.

It is therefore essential that end investors insist on their priorities, including ethical ones, and refer to the right ones. Instructions given by clients to fund managers (UCITS or insurance company or pension funds) are extremely important in the shaping of society. An objection to this is to stress the very limited influence most of us have on the market. Trying to stick to dissenting views can even be very counterproductive if your references are too different from mainstream views. There are two types of answers to this. One is that you have to do what you have to do; and be witnesses to the truth. The other is that markets are very sensitive to whatever happens to them: a minority move can influence the behaviour of firms in a disproportionate way. By joining efforts, you can increase the collective weight of a minority. I think Christians should do that in a more ambitious way.

Financial markets

Short-termism

Short-termism is not a simple question. It can be a natural attitude in a society where you get constantly new information and where people are constantly betting in one way or another. Incidentally this is also the case in politics, certainly by far the most short-term activity in our society.

But in the end the ultimate decider is the investor (or her representative). If she puts her sights on the long term view (in sufficient numbers) the market will be long term oriented. Even in present circumstances, the Stock market has financed for many years companies without profit such as Amazon or biotech because it believed in its long term perspective (rightly or wrongly). Nothing obliges pension funds to be benchmarked on short term figures.

But the fact is that there is a collective pressure towards short-termism. It is partially linked with the general uncertainty of a time where the collective balance of power is rapidly changing across the globe; but it is also a result of collective behaviour. Market regulation or supervision can help in this respect; tax systems can favour long term detention of stocks etc. But regulations cannot stop or freeze all transactions. And so the issue of collective priorities and collective assessments remains central. We are back to the ethical issue. Decisions about finance are decisions about the long term contribution of each project or each company, as it appears at any given moment, but in reference to the long term horizon of the project or the company. Pension funds have a responsibility towards this prospective, as their members. In practice this means to accept that one may have to abandon short term possible gains because of higher preferences, both longer term and more substantial.

A case in point is the pressure towards radical changes in companies (especially sale and restructuration) based exclusively on price considerations; massive redundancies to please the market, as unions say. Per se such a decision may be justified: if an operation is profitable from a market point of view; it may mean that value is really been created. But it may also mean a short term gain coupled with a destruction of some potential or hidden value that was not expressed in the stock price. This implies that an assessment has to be done by the owners; it is their responsibility. Again, no market has ever obliged somebody to buy or to sell.

Monetary value and real value

Speculation is in itself ethically acceptable and even necessary, when it means trying to determine what the real value is. But not when it means: trying to outguess where the market will be in the next hours or days; or worse: trying to manipulate the market. Of course when you try to outguess the next fluctuation, in the end the market will be your judge. But in the meantime you can foster excesses and bubbles. And the final judgement by the market can happen very lately, sometimes years after. In the meantime you create artificial situations and the basis for dramatic crises. The dramatic fact is that for years and years the market can work on the basis of a wrong paradigm, accumulating imbalances. We've seen that in the 00's. In such a situation operators who disagree may have some difficulty in expressing that dissenting view: it may be difficult to run head-on against a sin structure! Participants to the market should then keep in mind that their duty is to arrive collectively to the best possible price, and join efforts if necessary. And supervisors should see to it that when excesses appear, they have to be reduced as much as is possible.

But 'speculators' are not always, not even often, the main cause of crises. In the case of the toxic products before 2007 clever people were selling complicated products to investors that required higher returns, compared to more classical products. And they were professional investors, not naïve retail clients. No speculation here, just a bet on the sustainability of that activity, plenty of greed and a complete lack of ethical responsibility. And, contrary to other simplistic views, it means that you can be concentrated on the needs of your clients as they express them, do something legal, and however be detrimental to the long term health of the market. In the case of the last crisis, the burden of culpability has not been on speculators, but on people supposedly servicing their clients.

Excessive indebtedness as a collective sin

Finally, another major collective issue I would like to mention is the role of debt in our societies. Among other things the crisis has been a crisis of over-indebtedness, of overleverage.

Debt is very different from equity: if you lend money you have a legal claim on the debtor and you may go to courts to get it back. Repayment has nothing to do with

the success or the failure of the debtor, except in the case of insolvency. But in the same time your remuneration as a lender is limited too. This means that the lender tends to limit the risk taken. But if he is wrong, the borrower and the lender are both in trouble. And there is not solidarity between creditor and debtor. The borrower has to pay the interest due, except bankruptcy. By contrast in case of difficulties you can skip the dividends and avoid any unwanted burden. Financing risk should then normally be done through capital. This means that in the financing process morality as well as efficiency demand a central role for capital, not for debt.

In addition a large accumulation of debt debts often implies a systemic effect: if your debtor has trouble to repay you, and you have borrowed yourself the money, you too are in trouble. Hence a domino effect, that can bring to a collective disaster. If instead you finance your activity with capital and of course if your investors do too, a failure or insolvency will bring about collective impoverishment. But it does not imply any domino effect. The big stock market crash of 1987 had no significant impact; the same is true for the end of the "new economy" bubble in 2000.

The common answer in front of debt crises is to foster "confidence". But confidence may be even more risky. All big crises have been crises of overconfidence in credit, especially in supposedly safe assets like Government debt or lending to real estate: the sovereign debt crisis of the 80s, the S&L crisis of the end 80s, the real estate crisis of the 90s, etc. A triple AAA rating is a major component of a really large crisis. Investors should beware.

I will just mention here the case of Government debt: it was one of the pillars of financial theory in the last decades, because it is supposed to be the reference borrower, the "riskless" one. But except in cases of emergencies like wars, or on a very provisional basis, it is a dangerous and irresponsible behaviour. Public debt is mostly used to finance current expenditures, not investment. It therefore does not finance a way to secure its own repayment. But it can be justified, in a limited way, to finance investments that create new resources making possible the repayment of that debt. That would mean much lower levels of indebtedness.

In short, debt is all too often a dangerous drug, the ideal way not to face difficult choices, and transfer your responsibilities to your successors or heirs. This is exactly what our society is doing.

Annex II: THE ILO, ITS WORK AND VALUES

by Githa Roelans

**Githa Roelans, Head Multinational Enterprises and Enterprise Engagement Unit,
Enterprises Department, International Labour Organization**

Key questions today evolve around how a value-based concept of "decent work for all women and men" as a common good could be achieved in today's globalized economy, characterized by strong interdependency between economic actors, working across national borders through intricate business contracts and transactions; a globalized economic system that over the years has generated enormous economic gains for some, exclusion and continued poverty for others. Many of us agree that this economic model urgently needs to be steered into a direction towards an economic model that is inclusive, equitable, fair and just; where enterprises strive and positively contribute to socio-economic development and all women and men, children and other vulnerable groups have opportunities to live a decent life, earn a decent living and have a decent job.

That also warrants questions about the roles and responsibilities, opportunities and challenges in achieving this goal—roles and responsibilities of international organizations such as the ILO, public authorities, the private sector, and women and men workers themselves.

The dialogue with you today is an enormous opportunity to share with you the values the ILO stands for and endeavours to promote worldwide, and to engage with you on how you as a business association that cherishes values can engage with us on this path. And how we can support you through a partnership approach in moving towards that common goal.

The International Labour Organization

The ILO Constitution (1919) is the founding document of the Organization. Following from the Constitution, three ILO Declarations have shaped the Organization's values and its programme and priorities:

- Declaration of Philadelphia (1944)
 - Declaration on Fundamental Principles and Rights at Work (1998)
 - Declaration on Social Justice for a Fair Globalization (2008)
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I. The International Labour Organization: A value-based organization

The creation of the ILO

The pursuit of peace through social justice and the improvement of labour conditions are the core values expressed throughout the history of the ILO and central to its vision and mandate. These have been enshrined in the ILO Constitution and in subsequent ILO Declarations.

As many of you know, the ILO was created in 1919, in the aftermath of the First World War, its devastation and revolutionary movements. The creation of the ILO is based on the belief that peace and justice go hand in hand, and that social justice is an essential foundation of peace. The origins of the ILO go back to the nineteenth century, when industrialization transformed economies, societies and women and men becoming workers in industrial settings. The "social question"—how to deal with the social consequences of industrialization and how to redress the inequalities and injustices of the Industrial revolution—became a central political issue. Social conflicts erupted in the workplace and workers started to organize themselves. First efforts to establish agreements between States to regulate conditions of work lacked geographical reach and effective implementation mechanisms. War temporarily halted the trade among States, but labour unrest was widespread in the latter stages of the War and immediately afterwards. Just think of the Russian Revolution in 1917 and other revolutionary movements across Europe. This had a notable influence on the Peace Conference of 1919, the work of its Labour Commission, and the resulting Treaty of Versailles (1919), which established the ILO.

The **ILO Constitution** was a response to the need for international cooperation to obtain comparable universal working conditions, and as a means to promote social progress and promote peace through dialogue and cooperation. In contrast to the revolutionary movements of the time, it brought together governments and the actors of the real economy (workers and employers) at the international level in a unique tripartite setting, in the search for common rules, policies and behaviours that would benefit all parties.

The Constitution's preamble states:

"Whereas universal and lasting peace can be established only if it is based upon social justice;"

And the recognition that improved working conditions directly impact the realization of peace. *"And whereas conditions of labour exist involving such injustice hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled; and an improvement of those conditions is urgently required;"*

And the need for international cooperation

"Where such improvements can herald greater and sustained cooperation between countries, facilitated by the Organization."

"Whereas also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries."

These fundamental values reflected the common goal of the Organization and shaped its unique structure. Firstly, it gave workers and employers equal power of decision with states. Secondly, it introduced the ILO's unique way of operating through the elaboration and adoption of global standards in the social area—international treaties that aim to protect workers, to be ratified by its member States and transposed in national labour law. And with the international community moreover supervising the effective application by States of these international commitments in law and practice. So the way of the ILO's operating model is a combination of international standards—the global rules of the game—and national application by states through laws applicable to all enterprises in their domestic territory.

The first International Labour Conference held in Washington in October 1919 adopted six International Labour Conventions, dealing with the most pressing issues of the time and still highly relevant—hours of work in industry, unemployment, maternity protection, night work for women, minimum age, night work for young persons in industry.

The vision of the first ILO Constitution was taken a step further towards the end of the Second World War in a powerful Declaration, adopted in 1944. This **Declaration of Philadelphia** reasserted the principles and goals of the organization and reinforced and expanded its significant aspects. It underlined the need for international and national action for universal social progress. The Declaration of Philadelphia was incorporated into the ILO Constitution. Together, these documents identify five guiding principles:

- Lasting peace cannot be achieved unless it is based on social justice, grounded in freedom, dignity, economic security and equal opportunity.
- Labour should not be regarded as a commodity.
- There should be freedom of association, for both workers and employers, along with freedom of expression, and the right to collective bargaining.
- These principles are fully applicable to all human beings, irrespective of race, creed or sex.
- Poverty anywhere constitutes a danger to prosperity everywhere.

These moral **principles** have and continue to guide and frame the action of the ILO and inform its programmes and activities. The first of these principles –**peace must be based on social justice**–lays out the overriding reason for the existence of the Organization. The second, stating that **labour is not a commodity**, provides the fundamental principle that guides its action. It focusses on the dignity and labour and the recognition of its extrinsic and intrinsic value, as a source of well-being and social integration, if adequately regulated and organized.

Three values—human dignity, solidarity and security, and social justice—are at the root of the ILO's activities. Since the Constitution was written in 1919, these values have been fine-tuned and nuanced to reflect the struggles of each time and address an evolving economy and a globalized world.

Human dignity

All ILO activities stem from the concept that "labour is not a commodity". First expressed in the 1944 Declaration of Philadelphia, it has helped shape how the ILO defines human dignity. Because full and productive labour is a key factor in ensuring human dignity, **respect for workers and labour is paramount**. The Preamble to the Declaration proposes the following basic labour requirements:

...regulation of the hours of work including the establishment of a maximum working day and week, the regulation of the labour supply, the prevention of unemployment, the provision of an adequate living wage, the protection of the worker against sickness, disease and injury arising out of his employment, the protection of children, young persons and women, provision for old age and injury, protection of the interests of workers when employed in countries other than their own, recognition of the principle of equal remuneration for work of equal value, recognition of the principle of freedom of association, the organization of vocational and technical education and other measures.

In its definition of labour rights and human dignity, the ILO is not alone. Most of the rights laid out in the Declaration of Philadelphia and subsequent ILO Declarations are congruent with human rights texts, such as the Universal Declaration of Human Rights. The ILO upholds the dignity of human work in the context of economic and social development, through dialogue and cooperation between governments, workers and employers.

Solidarity and security

The ILO recognizes that **solidarity among nations and security for workers are crucial for the wellbeing of all**. The social dimension of work indicates that workers must come together and cooperate in order to accomplish the work at hand.

When **workers and employers are allowed to organize themselves**, their collective voice becomes a powerful medium through which they can protect their rights derived from this recognition. The basic right to freedom of association was written into the ILO Constitution and later reaffirmed in the Declaration of Philadelphia, which cited it as "essential to sustained progress". This brings security not just in the workplace but also to families and communities.

In addition, since its foundation, the ILO has acknowledged that this security could not be ensured unless cooperation and solidarity among nations was anchored within an international organization. The creation of the ILO derived from this recognition.

By functioning as a tripartite organization, where the representatives of workers, employers and governments enjoy equal status and join in free discussions and democratic decisions, the ILO has written **social dialogue into its very structure**.

Social Justice

As mentioned, since its creation social justice has been the overriding reason for the existence of the Organization, enshrined in the ILO Constitution of 1919 and in the Declaration of Philadelphia (1944).

Following this Declaration, during the 50ies and 60ies, the ILO adopted key Conventions which changed the landscape of labour relations and enjoyed successful ratification levels. In fact, during the first 15 years after the war, the ILO adopted almost all its own fundamental human rights standards and also laid the foundation for United Nations human rights standard-setting.

As these years also were the years of decolonisation with newly emerging states, the ILO also begun to introduce practical work on the ground through technical cooperation and strengthening the generation of new knowledge on the different nature of economic, social and labour problems in developing countries, and the types of policies and technical assistance that would work in this context. This paved the way for its future work in social justice and globalization.

The ILO received the Nobel Peace Prize in 1969—its 50th anniversary—in recognition of its role in improving peace among classes, pursuing justice for workers, and providing technical assistance to other developing nations.

Fundamental Principles and Rights at Work

Economic globalization brought about an important change in the way the ILO went about endeavouring for its values and the common goods. The mechanism of states protecting these values to ensure the common good was challenged, with more and more countries opening their markets, liberalization of trade and delocalization of production from developed countries to developing countries. To ensure that in this globalized market system, at least a certain number of rights are respected also in States that had not ratified the ILO core conventions and to ensure that there would not be unfair competition between these countries based on labour, the ILO adopted in **1998 the Declaration on Fundamental Principles and Rights at Work**, out of recognition that "economic growth is essential but not sufficient to ensure equity, social progress and the eradication of poverty."

The 1998 Declaration encapsulates the following fundamental principles and rights derived from ILO core conventions, applicable to all and recognized by the international community as human rights:

- Freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced or compulsory labour;
- The effective abolition of child labour;
- The elimination of discrimination in respect of employment and occupation.

This Declaration was also a response to addressing the increasing governance gaps in developing countries to where production had been shifted, and where workers did not enjoy the same legal protection as in developed countries. It was a call to the international community to at least respect these rights as fundamental rights that should be upheld by all.

"The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity."

Juan Somavia, ILO Director General

The Decent Work Agenda

In addition to the 1998 Declaration on Fundamental Principles and Rights at Work, the ILO introduced in 1999 the Decent Work Agenda, taking a human-centred approach to work and identifying **what women and men all around the world aspire to, for themselves, their families and their communities**.

Decent Work encompasses four equally important strategic objectives: employment, rights at work, social protection, and social dialogue. These objectives are inseparable, interrelated and mutually supportive. Together, they provide the substantive content of the Decent Work Agenda, which is a re-expression of the core values of the ILO in practical and active terms, and places full and productive employment and decent work at the centre of economic and social policies.

The core concepts of dignity, solidarity and security and social justice find their current expression in the very definition of Decent Work and the Decent Work Agenda, comprised of four components:

Employment

All women and men have the right to productive employment opportunities, with the possibilities to develop their knowledge and skills, allowing them to make a productive contribution to the economy and the chance to attain personal fulfilment.

And generating the income they need to sustain themselves, their families and communities. For States, employment promotion helps societies achieve economic development goals, improves citizens' living standards and contributes to social progress.

Rights at work

All women and men should enjoy rights at work. The ILO contributes to this through the system of international labour standards aimed at making sure that economic growth and development go along with minimum social standards agreed upon by all actors in the global economy.

These rights include, but are not limited to, the Fundamental Principles and Rights at Work, as already mentioned, in regards to Freedom of Association and Collective Bargaining, forced labour, child labour, and discrimination.

Social Protection

The social protection pillar is built on two priorities resulting in dignity for all: social security and labour protection. All women and men should have access to social protection, comprised of social security and social protection, resulting in dignity for all: social security comprises measures that regulate basic income protection—social protection floors for all. Labour protection entails healthy and safe working conditions as well as wage protection and decent working hours.

Social Dialogue

All working women and men should have a voice and access to social dialogue to discuss important economic and social issues, advance peace and stability and boost economic progress. To ensure effective social dialogue, representative organizations of workers and employers are needed to enter into constructive dialogue among themselves and with the government on broader social policy, all types of negotiation, consultation or simply exchanges of information between, or among, representatives of governments, employers and workers. The primary goal of such dialogue is to promote consensus building and democratic involvement among the main participants in the world of work. Successful dialogue has the potential to resolve conflict. Dialogue might take place either as a tripartite or a bipartite process between labour and management (or trade unions and employers' organizations). It may be informal or institutionalised and happen at the national, regional or at enterprise level. Social dialogue can also occur across sectors, professions, or a combination thereof. The ILO's role in social dialogue is to assist member states in establishing or strengthening legal frameworks, institutions, machinery or processes for bipartite and tripartite social dialogue. It also aims to promote social dialogue among member states and regional or sub-regional groupings as means of consensus building, economic and social development and good governance.

Decent work and a fair globalization

The Decent Work Agenda was widely adopted at the national, regional level and international level. But it was clear that social progress at the national level increasingly depended on the pace and pattern of globalization. The end of the twentieth century was a period of rapid expansion of cross-border flows of trade, FDI investment and financial capital, with globalization touching all sectors of the economy. And the increase of the workers in the informal sector where many of the decent work deficits occur in the form of exploitative practices, unprotected work, no opportunities to productive employment, no freedom of association for workers to defend their interests and rights.

Globalization brought a **decline in the numbers of people living in absolute poverty**, but at the same time, **rising inequality both globally and nationally**. Within many industrialized, transition and developing countries, wage and income inequalities were on the rise. Inequalities in wealth increased even more, and the divergence in economic performance within the developing world increased substantially.

To examine the social challenges and address the governance gaps of globalization, the ILO established the **World Commission on the Social Dimension of Globalization** composed by independent personalities. Its report, entitled "**A fair globalization: Creating opportunities for all**", presented a comprehensive review of the economic and social impact of globalization across the world, identified the major problems and their causes, and made a wide-ranging set of recommendations for bringing about a fairer and more inclusive pattern of globalization. The imbalances and disparities of globalization, stated the report, were "morally unacceptable and politically unsustainable". The key messages included the **need of improved governance at both national and global levels, of more coherent international policies and, critically, of establishing decent work as a global goal**—as the central means for strengthening the social dimension of globalization.

In 2007 the ILO took another important step by adopting the **Declaration on Social Justice for a Fair Globalization**, a renewed statement on the importance of the ILO's mandate in the era of globalization. It institutionalized the Decent Work Agenda as ILO's current formulation for how to bring about change in the globalized world and to ensure that economic globalization is fair and inclusive. And it states that in order to achieve a fair globalization, the organization needs to reach out to new economic actors, including enterprises.

So what we have seen over the years and in the face of increased globalization and lack of global governance is the shift from international labour standards being solely addressed to States for ratification and subsequent application in law and practice at the national level, towards a direct engagement with enterprises to incorporate the values of decent work in their core activities and behaviour and as such contribute to the decent work agenda in a globalized world. Both are key partners given the balance of power between States and the private sector and the ultimate objective of the organization: human dignity through full and productive employment and decent working conditions for all women and men.

II. Expectations towards enterprises

In the 1960s and 1970s, dramatic changes in the nature and patterns of work and production started to take place and the activities of multinational enterprises (MNEs) provoked intense discussions about their relationship to the states in which they had operations—these states often being developing countries with weaker governance structures. In order to regulate the behaviour of these enterprises, international instruments regarding their conduct were developed. Labour-related and social policy issues were among those concerns to which the activities of MNEs gave rise. The discussions started to evolve around the balance of power between States and enterprises and how to ensure that multinational enterprises—operating across borders—would bring a positive contribution to socio economic development and not have a negative exploitative impact.

The ILO's search for international guidelines in its sphere of competence resulted, in 1977, in the adoption of the **Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)**. This universal instrument offers guidelines to MNEs, governments, and employers' and workers' organizations on general policies, employment, training, conditions of work and life, and industrial relations. Its provisions are based on a set of international labour Conventions and Recommendations.

The MNE Declaration recognizes the enormous benefits that Foreign Direct Investment (FDI) and MNE operations can bring to home and host countries by contributing to the more efficient utilization of capital, technology and labour, to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. However to achieve this, the States need to put in place the legislative and policy framework enabling this positive contribution and mitigating and resolving possible negative impacts. These could be linked to a concentration of economic power and to conflict of MNE operations with national policy objectives and with workers' interests. And within this framework multinational enterprises and enterprises in general have to obey national laws, respect international standards and contribute to national development priorities.

One of the very first Corporate Social Responsibility (CSR) instruments was born and the MNE Declaration continues to be the only tripartite-agreed global instrument in the area of employment, working conditions and industrial relations. The MNE Declaration states that MNEs—and enterprises in general—need to obey national laws, respect international standards—including international labour standards and United Nations human rights instruments.

The MNE Declaration clarifies the roles of governments, enterprises and employers'

and workers' organizations and draws attention to the importance of closer alignment between corporate policies and programmes with public policy and development objectives in the country of operation. It strongly encourages dialogue between home and host governments; enterprises, government and employers' and workers' organizations; and management and workers at the enterprise level. The MNE Declaration takes a proactive approach, anchored in the respect for human rights and international labour standards.

Following the adoption of the 1998 Declaration of Fundamental Principles and Rights at Work, as a basic minimum set of rights that should be observed by all, the ILO also promoted these to enterprises via the initiative of UN Secretary General Kofi Annan launching in 1999 at the World Economic Forum a call to all businesses around the world to respect a set of universally agreed principles in their operations worldwide: the Global Compact Principles.

As part of the increased discussions around the social responsibilities of enterprises, the ILO adopted its **definition of Corporate Social Responsibility** as "a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law."

The role of sustainable enterprises

In 2007 the ILO took another important step in its direct work on the role of enterprises in the pursuit of the decent work agenda and social justice. It held a **tripartite discussion on the promotion of sustainable enterprises**, taking stock of the international debate on the role of the private sector and sustainable enterprise in social and economic development; assess the relevance and implications of recent trends for the implementation of the ILO's Decent Work Agenda; discuss an ILO contribution, centred on the Decent Work Agenda, to the global debate on **the role of the private sector in overall social and economic development**; and issued recommendations for ILO action to enhance coherent policies and strategies that promote decent work through sustainable enterprise development.

The report that informed the International Labour Conference discussion introduced the **concept of sustainable enterprise**, and made a distinction between enterprise development per se and the development of sustainable enterprises, building on the broader approach to sustainable development and the recognition that the private sector as the engine of growth plays a crucial role in the promotion of full and productive employment, as well as in poverty reduction efforts.

The ILO promotes a people-centred and sustainable approach to enterprise development. It is in enterprises and in the world of work that the social, economic and environmental dimensions of sustainable development come together

inseparably. Sustainable enterprises align enterprise growth, competitiveness and profit-making with the creation of productive employment, decent work and broader sustainable development goals. In sum, sustainable enterprises respect the values and principles of decent work, human dignity and environmental sustainability.

The **promotion of sustainable enterprises** focuses on strengthening the rule of law, institutions and governance systems that nurture enterprises, and **encouraging them to operate in a sustainable manner**. Tripartism, including social dialogue and collective bargaining, is a vital element to achieve this. Sustainable enterprises can be any size, from micro to large; and any type, including state-owned and multinational enterprises, as well as cooperatives and social enterprises. However, given the ever-increasing levels of FDI, the operational scale of MNEs and the number of direct, indirect and induced jobs they create worldwide, the concept of sustainable enterprises is all the more relevant for large enterprises.

The conclusions of the International Labour Conference on sustainable enterprises emphasized the important role of governments to create an enabling environment for sustainable enterprise development through an appropriate legislative and policy framework and strengthened institutions and governance system in which enterprises operate, as well as the responsibility of enterprises to create productive employment and provide decent working conditions. It also underlined that sustainable enterprises are competitive enterprises with a long-term vision.

Engaging enterprises as partners on decent work

The 2008 Declaration on Social Justice for a Fair Globalization recognizes ILO's mandate to **promote sustainable enterprises as an integral part of the Decent Work Agenda**. This is a relatively recent endeavour for the ILO and we need to think how to effectively do this in a way that also helps enterprises in becoming more sustainable. The Declaration stresses the importance of the promotion of the MNE Declaration in this regard and the need for the ILO to establish partnerships with new economic actors in the era of globalization, including with enterprises and foundations, that can further the decent work agenda.

As such the ILO has developed **specific initiatives towards enterprises**, such as the ILO Helpdesk for Business on International Labour Standards, awareness raising and capacity building of employers' organizations and workers' organizations, global platforms for enterprises to come together to address specific topics, public-private partnerships with enterprises and foundations, and technical cooperation programmes at the country level, where governments, enterprises, employers' and workers' organizations come together to jointly address a decent work priority. Capacity building is a key component here to bring about a systemic change and strengthen the rule of law where the decent work challenges are.

III. And the future...

Enterprises and Decent Work

Then his address to the International Labour Conference in 2012 **"Towards the ILO Centenary - realities, renewal and tripartite commitment"**, Director-General Guy Ryder underlined that the ILO's mandate requires it to carry forward the struggle for social justice into the second century of its history. The Constitution of 1919, the Declaration of Philadelphia of 1944, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up of 1998 and the ILO Declaration on Social Justice for a Fair Globalization of 2008 are all powerful expressions of the ILO's commitment to social justice, and reference points in determining **how to translate that commitment to values into action in the 21st century**.

One of the areas put forward for action is Corporate Social Responsibility and how to deepen the ILO's engagement in CSR to develop "new partnerships with non-state entities and economic actors increasingly operating at the global level and in different markets, such as multinational enterprises and trade unions operating at the global sectoral levels".

One of the initiatives the ILO has embarked on is the Enterprises Initiative that will serve to establish a platform for ILO engagement with enterprises stimulating both the long-term sustainability of enterprises and the achievement of ILO goals. The strategic components of an ILO Enterprises Initiative are:

- Enterprise and supply chain policies and practices
- Building knowledge and outreach on sustainable enterprises
- Strengthening collaboration with International initiatives on enterprise behaviour, such as Global Compact, OECD and OHCHR on Business and Human Rights.

Moreover, in March 2014 the Governing Body approved the new promotional strategy on the MNE Declaration, on the confirmation that this instrument is more relevant now than ever and that it is therefore crucial to ensure a higher uptake of its principles by enterprises. As part of that, we are developing more practical tools for enterprises to enhance the understanding of its principles and how to translate them into action.

In 2016, the ILO will discuss an essential topic in today's globalized systems of production: **Decent Work in Global Supply Chains (GSCs)**. It is proposed that the discussion could consider:

- key structural changes, trends and drivers, as well as the economic dimension of GSCs and their inter-linkages, including their contributions to national and local economic development;
- the implications of GSCs (including gender-specific effects) on job creation, skills development, distribution of employment, and working conditions, including wages, working time and occupational safety and health;
- the effects of GSCs on the nature of the employment relationship, as well as on collective bargaining and social dialogue;

- policies and good practices to promote backward and forward linkages, the integration of local SMEs, cooperatives and other companies into GSCs, and transitions to formality;
- strategies to accelerate skills upgrading, improve organizational procedures and increase productivity and sustainability;
- the role of international labour standards and, in particular, fundamental principles and rights at work;
- strategies that build on multiple, complementary approaches to achieving workplace compliance;
- the distinct roles and responsibilities of employers and workers at the national and international levels as well as of governments, including government's role in law enforcement;
- the role of organizations representing workers and employers at the global level, including by sector, in view of the opportunities for cross-border social dialogue; and
- the role of multinational enterprises in the promotion of decent work in GSCs.

The ILO and the Post-2015 Development Agenda

The concept of sustainable development has been high on the international policy agenda since the United Nations Conference on Sustainable Development (Rio+20, June 2012), during which United Nations member States agreed to launch a process to develop a set of sustainable development goals, to be agreed by the General Assembly, building on the Millennium Development Goals and converging with the post-2015 development agenda.

The ILO Decent Work Agenda and specific urgent items for development under that have emerged prominently in the post-2015 consultations and the wider public debate. In a large number of countries, the general public has expressed a demand for job opportunities and dignity at work while experts have underlined the transformative value of goals on employment and decent work to achieve sustainable development. The 15 Sustainable Development Goals proposed by the Working Group and under discussion in the next few months, includes **goal #8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**.

In this endeavour we received the support of many groups, including your group and we very much look forward to engaging with you, your networks and member companies on making sustainable enterprises and decent work a reality in today's globalized world.

What is clear from this overview is that the pursuit of respect for values at work—expressed in the Decent Work Agenda—to ensure respect for the human dignity in today's globalized world as a key means to achieve the common good of peace and social justice, is a journey we are all on together.

Participants List

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Luis Bameule is President of QUICKFOOD S.A. He holds a Degree in Business Administration UCA in Argentina. He is a former President and current partner of Asociación Cristiana de Dirigentes de Empresas. He was also Vice-President of Coordinadora de Industrias de Productos Alimenticios and member of the Comisión Directiva de la Asociación Empresaria Argentina (AEA). Mr Bameule is member of the board of Editorial Kriterion S.A. Luis Alejandro Bameule, son of Mr Luis Bameule participates in the meeting on behalf of his father. Luis Alejandro Bameule is Managing Director of the Family Office. In the past has worked as Franchise and International Development Manager at Freddo S.A., as European Representative of Quickfood S.A and Manager in Accenture, London, UK.

MICHEL CAMDESSUS

Mr. Camdessus was educated at the University of Paris and earned postgraduate degrees in economics at the Institute of Political Studies of Paris and the National School of Administration. Following his appointment as Administrateur Civil in the French Civil Service, He joined the Treasury in the Ministry of Finance and Economic Policies in 1960. After serving as Financial Attaché to the French delegation at the European Economic Community in Brussels from 1966 to 1968, he returned to the Treasury and went on to become Assistant Director in 1971, Deputy Director in 1974, and Director in February 1982. During the period 1978-84, Mr. Camdessus also served as Chairman of the Paris Club, and was Chairman of the Monetary Committee of the European Economic Community from December 1982 to December 1984. In 1984, Mr. Camdessus was appointed Governor of the Bank of France. He served in this post until his appointment as Managing Director of the IMF. Mr. Camdessus was named Governor of the IMF in 1984. Michel Camdessus assumed office as Managing Director and Chairman of the Executive Board of the International Monetary Fund (IMF) in 1987. In 1996 the Executive Board of the IMF unanimously selected Mr. Camdessus to serve a third five-year term as Managing Director, beginning in 1997. Mr. Camdessus retired from the IMF on February 14, 2000.

SERGIO CAVALIERI

President of ADCE Brazil and Uniapac Latin America, Sergio Cavalieri, Civil Engineer, postgraduate in Finance, Advanced Management Program at INSEAD France. Sergio is one of the members of the third generation of the family who founded the ASAMAR Group in 1932. The Group holds stakes in companies in fuel distribution, real estate and construction, steel structures fabricator and components for the steel construction, Data Center, renewable energy from wood and a new project in wind power generation. He is Chairman of the Board the Group, and member of the board of several companies of ASAMAR Group. Past President of ADCE - Association of Christian Businessmen of Montes Claros and Belo Horizonte, both in state of Minas Gerais. He is Vice-President of Industry Association of Minas Gerais, member of the Council for Social Responsibility of National Association of Industry, University Council of the Catholic University of Minas Gerais, International Advisory Council of Dom Cabral Foundation.

SEAN FIELER

Sean Fieler is President of Equinox Partners, L.P. and the Kuroto Fund, L.P. Over the past two decades, Sean Fieler and his partners have assembled a research team capable of analyzing businesses around the world, a capability that has enabled Equinox Partners and the Kuroto Fund to consistently purchase superior businesses at substantial discounts to their intrinsic value. Mr. Fieler serves as Chairman of the American Principles Project. He is Chairman of the Chiaroscuro Foundation and serves as a board member of the Witherspoon Institute, the Manhattan Institute, the Dominican Foundation, the Committee for Monetary and Research & Education, the Acton Institute and the Susan B. Anthony List. A graduate of Williams College with a degree in political economy, Mr. Fieler speaks and publishes on the topic of monetary reform. He has given talks on monetary policy at the annual Grant's Conference, the Atlas Liberty Forum and has written for The Wall Street Journal and The Weekly Standard. Mr. Fieler lives in Princeton, New Jersey, with his wife, son and three daughters.

BRIAN GRIFFITHS

Lord Griffiths joined Goldman Sachs as an international advisor in 1991. He is Chairman of the Europe, Middle East and Africa Audit, Business Practice and Compliance Committee of the board of Goldman Sachs International. Lord Griffiths started his professional career in academia; he taught at the London School and he was Dean of the City University Business. Lord Griffiths was a director of the Bank of England from and also served at No. 10 Downing Street as head of the Prime Minister's Policy Unit. As special advisor to Margaret Thatcher, he was responsible for domestic policymaking and was a chief architect of the government's privatization and deregulation programs. He has been a member of various Select Committees in the House of Lords including the Select Committee on Economic Affairs and he serves on several company boards. Lord Griffiths is a trustee of the Archbishop of Canterbury's Lambeth Fund and chairman of Christian Responsibility in Public Affairs. He has written and lectured extensively on economic issues and the relationship of the Christian faith to politics and business, and has published various books on monetary policy and Christian ethics; Lord Griffiths was educated at Dynevor Grammar School and the London School of Economics.

EDOUARD HERR S.J.

Edouard Herr, born in Luxemburg, 1943. Priest in the Society of Jesus. Master in Economic and Social Sciences and Doctor in Theology (Catholic University of Louvain) Professor em. of the Jesuit University in Namur (Belgium). Social, Economic and Business Ethics Professor and former President of the Jesuit Faculty of Theology in Brussels. Social Doctrine of the Church. Fundamental Theology. Spiritual Adviser to UNIAPAC and ADIC (Belgium) Publications, Conferences and Participation in different Associations about Church and Society.

PIERRE LECOCQ

Pierre Lecocq has an extensive international experience in the automotive industry in a variety of engineering and senior management positions in the USA and in France. After starting his career in the USA, he was responsible for Alcatel industrial battery global activity and then joined Valeo as CEO of the Friction Materials and Engine Cooling Branches, both world leaders in their fields. Since 2002, he serves as President & CEO of Inergy Automotive Systems. Inergy is an automotive component manufacturer supplying all car manufacturers. With sales of 1.2 billion Euros, Inergy is the world leader in its field with 26 factories worldwide employing 4500 people. Pierre Lecocq graduated as Mechanical Engineer from ENSAM, Paris, France, and completed a Master of Economic Science from Paris University and an MBA from Harvard University. Since 1984, he is an active member of the French Christian Executive Association, "Les EDC" (Les Entrepreneurs et Dirigeants Chrétiens) which he headed as National President from 2002 to 2006. He serves since 2009 as International President of UNIAPAC (International Association of Christian Executive Associations), present in 30 countries. He is President of Uniapac Foundation created in 2010.

PIERRE DE LAUZUN

Currently Deputy Director General of the French Banking Federation - FBF, the professional organization of banks operating in France and CEO of the French Association of Financial Markets AMAFI, which includes professionals, exchanges and Finance. Former student of the Ecole Polytechnique (1969) and the Ecole Nationale d'Administration (1975), He worked mainly in banking and finance. From 1998 to 2000 he worked at Group Goldman Sachs. He also was a chairman of Archon Group and President of Archon Group France. From 1994 to 1998 he chaired UNION INDUSTRIELLE DE CREDIT (UIC, groupe GAN). He also was Exec. VP of Banque de l'Union Européenne/UECIC from 1987 to 1994. In France Mr. de Lauzun worked at the Ministry of Finances, and the Club of Paris. Mr de Lauzun has written eight books on Christianity and economics, politics, and philosophy.

BURKHARD LEFFERS

President of Uniapac Europe. Past member of the Regional Board of the Commerz Bank. Now he is an independent entrepreneur as consultant in the Finance area & Executive Director of SFM Structured Finance Management GmbH. Since 2009, he is President of Uniapac Europe.

GEORGES MALLINCKRODT

George W von Mallinckrodt, KBE was a Director of Schroders plc from 1977 to 2008, having joined Schroders in 1954. He was Executive Chairman of Schroders plc between 1984 and 1995, and President from 1995 onwards. He has been closely associated with the World Economic Forum for 40

years and was Chairman of the Council of the World Economic Forum. George W von Mallinckrodt was President and is now Vice President of the German-British Chamber of Industry & Commerce and President of the German YMCA. George W von Mallinckrodt is a Member of The INSEAD Circle of Patrons, The Advisory Board of The Institute of Business Ethics, The British-North American Committee, The Finance Committee to the Foundation of the College of St George (Windsor Castle), and The Chancellor's Court of Benefactors, Oxford University. He is a Trustee of Christian Responsibility in Public Affairs (CRPA), the Christian Association of Business Executives (CABE), and a Patron of The Three Faiths Forum. He received an Honorary Doctorate of Civil Law, Bishop's University, Quebec 1994, and in 2011 he received an Honorary Degree of Doctor of Laws, Washington University in St Louis. He is a Member of the Dean's Council at the John F Kennedy School of Government, Harvard University. Her Majesty the Queen appointed him an honorary Knight Commander of the Most Excellent Order of the British Empire in 1997, in recognition of outstanding services rendered over many years to banking and finance in the City of London. In recognition of George W von Mallinckrodt's contribution towards the enhancement of Anglo-German relations, the German President awarded him the Officer's Cross of the Order of Merit of the Federal Republic of Germany in 1990, and the Commander's Cross of the same Order in 2001. In March 2012 he was conferred a Knight Commander of the Order of St Gregory the Great for services to the Holy See through his support of the Vatican Library. He was made a Freeman of the City of London in 2004 and awarded the Annual Sternberg Interfaith Award in 2005.

CHARLES DE LIEDEKERKE

Charles de Liedekerke is member of the Board of Directors and Member of the Strategic Committee of Bekaert Group. He practiced law at "Liedekerke, Wolters, Waelbroeck and Kirkpatrick" before performing his military duty. He moved in 1980 to the USA as Finance and Administration Officer of the North-American subsidiary of the Belgian, privately held chemical lime Carmeuse Group. In 1982, he joined the French Lafarge Group, one of the world leaders in construction materials, where he held various operational and functional responsibilities in Paris, Dallas, and Calgary. In 1992, he became Chief Financial Officer of the Bekaert Group. In January 1998, he returned to Lafarge to take part in the integration of the newly acquired Redland and became that year a member of the group executive committee and president of its Aggregates and Concrete division, until April 2004. He is currently CEO of the Joris Ide Group, a producer of metal cladding and roofing products, non-executive Chairman of the Board of Cobepa, a Brussels based, private equity firm, member of the Board of *Carrières du Hainaut*, the largest European blue stone producer, member of the "*Conseil de Surveillance*" of Viangros,. He was also Board member of Assubel Accidents du Travail, associate member of the Round Table of European Industrialists and Chairman of Redland UK, a construction materials company and of Deep Green, a Belgian soil remediation business and of the board of non-profit organizations, among which GreenFacts, active in the field of environmental related information.

GITHA ROELANS

Githa Roelans is Head of the Multinational Enterprises and Enterprise Engagement Unit of the ILO's Enterprises Department. The unit provides policy advice and technical support on the application of the principles of the ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy (MNE Declaration) at the global and country-level and plays a central role in the ILO's engagement with MNEs. It coordinates the ILO approach to corporate social responsibility (CSR) and contributes to international policy coherence on the labour dimension of CSR, especially with the OECD MNE Guidelines, UN Global Compact, UN Business Human Rights Guiding Principles, ISO 26000. Through the ILO Helpdesk for Business, it works directly with companies seeking to integrate principles contained in international labour standards in company policies and operations. Githa Roelans held previous positions in the ILO in the Bureau for Gender Equality and the International Programme on the elimination of child labour. Before joining the ILO, she was Advisor and Research Fellow on CSR in the UNIDO Beijing Office (China) and held advisory positions in global consultancies in Brussels (Belgium). Ms. Roelans is a Belgian national and graduate of the University of Leuven, where she subsequently held research and management posts.

JOSE MARIA SIMONE

José María is President of Unipac International. He holds an Industrial Engineer degree from UCA (Universidad Católica Argentina). He has over 30 years of experience in international financial business as well as experience in corporate management. Founder and Managing Director of Solinfi - Ingeniería en Finanzas SA, Buenos Aires. Has been founder member and Vice president of NF Developers SA

company devoted to the development and management of agribusiness projects in the South of Latin America. Since 2010 Mr Simone is partner and board member of Impulsar Soluciones Agroempresariales SA - Buenos Aires - Argentina for the management of investments in agribusiness in South America. Vice-president of Citibank in Argentina, Brazil and USA, as head of the corporate business. Vice-president of Uniapac Latin-American. Board member of Uniapac Foundation. Former President of ACDE (Christian Businessmen association-Argentina). Vice-president of Fundación Valores para Crecer - Argentina. Foundation dedicated to train in values and ethics to managers and staff in corporations and schools. Board member of Food Bank in Buenos Aires.

DOMINGO SUGRANYES BICKEL

Domingo Sugranyes is Chairman of the Board of FONDAZIONE CENTESIMUS ANNUS - PRO PONTIFICE at The Vatican since 2009. Mr. Sugranyes is graduated from the University of Fribourg, Switzerland. He holds a *Licence en Sciences Économiques et Politiques* with training periods in Barcelona, Geneva, Madrid, London, Rome. Mr Sugranyes was active from 1969 at UNIAPAC (International Christian Union of Business Executives) in Brussels. He was General Secretary from 1974 to 1981. From 1981 he works with MAPFRE insurance group in Madrid, Spain, where he held several positions in international group development, reinsurance, and credit and guarantee insurance, corporate finance and investors' relations. He acts as Managing Director, and from 2000 Executive Vice-Chairman of CORPORACIÓN MAPFRE, the public listed holding company in the group, which became MAPFRE S.A. in 2006 when the group de-mutualised. As a member of the group Executive Committee during those years he was mainly in charge of Finance and Management Information until his retirement from executive office at the end of 2007. Presently member of the Board of FUNDACIÓN MAPFRE; member of the Boards of several subsidiaries (MAPFRE INTERNACIONAL, MAPFRE RE, MAPFRE FAMILIAR and MAPFRE - USA); and of the Board of SOCIETÀ CATTOLICA DI ASSICURAZIONE, Verona, Italy and Past-President of UNIAPAC, International Christian Union of Business Executives (1997-2000).

RICHARD TURNBULL

Richard brings to the Centre a wide range of experience in business, the church and public life. He holds a degree in Economics and Accounting and spent over eight years as a Chartered Accountant with Ernst and Young. He also served as the youngest ever member of the Press Council. Richard also holds a first class honours degree in Theology and PhD in Theology from the University of Durham. He was ordained into the ministry of the Church of England in 1994. He has served on the General Synod and was a member of the Archbishops' Council of the Church of England; the Chairman of the Synod's Business Committee and chaired a number of church working parties including a review of the remuneration of the clergy. Richard served in the pastoral ministry for over 10 years before being appointed Principal of Wycliffe Hall, Oxford, a Permanent Private Hall of the University of Oxford, in 2005 where he served until becoming the Director of the Centre in 2012.

FRANÇOISE VINTROU

Françoise VINTROU is currently editor in chief of *Dirigeants Chrétiens*, the magazine of "Entrepreneurs et Dirigeants Chrétiens - Les EDC", French member of UNIAPAC. She is also responsible of the communication and public affairs of this organisation. She is president of APMS (Association de la Presse des Mouvements et Services d'Eglise), vice-president of Fédération Française de la Presse Catholique (FFPC) and member of the Council of communication of CEF (French Bishops Conference). She has a thorough knowledge of being an editor in chief of several magazines. She is the author of several books: *Francis of Assisi*, *Marguerite-Marie Alacoque*, *Mother Theresa* and co-author of "50 words for Christians".

STEPHAN WERHAHN

Stephan Werhahn was born into a German Family Company as 5th generation shareholder of Wilh. Werhahn KG, Neuss. Mr. Werhahn studied law at the Universities of Göttingen, Bonn and Geneva, as well as Economics (M.Sc.) at Georgetown University, Washington D.C. He also earned his doctorate of Philosophy (Ph.D.) and graduated as AMP from IESE Business School Barcelona / Munich. He is an attorney-at law with an excellent political network that is closely related to the "Mittelstand" and business groups of the political party CDU, founded by his grandfather Konrad Adenauer. He is partner of the German Board Agency in Berlin and of FCF Fox Corporate Finance, the Financing Specialist for Small- and Medium sized Companies in Munich. Mr. Werhahn has more than 25 years of experience at the leadership level in German Blue Chip stock listed and privately held companies, and has been advising private equity companies in Munich for several years. Mr. Werhahn has held

the positions of CEO for Germany's largest shipping holding company, with closed-end ship funds in excess of € 5.2bn, CFO of Berlin's largest real estate company with assets of € 2.5bn, CFO of a family owned ship management company with worldwide revenues of USD 1.7bn and more than 8,800 employees and Director at a large state bank for investment banking and corporate finance, strategy development, M&A, leveraged finance and equity financing. Prior to that, Mr. Werhahn served 10 years at Siemens as a Director with global responsibility for high speed train systems.

RODRIGO WHITELAW

Rodrigo Whitelaw is the General Delegate of the UNIAPAC Foundation. Mr. Whitelaw holds a Bachelor degree in Economics and Business Administration and a PhD in Political and Social Sciences from the Catholic University of Louvain. Specialist in Innovation-based socio-economic development, his areas of expertise are the spatial dimension of the innovation process, the analysis of Global Value Chains and cluster competitiveness at a global level. In 2009, he has published his PhD thesis entitled "Mechanisms of cooperation in industrial clusters: the cases of the tile industry in Spain and the salmon farming in Chile". He has worked in the financial, academic and public sectors in Europe and Latin America. His research interests are in corporate social responsibility, business ethics and corporate governance.

ETIENNE WIBAUX

FSince 1978, Etienne WIBAUX has been CEO of SUBRENAT, a textile family company. He holds a MBA from CPA in France. Since 2004 he has been Chairman of the Supervisory Board of the Company and President of SUBRENAT SAS and WX Investissements SAS. From 2004 to 2012 he was Chairman and Member of the Supervisory Board Financial Group SIGEFI North (Siparex Group - Private Equity). From 2007 to 2011 he was President of IFTH (Institut Français Textile et Habillement) and Vice-President of UIT (Textile Industry Union). Mr. Wibaux was President UNIAPAC from 2003 to 2006. He has also developed Social and humanitarian activities such as act as Administrator of the Foundation OK World (Groupe Okaidi), and the creation of the Family Foundation Cassiopée. He is Member of the Board of ICAM at Lille (Mechanical Engineers). In May 2003, he received the Medal of the Légion d'Honneur awarded by the Ministry of Economy and Finance.

STEFANO ZAMAGNI

Professor Stefano Zamagni graduated in Economics from Catholic University of Milan. Professor of economics at University of Bologna and Adjunct professor of International Political Economy at Johns Hopkins University, and, he has spent a research period in Oxford. He has been Director of the Department of Economics at the University of Bologna from 1985 to 1993 and Dean of the Faculty of Economics from 1993 to 1996,. Member of the Board of LUMSA University, Rome, Since 1991 he is a member of the Pontifical Council Justice and Peace. He is a Fellow of the Academy of Sciences of Milan, the Academy of Sciences of Bologna and the Academy of Sciences of Modena. He was appointed (2007) President of the Italian Commission for Non Profit sector, Milan. Member of the Advisory Board of EURICSE, Trento, and of UNIAPAC Foundation, Paris. He is a member of the scientific committee of various economic journals and reviews. Professor Zamagni is the author of several books, including Microeconomic Theory and Civil Economy and Paradoxes of Growth, both published in 1997. The Economics of Common Good, 2008, Avarice, 2009 and Family and work in 2012.





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