



UNIAPAC FOUNDATION HONORS COMMITTEE and BOARD THINK TANK MEETING 2012

UNIAPAC FOUNDATION



Subsidiarity Solidarity and Common Good

New challenges and applications in the business sphere

Rapport of the working sessions celebrated by the Think Tank of UNIAPAC Foundation

December 7th, 2012, Paris, France



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Burkhard Leffers, UNIAPAC Europe President, Vice president of BKU 5 (UNIAPAC Germany), past Board Member of Commerzbank (France, Germany)

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José Maria Simone, treasurer: Vice President UNIAPAC Latin America, past president ACDE (UNIAPAC Argentina), President and CEO Solinfi-Ingenieria Finanzas SA

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Special Invited Participants

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Georges Mallinckrodt, George W von Mallinckrodt, KBE, KCSG. President Schroders plc, UK.

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Françoise Vintrou is currently editor in chief of Dirigeants Chrétiens, the magazine of “Entrepreneurs et Dirigeants Chrétiens – Les EDC”, French member of UNIAPAC.

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PREFACE

Letter by the Chairperson of UNIAPAC FOUNDATION, Pierre Lecocq

Dear Readers,

UNIAPAC is an ecumenical union founded in 1931, grouping today Christian Business leaders Associations in 33 countries in Europe, Latin America, Africa and Asia. This international Union represents 16000 very active business executives, working in various leading sectors of the world economy. UNIAPAC is inspired and guided by the Christian Churches Social Thought: all of its members strongly believe in a free market economy anchored on the paramount dignity of the person.

The UNIAPAC FOUNDATION was created in March 2010 and has already established a central bureau based in Paris, and organized its institutional development on the basis of a Think Tank; this is at the center of the research capacity and the prioritization of the Programs the Foundation funds for the UNIAPAC national associations.

It is the Think Tank of the Foundation which organized and celebrated on December 7, 2012, a full day set of presentations and dialogue session.

The central focus of our discussions today – which shall aide setting priorities later as Board for the next years – is placed, on what I believe is a central theme for all of us gathered here. That is with the commitment and dedication as Christian Business Leaders of the present:

How should we respond on applying principles and lessons from the Christian Social Doctrine of the Church – which we value - in light of the complex Challenges that the present Epoch of Crisis, Globalization and Accelerated Changes poses to us, every day in our many varied engagements? What are the emerging themes that need novel responses? What are the opportunities and risks ahead, for our engaged work?

There is a collection of specific topics that have been selected by our coordinator, to stand up and produce a fruitful Dialogue, mainly centered on the preceding questions.

It is a matter of great satisfaction to me, in my capacity as Chairman of the Board and UNIAPAC President, to present to the large community of UNIAPAC members, and, to academics, intellectuals and policy makers as well, a full set of discussions on Subsidiarity, Solidarity and Common Good.

This letter, acting as a preface to the book, is also aimed at thanking with my whole heart and enthusiasm the very many contributions and commitments from Honors Committee members of the UNIAPAC Foundation.

I am happy with the results of our Third Annual Conference, and look forward to the work program leading to the 2013 Fourth Annual Conference and to its preparation through a series of regional such conferences.

Sincerely,

Pierre Lecocq, Uniapac Foundation Chairman of the Board and Uniapac President

Paris, France, March 24th 2013



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I.I Introduction by *Directeur Général*

Globalization, technological change, financial Crisis and new habits of consumption and inhabiting the planet have produced accumulation of challenges and tensions to humanity in unprecedented scale. Citizens living in the first decades of the XXIst century are witnessing the emergence of a *new epoch* in the mankind's history. Entrepreneurs of very many geographies have to cope with all these changes.

They must do with an attitude of optimism and faith but with their feet grounded on reality. The present global crisis has given them added opportunities for exercising new powerful forms of leadership. This is not easy to all. When we visualize the complexity of this scenario in light and focus on the Christian Social Doctrine we understand that some important questions have to be raised.

Are the present institutions; private and public, local and global, well-fitted to cope and respond to these multiple tensions?

How do principles of Solidarity, Subsidiarity and Common Good stand up as pillars to provide guidance and light in the new present state of affairs?

What applications (CSR, Subsidiarity management, Reputation Capital and similar) are more relevant for the convulsed decades of the epoch?

How do we update some of the classical visions on humanism and ethical behavioral school from the past centuries? Is there an aggiornamento to be done? Why or why not; and I particularly how?

In specific and concrete terms, we have convened at the Uniapac Third Annual Think Tank aimed at reaching the scope of business leaders, with a dialogue oriented to explore the profound causes and consequences arising from all these issues. We have come in humble spirit, with our human antennas very open. Emerging from such one long day of documented discussions in the key sessions, interesting new visions were sketched.

For example, describing the core of the afternoon sessions, participants actively engaged in discussing how the key concepts of Trust, Solidarity and Gratitude provide better tools, in the daily effort to care for and defend the dignity of the human person, in all of the economic endeavors. The proposals were many; the spirit was extremely constructive.

In sum, the overriding purpose of the summit, -now of the book for publication -was to pay close attention to the importance (validity) that Christian Ethical message do have in the present Epoch. With a careful need to enhance the design of applications, as well as the process of communication for larger outreach, given special requirements arising from a new emerging institutional order within the postmodern Society.

Welcome to the reading.



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Morning Sessions

Panel I: "HOW DO SUBSIDIARITY, SOLIDARITY AND COMMON GOOD STAND TODAY ON THE FACE OF THE TWENTY-FIRST CENTURY CHALLENGES?"

I.II Presentation by José Ignacio Mariscal, Past President Uniapac International

Thank you for inviting me to coordinate this first panel of the Foundation Board Think Tank Meeting with the theme: *"How do subsidiarity, solidarity and common good stand today on the face of the XXI century challenges"*. I would like to start by reminding all of us that the most basic principle of Christian Social Thought is the respect for human dignity. Human beings have to be at the center of all our actions. Our real challenge is to consider the person as the goal of everything we do, right now in and in the future of our companies.

As businesspeople, we must have always in mind that the work we do has to include the practice of values and principles in our companies. There has to be coherence between what we believe and what we say and how we act. Of course, these principles have to be translated in concrete actions. First we have to understand which the issues at stake are.

The world keeps on going forward. We have to realize the validity of the principle of the universal destiny of goods and services as a guide to take steps in the right direction. We, as a generation, have inherited everything from the previous generation: culture, education, technology, goods and services, among other things. Because of this we have the moral duty to improve what we have received in order to create a better place to live. In our Christian heritage this means to build here and now the kingdom of God and pass on to the next generation the awareness of its significance.

That is the reason why we are here on earth, this is what we live for, this will be our legacy. If we follow these principles, at the end of our lives what we will show as a result of our actions will surely be the satisfaction of a job well done and our contribution towards the building the kingdom of God.

We are now experiencing the revolution of information technology, which has touched us in a permanent way. These technology systems keep us interconnected but isolate us at the same time. Information technology has changed the way we do most things: consume, invest, communicate, educate and relate to people. These changes can be assets to help us be better persons. In Uniapac, in our Corporate Social Responsibility scheme, we have proposed to have the human person as the center of our strategies that include: - The body (having): the generation and distribution of wealth.

-The mind (being): quality of life- The spirit (transcendence): ethics and transparency

Body, mind and spirit are inherent components of human beings, there has to be a balance among them within a person. To achieve this balance we cannot focus only on having. Being is what makes us grow and transcending is what makes create a better future for the generations to come. THIS IS THE ART OF LIVING. And we have to apply this scheme in our companies.



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The challenge that our panel has is how we emphasize the importance of the person as the center of macroeconomic and macro-social strategies. Another challenge is how we can live out in concrete ways the principle of fraternal love within the present context.

There are trends in our world right now that demand of us profound reflection about their impact on people: globalization, the new international order, democracy, fundamentalism, cultural diversity and market economy, among others. As the world evolves, the Western hemisphere has not been already for many years the only relevant force, there are powerful currents with different views on economic, social and philosophical matters, there is even no consensus about the concept of the person. In our reflections as Christian businesspeople, I would ask you to have in mind the principle of reciprocity, which helps shed light on many of these new changes. Archbishop Nichols, from London, gives a good explanation of the concept of reciprocity: "This means more than the Golden Rule – do as you would be done by. Reciprocity is not a charter for reprisal if things go wrong! It means building relationships of trust by looking beyond purely contractual or legal obligations. Catholic Social Teaching identifies two levels of reciprocity; the lowest is at the level of justice: giving what is due, including truth and honesty and not misusing knowledge and power. But it also extends to what we call 'fraternity', or 'gratuity', something that goes beyond duty, something that is part of charity, properly understood.

This exhorts individuals to seek ways to truly understand the needs of others and to seek to provide for those needs." I will end with a quotation from the encyclical "Caritas in Veritate": "(Jesus says :) 'Apart from me you can do nothing' (Jn 15:5) and then he encourages us: 'I am with you always, to the close of the age' (Mt 28:20). As we contemplate the vast amount of work to be done, we are sustained by our faith that God is present alongside those who come together in his name to work for justice. God gives us the strength to fight and to suffer for love of the common good, because he is our All, our greatest hope." I have shared with you these concepts because I firmly believe in their wisdom. Now I would like to ask Professor Zamagni to start his participation in this panel.



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I.III Notes on Subsidiarity Solidarity and Common Good

Presentation by Stefano Zamagni, Professor of Economy, Bologna University

The emergence of a global economic order has come to represent the most characteristic feature of our age. Globalization entails many dimensions, but it is a fact that the creation of a global financial market constitutes the most relevant one. The increasing importance of the financial structure with respect to the real side of the economy is posing a novel paradox. At a time when we would need more regulation, just because financial markets are intrinsically unstable, we have less, since international financial institutions are weaker, in relative terms, than the domestic ones, or even non-existent. As we are reminded by Charles Kindleberger: "...If there is no authority to halt the disintermediation that comes with panics, with forced sales of commodities, securities, and other assets, ... the fallacy of composition takes command. Each participant in the market, in trying to save himself, helps ruin all" (1996:146).

An important implication of the paradox noted above is revealed by the recent financial crisis which has shown a peculiar nature, reflecting one novel feature of international capital transactions. Although capital and goods markets are increasingly integrated, policy making has largely remained a national matter. Most authors claim the relevance of institutions in the new global financial environment. The necessity to introduce a new global financial architecture can be seen as a first step in the direction of re-regulating the international monetary system.

Indeed, the conditions under which institutions such as the World Bank and the IMF were founded are no longer with us. There are structural flaws in the present-day system, which was conceived for the western world (and not for developing countries) to assist in adjustment of current account imbalances. Yet, there are too many different ideas on what institutions should be in place, what they should do and how. The frequency and magnitude of major disturbances such as the international financial crises reflect the tremendous asymmetry existing between an increasingly sophisticated, yet unstable, international financial system, and the institutions that regulate it. The world lacks the types of institutions that financial globalization requires. The case for the provision of emergency lending by the international financial community, eventually by the International Monetary Fund (IMF), can be strongly made on theoretical grounds. More generally, a world in which large nations gear their macroeconomic policies to internal goals (and can afford to do so) and markets are integrated generates externalities for third countries, especially smaller developing economies. It is crucial that international economic organizations, international financial institutions in particular, play a leading role in internalizing the positive externalities and in mitigating the negative ones.

2. A pragmatic contradiction should be noted already at this stage. The proposals so far put forward for a new international financial architecture, while assigning to the G-8 a major role in the steering of the monetary system, do not contemplate any form of policy coordination –not to mention cooperative behavior– among the G-8 themselves. Yet, it cannot be denied that the international repercussions of the domestic policies of the seven largest countries are a major determinant of financial stability.



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The increase in economic interdependence, associated with globalization, means that even large sections of a population can be negatively influenced by events that take place even in 'distant' places. For example, side by side with the well-known 'depression famines', contemporary reality has also experienced 'boom famines'. The expansion of the scope of the market – in itself a positive phenomenon – means that the capacity of a social group to gain access to food depends, often in an essential way, on what other social groups do. For example, the price of a primary commodity can also depend on what happens to the price of other products. The nation state, by adopting wrong economic policies, can undermine the capacity of certain sections of the population to gain access to food (the Soviet famine of the 1930s and that of Cambodia at the end of the 1970s are clear examples of this).

In essential terms, it should be recognized that today's major social and economic problems are more a question connected to institutional structures than to resources and know-how. The institutions that are involved are not only economic institutions but also political and juridical institutions. To recognize this means to increase our responsibilities, since institutions are man-made.

There is still a dominant belief about the benefits of adhering to comparative advantages. However, according to the model of David Ricardo (creator of the concept) the system functions as long as there is no transnational mobility of capital. Internally, capital searches for the most adequate niche that gives it the comparative advantage. However, when capital is granted full transnational mobility, it will look for absolute advantages in countries that allow for lower salaries, lower taxes and less environmental regulations. As posed by John Gray, London, 1998: "When capital is (transnationally) mobile it will seek its absolute advantage by migrating to countries where the environmental and social costs of enterprises are lowest and profits are highest. Both in theory and practice, the effect of global capital mobility is to nullify the Ricardian doctrine of comparative advantage. Yet it is on that flimsy foundation that the edifice of unregulated global free trade still stands".

3. History has shown that a new international order has always become established at the end of a war of hegemony. We can see the example of the Thirty Years War, the Napoleonic Wars, and the Second World War. All these are events which, after destroying the old order, left behind *tabulae rasae*, on which the victorious powers were able to inscribe the rules of the new order. No such situation exists today. Firstly, there is no agreement on who actually won the Cold War (assuming that there was a winner). Secondly, there is no agreement on whether we are living in a unipolar or multipolar world, or on which countries should be counted among the great powers today. (Should military force or economic muscle be used as the yardstick for qualifying as a great power?).

Another major feature of this age is the number of agents that are seeking to play a major part in the process of building the foundations of a new international order. One might say that international affairs have become a 'participatory democracy' issue, which helps to explain why it is becoming increasingly difficult to rapidly reach agreement. Bretton Woods and the Uruguay Round are a case in point. Bretton Woods was completed in a few months by only two men (J.M. Keynes and H.D. White), while the Uruguay Round took ten years of bitter negotiations between a dozen major parties plus about 100 international governments in the background.



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A third feature that is unambiguously typical of the present phase in our history is the radical change that has occurred in the international distribution of economic and military power. For over three centuries the international system had been dominated by the Western powers, with the centre of gravity in the North Atlantic. Even the Cold War was a struggle between two 'visions' belonging to the same European civilization. Today, economic power has shifted towards the Pacific and East Asia areas that are now becoming the centre of gravity of world history, for better or for worse. This means that the emerging Asian powers will increasingly demand a part in designing the international institutions. But these (take the United Nations Security Council, the World Bank, the IMF etc.) are dominated by the ideas and the interests of the Western powers who are doing nothing to redress a situation that has now become untenable. As always occurs in international relations, where power and authority coincide, the emerging powers, dissatisfied with the status quo, are doing everything they can to change the situation.

These considerations lead us to the vast issue of cultural relations in the global village. How are we to distinguish between cultural interaction and cultural imperialism? How can we organize cultural diversity to prevent a breakdown in communications and the development of potentially closed communities? The mismatch between centripetal globalization processes and centrifugal isolation processes, or between interaction and fragmentation, is certainly a danger and threatens to undermine the common destinies of the whole of humanity. It is not enough merely to condemn different forms of 'fundamentalism' without asking how these have come about and without seeking to look at the dark side of our Western universalism.

4. So what is to be done? There are a variety of different ways of reacting to the challenges thrown down by twenty-first century challenges. There is the way that we might call 'laissez-faire fundamentalism' that advocates a plan for technological transformation driven by self-regulated systems, with the abdication of politics and above all with the loss of scope for collective action. It is not difficult to see the risks of authoritarianism, resulting from the democratic deficit, that are inherent in such an approach.

A second way is the neo-statist approach, which postulates a strong demand for regulation at the level of national government. The idea here is to revive, albeit partially renewed and rationalized, the areas of public intervention in the economy and in social spheres. But it is clear that this would not only produce undesirable effects but could even lead to disastrous consequences in the case of transition countries. For the implementation of new free-market policies would, under current conditions, damage the already low levels of prosperity in the developing countries.

Lastly, there is the civil market economy strategy. What are the distinctive features of this approach? I would identify five of them.

a) The economic calculus is compatible with the diversity of behavior and of institutional arrangements. It is therefore necessary to defend the less powerful varieties, to be set aside for the purposes of learning, to be used in future. This means that the selection filter must certainly be present, but it should not be too subtle, precisely in order to make it possible for any solution that exceeds a certain efficiency threshold to survive. The global market must therefore become a place



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in which local varieties can be cross-fertilized, which means having to reject the determinist view, according to which there is only one way of operating on the global market.

It should not be forgotten that globalization inevitably levels down all the institutional varieties that exist in every country. There is nothing surprising about this, because the rules of free trade are unhappy with cultural variety and view institutional differences (for example: different welfare models, education systems, views of the family, the importance to be given to distributive justice, and so on) as a serious obstacle to their propagation. This is why it is essential to remain vigilant in order to ensure that the global market does not eventually constitute a serious threat to economic democracy.

b) The application of the principle of subsidiarity at the transnational level. This requires that the organizations of civil society – UNIAPAC is one of these - recognized and not merely authorized by the states. These organizations should perform more than a mere advocacy and denunciation function; they should play a fully-fledged role in monitoring the activities of the transnational corporations and the international institutions. What does this mean in practice? The organizations of civil society ought to play public roles and perform public functions. In particular, these organizations should bring pressure on the governments of the major countries to get them to subscribe an agreement which is capable of drastically curbing the benefits accruing to the sudden withdrawal of capital from the developing countries.

c) The nation states, particularly those belonging to the G8, must reach an agreement to modify the Constitutions and statutes of the international financial organizations, superseding the Washington consensus, which was created during the Eighties following the Latin American experience. What this basically entails is writing rules that translate the idea that efficiency is not only created by private ownership and free trade, but also by such policies as competition, transparency, technology transfer facility policies, and so on. Over-borrowing and domestic financial repression are the unfortunate consequences of the application by the IMF and the World Bank of this partial, distorted and one-sided view of things. It should be recalled that in a financially repressed economy inflationary pressure drives a wedge between domestic deposits and loan interest rates, with the result that national corporations are artificially induced to borrow abroad, while domestic savers are encouraged to deposit their funds abroad.

d) The Bretton Woods institutions, the UNDP and the other international agencies should be encouraged by the organizations of civil society to include among their human development parameters wealth distribution indicators as well as indicators that quantify compliance with local specificities. These indicators must be taken into consideration, and given adequate weight, both when drawing up international league tables and when draughting intervention and assistance plans. Pressure should be brought to bear in order to gain acceptance for the idea that development must be equitable, democratic and sustainable.

e) Finally, a rich fabric of non-utilitarian experiences should be created on which to base consumption models and, in more general terms, lifestyles that are capable of enabling a culture of reciprocity to take root. In order to be believed, values have to be practiced and not only voiced. This



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makes it fundamentally important that those who agree to take the path towards a transnational civil society must undertake to create organizations whose modus operandi hinges around the principle of reciprocity.

The main message I want to convey is the following. It is by now a well-recognized fact that market systems are consistent with many cultures, conceived as tractable patterns of behavior or, more generally, as organized systems of values. In turn, the type and degree of congruence of market systems with cultures is not without effects on the overall efficiency of the systems themselves: in general, the final outcome of market-coordination will vary from culture to culture. Thus one should expect that a culture of extreme individualism will produce different results from a culture of reciprocity where individuals, although motivated also by self-interest, entertain a sense of solidarity. In the same way, a culture of peace and harmony will certainly produce different results, on the economic front, from a culture of positional competition. This is the fundamental role played by Catholic Social Thought.

But cultures are not to be taken for granted. Cultures respond to the investment of resources in cultural patterns, and in many circumstances it may be socially beneficial to engage in cultural engineering. Indeed, how good the performance of an economic system is depends also on whether certain conceptions and ways of life have achieved dominance. Contrary to what many people continue to believe, economic phenomena have a primary interpersonal dimension. Individual behaviors are embedded in a preexisting network of social relations which cannot be thought as a mere constraint; rather, they are one of the driving factors that prompt individual goals and motivations. People's aspirations are deeply conditioned by the conventional wisdom about what makes life worth living.

A second message is to call attention to a most startling paradox characterizing the present phase in international financial relations: in spite of the apparent atomization of post-industrial economies, this epoch needs more, not less, collective decision processes; more, and not less, cooperative efforts. Indeed, as the new political economy has convincingly demonstrated, at the bottom of each market failure we find the market inability to produce cooperative results, which in turn are the effect of the presence within the economic system of significant and solid networks of trust. In a well-known essay, Arrow (1972) writes: "One can plausibly maintain that most of the world's backwardness can be explained by the lack of mutual trust". The reasoning underlying this proposition is simply that development demands high levels of cooperation and the latter, in turn, implies deep trust ties among economic agents. The strong connection between trust and development opportunities has been ascertained at the empirical level too. Suffice here to mention Robert Putnam's accurate research as well as the important work by Partha Dasgupta, and the conclusions reached by the World Bank, on the connection between the degree of trust in personal relations and private investment. As expected, these authors find that most countries with an above-average level of trust also present higher levels of investments. One can safely say that the market is an institution resting essentially upon trust, which means that trust must already be in existence before a market economy can start its functioning. In all societies an informal network evolves to structure interpersonal relations. The fabric of this framework is essentially made up of relations of



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trust, which, in a sense, provides a sort of common language for encoding and interpreting information for the agents.

If so, the following question needs to be raised: which conditions should be met for an economic system to generate and improve trust relations? It is the case that civil society is the privileged locus where trust inclinations are fostered; not so much the market itself which is rather a "trust-consumer", not a "trust-producer". Indeed, the two fundamental elements of trust - mutual acknowledgement of identities and engagement not to cheat nor betray even when it is feasible at no cost - cannot be generated via a reputational mechanism, since they must be offered initially as "free gifts" by the agents involved when the market process starts. If this were not so, people would never enter agreements that are not fully enforceable. It may be of interest to report the following passage from an interview to Peter Drucker: "Above all, we are learning very fast that the belief that the free market is all it takes to have a functioning society - or even a functioning economy - is pure delusion. Unless there's first a functioning civil society, the market can produce economic results for a very short time - maybe three or five years. For anything beyond these five years a functioning civil society - based on organizations like churches, independent universities, or peasant cooperatives - is needed for the market to function in its economic role, let alone its social role" (Ottawa Citizen, December 31st, 1996).

This is why it is conceptually misleading and practically unproductive to reduce trust (which is a relation between agents) to reputation (which is an asset), since it would prevent economic research from inquiring about the strategies to be followed in order to reach that critical threshold of generalized trust among agents beyond which the market can subsequently act both as a reputation control and as a reputation enhancing device.

The specific nature of the "tragedy" of transition economies - think of the case of Russia for all - lies in the following disquieting paradox: in spite of the fact that it is in everybody's interest that transition to a market-type society is obtained, the cultural matrix prevailing in society and the nature of social dynamics of individual behaviors might be such that multiple equilibria exist that can take the economy in many directions, including decline. There is no doubt that the fact that modern economics stubbornly continues to forget about the social acceptability (i.e. the justice dimension) of market outcomes bears a certain responsibility in the generation of those perverse results which we observe in many countries.

I do not wish to hide the difficulties lurking in the practical implementation of a cultural project targeted at nothing less than a "paradigm shift" in economic thinking. As in all human endeavors, it would be naïf to imagine that certain changes do not create conflict. The differences of vision and the interests at stake are enormous. It is no accident that a kind of widespread anguish about the future is running throughout society today. Some people and certain pressure groups are exploiting this anguish as a political tool, deriving from it, depending upon the circumstances, either a market-centered Machiavellinism or a State-centered Machiavellianism. It is precisely against this neo-Machiavellian culture that all those - like Christian entrepreneurs and managers - who believe in the principles of Social Teaching of the Church have to battle today.



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Words of Profesor Zamagni

I participated in the General Assembly of Pontifical Council in Roma where he met Michel Camdessus. He pointed out the new things of the epoch we are leaving now.

The Globalization in the technical sense. In November 1975, in Rambouillet (France), took place the first Summit of the G6, then it became the G7 and now it is the G20. It was an historical Summit, and the word “Globalisation” appeared for the first time. This term of “Globalization” was used by Thomas Levit (journalist) in 1991, the word was not existing before. The Industrial revolution had nothing to do with Globalization. Both were in conflict. In the last 30-40 years, we see appear a culture on individualistic philosophy; we think about individuals but not about persons. The basic pillar of Corporate Social Responsibility is the principle of the centrality on the human being as a person. Individualism has modified the governance. Regarding the three notions of Private Good, public good, Common Good, in terms of the rule of government, it cannot be the same for the Common Good as for public goods. A characteristic of the last 40 years is the degree of inequality. Reference to a recent book by Branco Milanovic (World Bank of Washington)¹

There are those who have, and those who have not. But, the market economy cannot flourish without equality: if people cannot participate in the economic game, it cannot work. Regarding the financialization of the economy, the financial business is fifty times larger than the level of importations and exportations.

An American scientist raised that in the last few decades the public politics turned out to private politics, which supposes that the decision process is made without liberty systems. People are not called to express their opinions. However, the vote is the only way to express our opinion. The vote is the only way to express our point of view.

The major consequence is the apparition of the phenomenon of the individualistic culture.

As the title of a book, we are at “The end of education”. In a cultural sense, education is forbidden: what family can do? Before instruction was something obvious; nowadays, we don’t care about education.

In very high level Universities, it is to the individual person to decide. To educate is human. Whereas instruction is to put in your brain, education is opposite to instruction, meaning to take out of your brain.

Reference to Uppia, a philosopher from America, on self-instruction: what a group of entrepreneurs can do? It is not enough to be happy with CSR. What is the basic point of it?

Entrepreneurs have an active attitude, defend a corporate philanthropy, and respect the human being. However, it is not enough as entrepreneurs should take an active role in specific areas. The major force is coming from entrepreneurs. There are the engines of our society, but they have to act in a period of relative difficulty.

¹ Milanovic Branco is Lead Economist in the World Bank research group and visiting professor at the School of Public Policy at University of Maryland. Belgrade University



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There are 3 areas: the civil society, ie the organization of the society, which is inclusive, different from the concept of Polis (Greek name), which is exclusive. In the civil society, everybody is supposed to participate. The implementation of Welfare society instead of welfare State was a great idea, in 1942, but it was no longer sustainable. How to act in such a transition?

Entrepreneurs will do the transition. They should take the lead. The idea of welfare society is the proper application of Subsidiarity.

Second fear of business community, is the fear of civil society organization (Churches, Uniapac associations).

To avoid that, the 3 spheres (the Business world creating new profit, the political institutions building the rules of the game and the economic institutions) should be put in a situation to interfere, interact, which is circular subsidiarity, which influences on management. Results are fabulous and it is Subsidiarity....

The business world creates new profit and Institutions create the political game.

Robinson and Acemoglu²², academics of Harvard University, explain the failure of the nation by making the distinction between extractive institutions and inclusive institutions. Why does the nation fail?

Distinction between: extractive institution and inclusive institutions. An inclusive institution includes everybody. If one institution is dominating the other, it fails: Uniapac should talk about it.

The third area is the Corporate Family Responsibility. The issue of family is a serious one:

50% of families are broken. Fertility rate in Italy is the lowest in the world. In France, the rate is 2,4% of children (exception in Europe). Family time has to be compatible with work; most of our organizations are organized around production, which is a crucial problem.

He arrives to the conclusion leading to the 4th area: a peculiar one: it has to do with the Church, which is in a difficult situation both on a local level and a universal level. There is a huge problem: we have empty buildings. On the congregations' level, the Church needs entrepreneurs: project to put the capacity and competences of the entrepreneurs at the service of the Church: For instance, the Vatican bank has difficulty to find someone valuable to work for them. They cannot put a work announcement.

Saint Ambrosi, Bishop of Milan said: "The crisis is a good thing if the reconstruction will make the building more beautiful"

²² Daron Acemoglu & James A Robinson Why Nations Fail: the Origins of Power, Prosperity, and Poverty, Profile Books, 2012.



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I.IV Public and Private cooperation to respond to our Epoch challenges

Presentation by Jérôme Vignon, President of Semaines Sociales de France

In what extent business is concerned, by contributing to a solid building of World public authority?

We need new Public Policy architecture; we need to reestablish this responsibility at a world level. Responsibility of business: I remind participants why the principle of Common Good provides enlightenment for building a solid public authority.

The Key principles are Centrality of each human dignity and Mankind as a family. Two elements must be placed together thanks to solidarity and Common Good. Each level of authority has to give up its authority for the best of itself. The metric is Common Good. These two levels go in hand together.

In 1963, The Pope's Jean XXIII Encyclica, already was dealing with Globalisation, and he underlined how important were Human Rights. Based on the need to upgrade at a global level and driven by Common Good we arrived to United Nations and that whole architecture. Caritas in Veritate serves to the reinforcement of statement: strengthen political authority, and there are three aspects in the way of describing it.

New challenges of tomorrow, that CSR helps to understand.

In the political area: it is necessary to establish authority, military disarmament, and macro-economic stability, ensuring full safety and safe environmental for all.

On global actors, an overall statement: how to establish a world regulation which respects the Common Good?

Promotion of Solidarity: politics connected to the value of solidarity. Avoiding a monopoly of power, and, sharing powers. Each member has a full capacity to participate into the game (CO2 emission, environment, decentralization, etc)

Avoid arrogance: it is not just words. But it has to be concrete action: like help a poor company to receive capabilities. Solidarity goes with Subsidiarity.

In the Business Sphere? New process of strengthening the political authority. Before business communities were reluctant to the role of World organizations: regulating seemed too much. So the ruling of the market diminished.

Second role of Corporate Responsibility: People with no experience on companies can play an interactive role, to make international institutions work, for instance in the water supply in social services it would be helpful.

Business should accept to go in Corporate solidarity. Financially linking principles of organizing big bodies with solidarity and feeling of belonging. Even if it is difficult to achieve, concerning market and regulations to apply the principle of cooperation between both public and private sector is always possible.



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Reactions to presentations

Burkhard Leffers: In the relationship between capitalism and poverty can explain that poverty has been diminished in 15 % In China we see positive development since 20 years but growing inequality.

Stefano Zamagni: not poverty but inequality. That is not the same, inequality is threatened to peace, and poor never make a revolution.

Burkhard Leffers: for J Vignon, lower public authority. Regulation: structure of authority we have to live it?

Regulation: The structure of authority is empty, it is our individual role. The reimbursement of the crisis crash has to be paid 50 times.

We have to avoid saying it is affairs of politicians

Brian Griffiths: Professor Zamagni: welfare state is unsustainable. We have a Government deficit/ entrepreneurs have a key role to make move things. I agree with the role of entrepreneurs: competition has become so extensive in every area.. People crowded with work , no time to give back to the society. How can this kind of business survive? How you reconcile it?

Stefano Zamagni: He talked on a group of entrepreneurs worked in a hospice, the only way to maintain universal wealth (Hospice, prison where prisoners have worked)

2 models of competition: competition is ineffective in the long way

Book "Shared capitalism": the new entrepreneur of today is to maximize shared values: example of "Bambino Jesus", which is a real success, Italian citizens should be proud of "Bambino Jesus" We have to change the organization.

Jérôme Vignon: the main thing depend on that; But if we cooperate in a chaotic environment, we won't achieve results. Regulation should avoid a silly behavior. Need to regulate the environment!

George Mallinckrodt: how do we motivate people in our organization?

Everybody is motivated in our company as participating in the life of our employees. In my company, if employees do activities, we encourage them. As a consequence, the spirit in our company has changed; it is a spirit of partnership rather than employees.

Pierre Lecocq: Leadership is the key role of the leader; he has a huge responsibility on the culture of the company. If we realize that, things will change. The more you believe in someone, the more you are profitable!



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Edouard Herr: between the person and the regulation: institutional structure. Persons are at the root, the ultimate finality is the person!

Subsidiarity: each person can take his own destiny but strong regulation is necessary; ex: family, property regulation. If we want to build solidarity, we need the rules of the game. As Uniapac, we are responsible for that: who does this rule and for whom?

Uniapac should think about the new regulation: what should it be?

Take in charge yourself is take in charge the common good. We need strong institutions, Uniapac should be invested in the rule of the game. Jean Paul II and Benedicts XVI both underline that point. Direct employer/ indirect employer: you are in charge of both. As Professor Zamagni said, there are 3 dimensions:

Bishop Krause: Issue of freedom: the issue: pattern of family

Corporate social responsibility: what can do Subsidiarity for CSR?

The same unit of life: a strong family. An elementary need: welfare of the children, and of old people: increasing topic in our society. The family is shaping the future of our society: redefinition of the term of family: participation of women in the top management. Redefinition of the role of women.

Mike Naughton: Difference between individuals and persons: we are trying to be persons. We have to understand it in the institutions. What is the role of institution? Family is the cultural basis, the fundamental institution: it is a community of persons. Business is as well a community of persons/ We are in a technological culture.

Pierre Lecocq: The word “person” does not exist in Saudi Arabia neither in China...The scheme: families consume, and entrepreneurs produce has to be changed. Even family has to be seen as a productive unit.

Brian Griffiths: with the present recession, a huge structural crisis. There are tremendous opportunities, defend the market economy: Christians have to speak on the market economy. Amazone, Google pay no taxes...For Christians, liberalism is not individualism.

Jérôme Vignon: let's innovate! Find an interactive way to talk with public authority. Leaders: they have an important to play but they are not fulfilling their role. The trend is not good. We have to struggle. Justice is not enough to make peace in the world. When it is linked to government, it works. Benevolent justice!



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II.I Essentials of Modern Capitalism: Examination of roots to help generate a Metamorphosis³

Eduardo Aninat

Summary:

The present essay introduces in summary fashion some of the key topics that in the opinion of the author do help synthesize many of the underlying tensions that are at present characterizing the Crisis scenario in pos-modern Capitalism. An attempt to link these to a few historical and structural features concerning developments of capitalism as a social system is done; followed by identification of the crucial roles that Corporations (key human construct) have played in the system, and exploration of their evolving trends. The paper closes by an innovative examination of how the application of Reputation Capital could be linked to CSR, so as to enhance the humanizing values of present day Corporates (subsidiarity with reputable deeds). A more complete and elaborated Book is in draft process by the author, which explores further the linkages of the ideas with, added issues, and, other key agents' roles intervening within a general equilibrium system for postmodern Capitalism.

I. THE PARADIGM STRUCTURE: Present Day Contradictions

In the present state of affairs, vast groups of peoples of goodwill agree that important questions about capitalism today are as follows:

- What has gone wrong in the Capitalist system?
- Why, how, it went particularly wrong during the Financial Crisis?
- Can the deviations be reasonably /timely corrected?
- Are we evolving towards a mutation of the whole system?
- Which are new roles required from Corporate firms, in their capacity as key capitalistic entities?
- How can the new roles enhance the system, for improved results?
- How can reform, cooperation and metamorphosis lead the system to a more humane and dignified set of relationships between different intervening persons?

I retain the essential features of the Capitalist system as we know it. And attempt a contrast of some of these, with inputs derived from lessons provided by Economic History, and, insights from the modern Social Sciences. In particular: we focus and discuss the specific roles that the analytical Corporation category, has played in the economic deviations (as present), and, in efforts for improvement (future) We end the note, with the introduction of the concept of Reputation Capital , which we shall utilize to enhance applications of the approach of Corporate Social Responsibility (CSR), in way of enhancing human communications in Corporations.

³ Abstract from a longer work (Book on The Evolution of Capitalism)- drafted for presentation to the Third Think Tank Reunion Paris , *Fonds de Dotation Uniapac*



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The Failures of the Capitalist Paradigm: More than simple externalities.

Traditionally, academic economists treat the cases of welfare imperfections of the system, as “externalities”. This is term has a very long history. The concept is utilized for analytical synthesis within the so called “Marginalist School” in the Science of Economics.

The problems of the present largely surpass the scope covered by “Externalities”: we are now in another more complex kind of world, in terms of the incidence, and of systemic weight of the issues at hand.

We have been observers -for the last decade - of a vast derailment in: International Capital Markets, Cross - border transactions, Banking models, uses of financial derivatives, Mortgage and Housing systems, Sovereign debts, Central bank balance sheet impacts, and magnitudes of fiscal bailouts related to the devolution of the Global Crisis. A succinct presentation of the areas/ sectors involved in these deviations and massive distortions, can be found in the booklet: “The blurred economic system: The Financial Crisis and its aftermaths”⁴

Marginalism as an approach will not do this time, because many of the causes are deeply structural and include quite complex ethical roots. The malaise is deeper and sophisticated. It now embodies a large set of intervening factors: human edgy behavior; very peculiar biased incentives; institutional gaps; short termism visions. All of these have been intertwined in an odd maze, having now a global scope in outreach and in the challenges raised.

The failure of the Capitalist paradigm as we have recently seen it encompasses a mixed, very varied, set of areas. By the same token, to be balanced we cannot ascribe this state of affairs to the responsibilities of just a single selected group of agents (i.e. bankers; leveraged funds; stock markets; mortgage borrowers; speculators).

The malaise is much broader in its roots and manifestations; and is more complex regarding all relevant linkages. Caricatures can be sometimes useful for simplicity and to the effect of messaging but they can hardly become truly scientific. Recent economic institutional failures, massive bankruptcies, market disruptions, were not solely responsibility of the financial investors themselves or of particular corporate sectors as such .True: on several of the contemporary cases , it were these agents that were occupying main driver seats.

Using a more general perspective, there had been concurrence on the fabrication of deviation by an ill-convergence of a broad spectrum of actors : in some of the system’s bureaucracy, in some of the key public officials , in several regulators, in short -sighted politicians ,in very many greedy investors, in a pack of unethical entrepreneurs , in disreputable bankers , in short sighted trade union leaders , and in several grossly un-experienced savings households .To use the language from a German playwright , Bertolt Brecht: this Crisis clearly is becoming something similar to “The Trial of the City”; everyone goes after everybody else!

One of the contrasts with prior episodes of Cyclical or Structural shifts belonging to long history is the actual character of pervasiveness, and far reaching consequences of contagion by multiple agents. Those operating in varied sectors and different geographies. The virus has spread thus, both forcefully and extensively.

⁴Opinions Series n° 1, Foundation Uniapac, March 2012.



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Some people wish to correlate this expansionary wave of the Crisis with a spreading of the globalization process in an accelerated mode after 1991. In our own view this is but one component for contagion. Given that this Crisis is more connected to other features of the system, such as the unethical human behavior rising to the forefront, in key sectors.

Several brilliant thinkers pertaining to the philosophical , economic , sociological domains, have written very formally - in the capacity of conspicuous observers- predicting that one aftermath of the present failures, shall be a gradual -but decisive- walk on a road of sizable change ; one that at the end will signal the birth of a new paradigm (system).

We shall later present a few relevant quotes in these matters from thinkers such as: Philippe De Woot, Jeremy Rifkin, Stefano Zamagni, and Otto Kraemer, pointing in the latter direction. These are names derived from a growing number of serious opinion leaders working in the direction of identifying forms (forces) leading to a full overhaul of the dominant paradigm.

Let us add a vision of problematic issues in the public sphere as well, to get a fuller view We proceed to that in the following caveat.

II. Two longer run poised Failures of the Modern System.

On another structural area, we may accept that the *modern* Capitalist system has become deficient on two additional grounds of social economics:

- The Equity characteristics of the Model: Income Distribution
- Externalities over the Habitat and Natural Environment

The Capitalist model has behaved as incredible strong machinery for expansion of trade, consumption, investment and growth. But it has not proved to be oriented in any decisive way to *correct inequalities at large. This has occurred* even in places where Capitalism has championed for long decades, or centuries.⁵

Academic leading social scientists such as Nobel prized Robert Solow (on the decline of income shares of the middle classes), Jeffrey Sachs (on the issues concerning Basic Need gaps), Joseph Stiglitz (on discrimination producing inequalities), Francois Borghuon (on the *mondialisation* of inequality) , Paul Collier (on why poorer countries are failing), T.Piketty & Emmanuel Saez (on USA income inequalities), and A. Alesina & Dani Rodrick (on redistribution policies and impacts over growth), are but a part of a larger group of distinguished authors that are pointing out massive modern evidence about growing income inequalities in very many dimensions.

A grand discussion on the most recent trends for increasing trends on inequities is dominant in educated media in USA at present, covering an expanded debate on empirical evidence showing aggravation here.

Traditional economists, and laissez faire policymakers, were optimistically relying on the assertions of the so called U shaped Kuznets *curve theory*: a statistical law developed by Harvard Professor and Nobel laureate Simon Kuznets who studied and correlated the changes in the degree of Equality in a

⁵ There are multiple recent studies from academic sources in both the USA and Europe that statistically assess what we described here. And the issue of the prestige magazine *THE ECONOMIST* (October 13th 2012, number 405) opens its large Special Report on the subject saying « Growing inequality is one of the biggest social , economic, and political challenges of our time. But it is not inevitable » (article page 3 – 26).



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vast array of countries as these traversed different stages of Economic Development .During the first few stages of the development process it was shown by Kuznets : that Equality (measured by Gini) would diminish, but , after stages of positive periods of growth then Equality would clearly improve (rise).

Well, the case has evolved in a *different way* during post modernity:

Particular Model shifts; big technological changes; different premium values on resource scarcities (premium on talents for highly educated human capital); features of the process of globalization; several other factors, have all contributed to*push back* the present System, in the income comparatives; by returning to a *falling trajectory* in the Kuznets U curve analytics; (thus: for scenarios with yet bigger income / wealth inequalities).

It is reasonable to say that there are a myriad of elements that explain this negative pattern, and that it is not the sole role of a capitalist economy to work for the enhancement of Growth and Equity There is much also that the Public sector should do in correcting and compensating the inequality trends, and, there are ways and ways of improving tradeoffs describing the relations about economic growth, fairness and income equality.

Having said that, it is also very true that the Capitalist system -as it exists and operates in real practice today- does not leave much space nor contribute in direct ways to the achievement of what most citizens would consider a *just or fair* distribution of results. There is little doubt on the fact that *concentration, and economies of scale* in very many markets of the capitalist system, are *pushing the envelope* to a much harder and stiffer corner for roles in compensatory sets of policies. The policies that the public domain can exercise in redressing inequalities of the *primary production/ consumption* system are now much more severely restricted!

The core intrinsic features of Capitalism 3.0 as it exists today ,seem to push the end-results (in terms of incomes and wealth) in the direction of *concentration* .And it is possible the phenomena is now happening at levels which are historically without precedent, at least in comparative terms (distances of per capita incomes).

- Should then the *Capitalist Prometheus* become bound?
- Is that exactly what many educated thinkers are then asking?

Not the opportunity to tackle here what is a very complex charged question; but yes, the sole verification that the issue is being raised and repeated in many places, is another example in direction of availing the issues and problems here commented upon. Something similar, in the insufficiencies or imperfections in the Capitalist system -as we know and experience it today – has been its very meager (virtually nil) contribution for a more sustainable Habitat: both locally and globally.

The impacts on the local, regional and global Natural Environment derived from several activities / actions fed by the capitalist system are impairing equilibrium. And could well be deviating our Habitat's longer term prospects away from a sustainable path.

The pollution over water basins, rivers and seas, over air, rural and urban lands, are on frequent occasions considered as a "*side- effect*" by *business models*; by those entrepreneurial schemes that promote the financial profit goal as the *sole objective* of economic life. Particular industrial sectors such as oil drilling and shipping ,metals mining , urban construction, pesticides and fertilizers in



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farming, have seen much too many *spillovers*, and added very strongly to the huge pollution costs of the present. The CO2 trail has strongly correlated to the massive and socially inefficient utilization of coal -and similar- thermal plants in the Energy sectors; those now present in both advanced and under developed countries throughout the world.

Again: we have to compare or confront the pure capitalistic end motives applied in these areas, with the standards of screening and control environmental authorities have (or have not) been enforcing; at least before passing full judgment on some of the issues.

Whatever the case, there dominates amongst scientific educated leaders in global institutions ,and public opinion media of varied sources, a strong presumption the current model of economic producing, transporting and selling may not be viable in the longer run ; raising a question mark about the sustainability of the system .

True again: many features of the present way of tackling the future, are showing dangerous social human consequences to the long perspective of mankind.

If we can give it an appropriate but simple term: the present breed of *Capitalism* is sick with “short termism “: given ever growing pressures for expansion, domination, and for pushing up – always- the quarterly profits results. The cause for this failure is as simple as it is profound: many capitalist firms and markets in the named sectors are today maximizing on the basis of purely short-term Prices (wrong scarcity values). And they do not wish to realize that in their optimization processes, they are *de facto* incorporating *false price signals to their decision –making* (i.e. price signals that do not incorporate true trade- offs, or true relative scarcities for medium and longer terms) .

It is an odd paradox of modern polluting sectors: the fact that while looking as very entrepreneurial, they act with no sensitivity on the longer term probabilities of a *sudden stop*!

Does this thinking- connected to the issue of short termism- ring *a bell* to the reader?

Well; to many of us it does, as concerns the Banking sector and its over-expansive race in the last decade. The race for size and for profits *did come to a sudden stop*, in the crucial months of summer and autumn of the 2007 Crisis . A grave sudden stop that one certainly was!

Thus, the possibility of *sudden stops* (going into very bad scenario) is not mere theory .

In the area of Environmental Care and Habitat preservation, these considerations should certainly carry bigger weight both in the markets (if they have pretense of becoming socially efficient), and, in regulatory modern systems.

While again, it is not directly Capitalism which must be blamed for ecological flaws and echo failures as humanity has experienced, it is true, that excesses and myopic indirect effects from such a System, are restraining or impairing cooperative needed solutions to attack the ecological challenges. The price signals of present day Capitalism usually tend to favor short term consumption/enjoyment- (thus more pollution)-disregarding the future constellation of relevant scarcity prices. The obsession with short term gains, blurs the picture, and prevents the exercise of choices set on a wider perspective. Some economists and public opinion leaders have stated that the latter class of deviations, have remained mostly unattended during discussions and reactions to the Financial Crisis; with an implicit danger they could lead in the future to further, more complex shocks and problems, throughout the globe .Amongst academic institutions this exactly has been the long call of the Earth Institute for Policy, based in the prestigious Columbia University.



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The Model: some Intrinsic Characters

We now turn on a different dimension. We go inside the model, examining its core micro essence. We proceed, *head-on*, to search and understand present day confusions at the so called micro level of analysis. For this, we must first do a rapid survey about the basics of the system. We focus on a few key characters describing features dealing- in modernity - with central capitalist institutions: the Market today and the Corporate today.

We illustrate the subject, by a graphical schematic presentation (Graph 1) that contrasts what the institutional pillar named Market does, and what the pillar named Corporation does, in habitual interplays within the Capitalist system. We then choose for concentration and focus, to dig into the dimensions of the corporate firm and understand this institution of capitalism as a pillar where many of the human social dimensions of the system are in fact at stake.

Good corporations – those oriented to the Common Good and searching excellence- can mean a sea of opportunity and change in leading our economic system in the direction of real genuine progress. Bad corporates can add to the disarray, dislocation and degradation of the social results, that the many tensions in the system are already provoking, as described. This is why we have chosen to concentrate analysis on the area of Corporate significance and metamorphosis, and leave for a future occasion the study of the Market (anonymous concurrence point), as the one other basic pillar of the system.

Historical back ground

What can we learn from the incorporation of management organization and the innovative system of business contracts, in an entity set in the form of *Corporation*? This new *order* in economic history was much -but not purely- associated to the theme of the Industrial Revolution of the XVIII and early XIX centuries. Let us state some propositions on that.

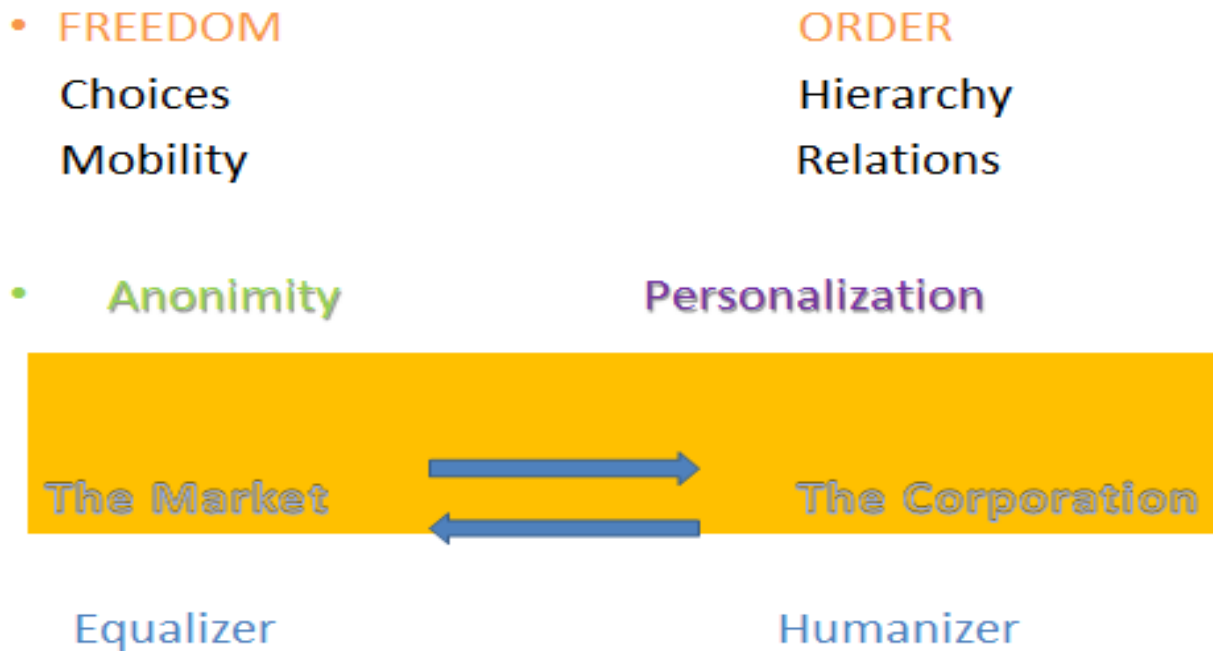
The idea of an *Industrial Corporation*, where private property was respected, and where capital, key inputs and human labor are combined in defined structured hierarchical manners, was the genial innovation of management and organizational change. This innovation, coupled with the establishment of the free markets, became factor of immense power for the unabated expansion, and the later triumph of Capitalism, as modern economic paradigm.

Historians as diverse and contrarians as Hosbawm (British) and Braudel (French) are convergent on the historical significances of the emergence and dissemination and domination of the pillars represented by the Free Market and the Corporation. These two entities did shift the historical paradigm to new levels. One cannot however, easily disentangle in the history of modern economics, the notion of Free Market and the concept of Modern Corporates. The two pillars were –both- a historical and concrete response to social needs; at the time society was changing and capitalism was gradually making its reputation for production, for exchange and trade. The two institutions entered the scene and revolutionized the then pre-modern system, in immense tangible ways.

The next Graph – as announced – saves time and words to compare the roles on *notional interactions* that these two pillars have, in the context of a Capitalist system:

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GRAPH 1: THE MARKET V/S THE CORPORATION.



In our simplified scheme, we associate the character of anonymous mobility and economic freedom to the Markets; whereas, we associate the possibility of communications in personalized and humanized ways, to the Corporations themselves. Of course this distinction is done for analytical purposes in order to examine the present challenges, and cannot be pushed to extremes. As a distinguished member of ACDE/ Uniapac commented in viewing the graphical picture here: “if there are no enterprises in a given well defined market, then ...there would be no Market either”

Very true:

- the idea of the Market encompass the concept of concurrence, where the forces of both demand and supply (i.e. corporates) meet to determine, in a complex process, the quantities finally supplied and the clearing price (gross value).

But I do sustain that with the caveat introduced; the graphical analytics are very useful to understand better, the intrinsic and diverse characters that both Markets as institutions – tools- and Corporates play in a capitalistic economy. It is very useful and rewarding to examine these two distinct - but intertwined- categories, in separate ways, before aggregating to the full system picture. That is what we have done. There are very many ways in which well-functioning Markets and efficient Corporates contribute value and progress to a given Society. These two entities, devised by human intelligence and social needs, have participated in the gestation of progress for mankind, in significantly positive ways, and by now, there is a huge management and economic literature illustrating this.

However, these positive aspects could easily become impaired by say two observable deviations:

- The monopolization of a Market; or, the use of an exaggerated / authoritarian vertical hierarchy inside a given Corporate.

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Both events, becoming deviations oriented for the worse: thus, not adding to the common good. On the contrary: detracting from it in sizable ways. One could add complexities - additional actors /agencies- to the analytical scheme above, so as to provide the scenario with more realism in the context of a very interactive system: See next Graph 2

GRAPH 2: Intervening Exogenous Agents on the System



We observe in the latter graph that four exogenous forces have come into the picture of the system: where State agencies intervene in markets, community organizations place demands on Corporations, cultural actions/background affect the ways markets perform, and professional Guilds interact with standards over corporations. The picture could become increasingly complex for these matters, but, it would essentially not make a major difference to our analytical scope as expressed later.

Following selected academic authors William Baumol⁶, Liugano Bruni⁷, and Wojciech Gasparski⁸ - (the latter writing from a praxiological vertex of thought) - and others, we arrive to a very essential point in the analysis of key microeconomic constructs to emphasize: the specifics of a *needed differentiation* of the role of Corporations in the context of the capitalist system under free markets.

⁶ Baumol W J., Entrepreneurship: Productive, Unproductive, and Destructive. *Journal of Political Economy*, 1990, vol 98, n°5.

⁷ The Wound and the Blessing, Economics, Relationships, and Happiness ; New City press, 2012

⁸ Gasparski W W., et.al. *Entrepreneurship. Values and Responsibility*.



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This point is illustrated with the use of what we shall call and name here the Bruni paradox, since he seems to be the author – amongst the many quoted – that expresses the insight in better descriptive terms

Following the writings of Thomas Hobbes and of Adam Smith, Liugano Bruni derives the different roles of mediators that hierarchies and bureaucracies play in the context of politics and markets. And in his analysis he provides a beautiful metaphor (paradox), one which we have analytically summarized with the use of Graph One. Bruni explains -following an historical / philosophical point of view- that “Within a cultural process inaugurated by modernity, the market thus becomes a privileged mechanism designed to incorporate two of the founding principles of modernity: the freedom of individuals and the equality between them: “The market does becomes a high expression of a civil society”. It is one key source of liberty and economic freedom. Where do we get an economic pillar then, in order to base upon it, the possibilities of socialization, human inter-relations, fraternity and cooperation? (One sought upon by any basic notion of the Common Good)

Not in the market; since such constructs work on the basis of anonymity; a feature which enhances the chances of efficiency and nurtures freedom via mobility and choice (Adam Smith’s emphasis for openness and competition).

The socialization and possibilities of fraternal cooperation must thus be encountered on the prime place where anonymity can have the chance of being eradicated, and, cooperation and human interactions may become the norm of behavior: the Corporation, as the place for encounter. The market by being free, impersonal and standard protects from the possibility of “wounds”. Always being conflict in interpersonal relations a possibility or chance, within the interactions of varied human beings.

The Corporation by being a hierarchical order, obedient to human intelligence and entrepreneurial co- creation, is the place to generate a solid concrete array of possibilities for socialization and personalization of relations between: workers, executives, shareholders, business leaders, and other stakeholders. This provides a base, only a base and not a certainty, for the expansion of cooperation and the eventual development of fraternity and personal vocational realization, via devotion to work and collective progress.

The corporation is viewed then by several of the authors cited as the basis of a *communitas*: one that can be delimited in its perimeters and action, but that can provide the seed for what many call today “the building up of the good Company”. And yes, it is a beautiful reminder, to go back and refer to what truly the notion of Company (to be with others ...) means, and what it represents in the positivistic vision of the possibilities ahead.

Where are the culprits then?

- Where do some of the “*intrinsic imperfections*” that have grown, in a postmodern capitalist system derive from?

The response is very clear for us, as it seems to be suggested by some of the academics mentioned. The post modernity approach to business economics has tended to confuse the role of markets and the role of corporate. There has been much *invasion* of Markets into Corporates (for example via social norms and habits), and vice versa, *invasions* from Corporate into Markets (by monopolization and abusive technological changes) . These aspects have added to the confusion of the Crisis, and have nurtured bad reputation to each of the pillars affected by these blurring phenomena.



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Policy makers have sometimes fallen into the plot, and ignoring the classical distinctions learned from history and science, they have applied policies to Corporations as if they were markets, and have also treated Markets as if they were Corporations. The confusion of roles, of tools and reactions has only added to the fragility of the system. Stated in few sentences we believe that the more the Markets are led to perform in truly competitive, free and inclusive (open) settings the better for Society. While at the same time, the more Corporates are led to function in cooperative, socializing, participatory settings, the better their social responsibility becomes, and the bigger chances for generating a sustainable growth process they obtain.

Alas, the combination of freedom in markets and cooperation in firms is a pair of characteristics difficult to grasp and to act systemically upon, unless one goes back to the historical roots of the system and analyzes the problems of the present, with very different eyes. In what follows we present a number of cases where applications of this vision, could well work for true social responsibility, enhancing chances of common meaningful progress. We concentrate on the possibilities of reforming the Corporation as a place to work, to produce, to learn and to relate with each other.

III. THE RESPONSIBILITY TO BUILD “VSRC”: towards a New CORPORATE WORLD.

In the last ten years we have seen the emergence of many new authors and emerging schools of thought, that point to the dawn of a new epoch in terms of the orientation of the system, the incorporation of social goals, and very particularly on the new ways that must be found to re-connect the communications between human beings in modern society. While ideas are embrionary, the field is ripe to a dialogue, one where a new metamorphosis of the system will come to be born.

Let us quote three important sources, which in varying degrees, are representative of the new ways of approaching economic thinking and market / firms reforms. They are certainly not exhaustive or unique in what they are saying, but they do get lots of attention these days from different actors and agencies. First, the most widely read writer on social and political science systems is *Jeremy Rifkin* , author -among other books - of “The Third Industrial Revolution : how lateral power is transforming Energy, the Economy, and the World”, recently a New York Times bestseller. He is illuminating, when he expresses the statements in the following two selected quotes which I provide:

Quote I: “The shift from sellers and buyers to suppliers and users, and from exchange of ownership in markets to access to services in time segments in networks, is changing the way we think about economic theory and practice. At an even deeper level, however, the emerging TIR energy-communication infrastructure is changing the very way we measure economic success”.

Quote II: “The Third Industrial Revolution changes our sense of relationship to and responsibility for our fellow human beings. We come to see our *common lot* “. Quality of life, however, speaks to a new vision of the future – one based on collaborative interest, connectivity, and interdependence..... The dream of quality of life can only be collectively experienced. It is impossible to enjoy a quality of life in isolation and by excluding others”.

One of the main places where collective life takes place is the Firm: hosts of peoples in millions of enterprises spend a large chunk of their hours inside the Corporate every day, and for many years of their lifetime. The question then becomes: how do we *transform the work place* called Corporation into a place of encounters, of participation, of community building, of human networking without disrupting, at the same time, the primary responsibility of the firm for supplying markets with efficient solutions to needs?



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That is the central question in the present epoch.

Another writer academic, Dr Otto Scharmer, who is the founding member of the MIT Green Hub , explains in his futuristic paper “ *Seven Acupuncture Points for Shifting Capitalism to Create a Regenerative Ecosystem Economy* ” (Oxford Leadership Journal ; June 2010) says :

Quote III: “What has emerged from these conversations to date, is a landscape of economic transformation that captures key elements of the societal changes under way “.

The overview of the emerging landscape [depicted by evolutionary Stages of Capitalism) is shown as a structural landscape of socio –economic transformation, where the evolution culminates in what Scharmer calls Capitalism 3.0. And he rounds up part of his challenging ideas by expressing: “Yet, for leadership teams in global companies change work is all about shifting the state of awareness from an ecosystem to an *extended stakeholder* situation ...”

Both topics here, of new state of awareness and of the extended stakeholders, are notions we try to capture later in our application for the corporate world. A final source for quotation is none other than an institutional high core international agency: the Organization for Economic Cooperation and Development, OECD. In the just published proceedings for the May 2012 conference *OECD IDEA FACTORY: “New Approaches To Economic and Societal Challenges”*, an interesting insight from one of the senior participants in the workshops stated vision for change, as follows: “How can we reboot our Corporates, so as to make them more *socially responsible and better* aware of the contributions that Society expects from them, for the Common Good?”

I will offer some thoughts that are both consistent with the thread of the whole essay (a critical but respectful approach to the Capitalist economic paradigm), and , which have already some practical applications in selected economic sectors .

This is where the term **VSRC** symbolizes our original approach here. The term does not represent something as wide as Capitalism 3.0, like in the ideas of Schrader or Rifkin, but, it captures the symbolism of a metamorphosis; only this one is proposed for institutions called *Corporates*.

The **V** stands for Vocation: the *vocation* of the Corporation and its full community of workers

The **S** stands for Social: the attempt at developing a *Social responsibility* of the Corporation

The **R** stand for Reputation: the return to a notion of Honor, History, and Reputability of the corporate members

The **C** naturally stands for Corporation: our object of analysis.

The ideas here are not revolutionary at all: at most they can be considered as evolutionary.

At the core, the notion for VSRC recalls the need, to have Corporates re-gain and re-conquest their basic human roots; *their Raison d'être* as Professor Philippe De Woot – close to the UNIAPAC family-likes to challenge them.

Key questions / issues come in place:

- Why is the corporate acting in such and such lines of products and services?
- How did it come to that?



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- What is the human need behind this corporate supply?
- Who are truly our customers; our suppliers? Why do we relate to them as we do now? Is this habitual / accepted /special?
- How does it compare to how we related to them in the past :
- The Corporate founding years ; the progress/growth years; the last years ?
- Is the community of end-users happy /satisfied with what the Corporate is supplying them with?
- What are the externalities we cause? To whom? (scope; reach).
- How are we trying to correct and/or compensate for them?
- Do we engage in Cooperative approaches for that? Which? With whom?
- Is this a conscious priority of the Corporate Mission and Vision?
- How do the employees here perceive it? Other stakeholders?
- How are these approaches on Vision, Mission, and Strategy assessed and valued for?
- Is the broader community aware and appreciative?

All of these related questions are logical coherent issues which again re- examine the vision and mission of the Corporate , accepting its domains; but refocusing back on its foundational roots, in order to measure and understand the meaning of progress in an historically human rich context. And one of the important side consequences of these actions is the awareness thus generated about the habitual flaws of short-termism; and the weakness in purely self –serving goals by the firm. A firm thus becoming an entity which is not truly rooted in the Society where it stands and acts (i.e. where needs from the effective customers side, are now demanding for different solutions). The thematic is broader than the one illustrated by these rather simple questions. Not only has the firm to go back to roots, and question why and for who it is producing , but , it has to incorporate and integrate into the analysis the vocations(potentials for realization) *of all its workers and collaborators* .As we call it summarily , of its full stakeholders well defined.

In that sense, the core question becomes:

Is the organization, its hierarchy of Corporate order, a real facilitator and enhancer of the Vocation potentials of its different members ? Are persons in the corporate organization treated in a fair, respectful, dignified way? How? In which senses / instances? Is it normal practice? Is that incorporated to the firm's culture?

Are the information systems adequate tools to promote human satisfaction at the work place itself? Are peoples utilizing them for their socialization and communications in an ample sense of the terms?

Is mobility and self-progress incorporated into enterprise practices?

Is the corporation facilitating an informal type agora -dialogue place- where at the appropriate and organized levels - members can become an "Idea factory " , both for benefit of corporate goals and community achievements?



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Are the abusive distortions of discrimination, exclusion, fraud and related, been dealt with and eliminated from daily interactions?

Are human communications friendly and relevant as the firm vision aims them to be? What more can be done, by whom? In which language of effective and human communication levels?

The above set of issues has connected our paper, to a *more complete* approach in the corporate world: what in modern management is referred as Corporate Social Responsibility (CSR). One leading variant of CSR relies on building it from lessons of the Christian Social Doctrine, a doctrine that covers centuries of accumulated wisdom, and where the dignity of the human being is at the center.

Following such a source, we may quote here the methodology stated in "*The Profit of Values*" (book by UNIAPAC, 2009), and propose that our VSRC explores and utilizes the broader "Stakeholders" approach, to analyze and do better for the different inclusive links of all actors (directly and indirectly) connected to a Corporation. In the *broad stakeholders approach*, the Protocol to apply, is not restricted to a narrow count of majority shareholders, or the head management executives, or the trade union representatives. The approach is much richer and wider in scope: it includes not only the working community in the firm, but the suppliers to it, the regulators, the representatives of Community, and relevant social civic organizations that have a stake (a voice) on what the Corporate acts upon (Protocol from UNIAPAC).

Essentially, *UNIAPAC's CSR method*, is based on a given *conception* of the Workplace where: a socially responsible firm is viewed as a long lasting human venture, where its members bring to it soul and ideals, and where mission, vision and actions are based on principles and values. At the center of the approach resides a crucial conception that distinguishes all its applications: the respect for the dignity of human beings, and, the promotion of their *comprehensive full human development*. The Corporate Social Responsibility approaches, - while not silver bullet to solve all - are getting these very days a stronger and more widespread dissemination process, within the Capitalist system. This is so, given the great hunger manifested in societies on the needs of humanizing the economy; thus employing the enterprise level as a *precious vehicle* for promoting the ethical approach to progress.

Again the topical question haunts us: *what does Progress mean?*

Last but not least, we complete this picture of metamorphosis, by adding in explicit manner, the concept of the Reputation of the firm (our R in the title). We employ a wide concept for the term. And we refer by it not only to the Reputation of the entity Corporate, but too the integration of the reputations of each and every one of the members that constitute a firm. We thus encompass a comprehensive terminology when using the concept.

To us: *Reputation is the twin brother of the values based CSR approach*. And in infinite ways, these concepts are connected.

However, we find that many CSR approaches leave the building of Reputation as too implicit: or on the side. So it is time to bring the issue to the forefront, and realize how it contributes to the Common Good, within its specific applicability in the corporate sector as such.

Why is Reputation an important factor which must be explored further?

We read in the traits of human nature and in testimonies from the history of mankind, that there is an embodied concern and appreciation of what an acquired record of Reputation represents, in the

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lives of dignified persons. It is a quality deeply built in, and interconnected to the notion of Honor in human beings. In many instances and circumstances, this quality summarizes a bundle of virtues, those that characterize virtuous virtuosity and deep social acceptance.

Following C. Thuderoz in his book *“La Confiance”*, we may relate our concept of Reputation, to the cousin theme of *Trust*. Trust is what results after a *consistent and systematic* application of Reputation and similar qualities, achieve in a person or community of persons. And in the same manner as Reputation saves time, saves transactions costs and saves on cumbersome search efforts to stakeholders, so does Trust help summarize, lots of information to economic and social agents.

“Trust becomes an efficient mode for the coordination of economic activity in markets, in the sense that: it refills gaps left in markets, by either prices or authorities that have become inoperative “⁹

Trust and Reputation Capital become good surrogates for Subsidiarity in many senses. These then should be used more conscientiously and systematically by appropriate players, to assess the Corporations in their full histories and behaviors. Let us summarize how a more full marriage of these terms with the CSR approach, could help in the promotion of more humane corporations.

How can we link Reputation Capital with CSR? : If an individual has to build and care about his Reputation throughout his whole lifetime - in some sense planning on how this asset will be sustained in his descendants much later -it is a similar challenge, for the Corporation -as a human made institution- to confront over its life -cycle.

- *How are the clients assessing the Reputation of a given Company?*
- *How are the authorities judging as from performance, the Reputation of the firm?*
- *How is the broader Community evaluating the Reputation of a corporate group? How are the workers in a corporation interpreting the Reputation of the firm?*

These are didactic questions which help save a lot added words! It is only one step ahead then, to think on the meaning and applications of Reputational Capital for corporations at large. Reputation being a notion that integrates a complex bundle of past history, present deeds, and attitudes, and expected performances, by way of this *value rod to the future*.

The Reputation Capital of a Corporation is one useful tool to judge on the fuller connotations that a given brand / name of an enterprise brings to the Market, where it sells or it buys. We propose concretely here that the rich concept of Reputation Capital is explored in all of its notable dimensions, to assess *the impact- path* a Corporate follows along its evolution. This path is a bit like the CO2 trail, but looked upon intent for the cumulative positives. There is though a lot of *Bad Reputation Capital in Capitalism today*. This reminds us that the concept works both ways: for the positive, and for the negative. Another line of action for the futuristic Corporate is to identify upon the reputational capitals of each and every intervening human group inside the Corporation: to establish a useful new dynamics on this complexity level (interactivity). The latter line of evaluation, assessment, dialogues and design, can be related to the *operational manner* in which CSR -as a method- may work its way, in the specific institutional life of each Corporation.

⁹ Thuderoz C. et.al. *“La Confiance: Approches économiques et sociologiques”*, Gaetan Morin, Paris, 1999.



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Final Caveat

It is well documented both from economic theory and management studies, and Surveys, that the Reputation Capital surrounding the image of any Corporation in place, provides enormous significant symbolic information to the market where the Corporation is placed. Before judging on results about the next actions, demanders and competitors inform first themselves by acquiring gross knowledge on the Reputational record of the Corporation. That is one *formidable time savings* tool, that for a delimited time span –market agents employ to judge and to act upon. The message becomes: Corporate, be aware that Reputation Capital exists; and it matters to principal agents interacting in the market system.

In finalizing this essay, we have provided illustration on ways by which the Corporate side of the Capitalist equation interacts with the other side of the equation: the Markets. The desired world is one where *both entities*, Corporates and Markets, learn to *respect the contours and the roles of each other*. That is what we may call: a better equilibrium set. In sum: we believe it is totally feasible to reconstruct the Corporation, on the basis of added intelligent awareness of what the profound scope of its reason for being is all about. And to attempt at it very practically: combining the *three key factors* of what we have named the VSRC enterprise of the future: Vocation, Social Responsibility, and Reputation.

On the contrary, if there is no goodwill, lack of communication, unclear awareness, our institutions shall continue adrift, and become new loners of the planet. If indifference and passive scenarios prevail for long, then we would in practice be reducing the human economic space whereprecisely.... the personalization and connectivity of human relations was destined to flourish, aimed to generate economic progress through time: Corporates. Recall that as the Market represented anonymity and mobility, it was the Corporation that represented human connectivity between persons (order, in an organization of persons). If we leave the system uncorrected, we shall end up damaging first the place where human encounters on a daily basis are prone to happen, and develop, and progress.

The potential risk of a bad evolution from the Crisis is one scenario where the world of Corporates, becomes similar to icebergs that go adrift; and where also Markets remain as historical human constructs, but because of the lack of connectivity and disarray, they remain entirely solitary in majestic emptiness !This scenario would become a fatal blow both to Capitalism as a system, and society in general in its aspiration for solid progress.

A crucial challenge for academics, regulators, politicians, and most particularly to entrepreneurs and Business Leaders of goodwill, is to work on an alertness: so to rescue back the positives for the new, and correct the many negatives for avoiding drifting as mere loners.

That is a crucial economic and social challenge for the present epoch.



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Afternoon Sessions

PART II: "CHALLENGES OF THE COMMON GOOD IN CAPITALIST SYSTEMS"

II.II Foreword by Rodrigo Whitelaw, Coordinator of Programs at Uniapac Foundation

Now we are inaugurate the afternoon sessions of the FOUNDATION BOARD Think Tank Meeting 2012 at the *Banque de France*, after very solid presentations this morning in the first panel of this meeting. On behalf of Uniapac Foundation I welcome you all you to the afternoon session in which we have 3 additional panels.

- The second panel presented by Dr Eduardo Aninat, *Directeur général* de la Fondation Uniapac and moderated by Burkhard Leffers, President of Uniapac Europe.
- The third panel is composed by 2 presentations presented by Pierre Lecocq, Chairman of the board of UNIAPAC Fondation, and Jose Maria Simone, Vice-president of Uniapac Latin America. Both of these presentations will be moderated by Lord Brian Griffiths, member of the House of Lords and discussed by Bishop Christian Krause.
- The last panel, presented by Dr Eduardo Aninat is a view on Uniapac Think Tank perspectives towards the future.

II.III Introduction by Burkhard Leffers, President of Uniapac Europe

As some of you are not so familiar with Eduardo Aninat, I will do two remarks on him. First of all, he is born in 1948 like me, and this is an excellent year!

I would like to mention another striking point: When I was working in one of the major German banks in the international Capital market field 30 years ago, I was responsible for Latin America: Chili was the only Latin American country which amended the return to capital market without debts' forgiveness, and it was when E Aninat was Finance Minister of the Republic of Chili from 1994 to 1999: it is a striking element of his professional career as Finance Minister.

Then he was deputy managing Director in the IMF, and Ambassador to Mexico for 2 years from 2005 to 2006. He belongs to some Think Tanks, among others in the Center of Financial Stability based in New York. Regarding his experience and background, we could not find someone better equipped to talk about "Economics of the Common Good" in capitalistic systems": For me it is a contradiction: how can the Common Good, which belongs to everybody, go in line with Capitalism, which is basically private ownership?, I am very impatient to hear Eduardo Aninat's presentation and the vivid discussion it will make arise.

II.IV Presentation by Eduardo ANINAT: Political Economy of the Common Good

Let me try and solve the paradox that Burkhard Leffers has stressed to us. If we take the *Encyclica* of the Pope John XXIII in the second part, the term is socialization. He says: "Socialization is one of the characteristics of our epoch. It is a progressive multiplication of relations in the common life, including diverse forms of life, Institutions. It is also the fruit and the expression of the natural trend by human beings to associate, to surpass their capacity. And finally he defines for the first time by the Church at least, the concept of Common Good which is one of our subject today.



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The Common Good according to the Christian Social Doctrine is composed by the group of social conditions which permit and favor the internal development of people in their capacity as persons. I want to emphasize on “social conditions, permit, and favor integral development”. That comes from the Church, first text on the approach to the Common Good and to the Social Christian Doctrine.

If we go on the historical sense of economics, classical economists, in particular by Adam Smith, the so called father of our profession if you allow me so, the Scottish professor, author of the *World of Nations*. I come to the notion of equilibrium and an aggregate group by Kenneth Arrow alternative paradigms: we have the Professor Zamagni who is here with us, and I will base my third part on Luigino BRUNI, a well-known professor by many of you. Let's us apply this, which is audacious, into a micro view of the pillars of capitalism, and what has diverged and what has converged to this idea of Common Good.

Where do we place the person today in the contemporary society? Many people speak about the Global world Trade, international organizations, clubs, etc.... If you think bottom line, the family is the basic place where a person is born, taught and has his first primary values. Then the other relations

is the local community and country. And then you come into the corporation, firm, and enterprise.

It is an important issue for today because individuals in spite of globalization and new trend, progress and acceleration, spend most of their time in their corporation. We are fully engaged into the corporation, and I want to sustain here (already said by many economists many years ago) that the corporation, the enterprise, is one of the true pillars of the capitalistic system, old and new.

What has happened in this process? Family, Community, Corporation, enterprise?.

We have 2 extra corporations' forces or two extra systems forces:

- 1) Impact of globalization
- 2) Technology shift, which has a stronger impact than the global economy/ Universality of geography.

Technology shift has one dimension which affects the person, the family and the corporate relations.

Let's think about digital communication and communication: how does it change relations in the basic unit?

If we read the press, analysts of today, politicians and also many traditional business leaders, we start finding people outside the causes of the present crisis and of the tension in the paradigm. Regulation either was not good, or naïve or excessive. Or there are Trade Unions, NGO's or professional to examine and see or lobbies, cultural actors which are changing the relation. I want to propose in my first hypothesis. For us, it should be very insufficient, not wrong because the postulate I want to bring here from Bruni, A Smith, and Arrow is that we have not to forget it but to concentrate on one issue: the market versus the corporation, and here we go back to the pillars of the modern capitalist system.

If you stay with the market and the corporation: business leader's languages and micro, this relation has to be understood better, in order to have a better insight. And then we go back to the pillar of the modern capitalistic system. According to the classics, the corporation is hierarchies; you have order, and a structure. The issues of order and hierarchy are very important, empirically applied “Common Good”. Then, the market is the other way round; the market is truly freedom on bottom line. The market offers options, and it is mobility. The market is fully anonymous but it gives you



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freedom: you are not subject to others. So the market gives you freedom, and you accept anonymity. We have to stress this point. It is one of the nice contributions of the market laid by Adam Smith centuries ago. People today criticize a lot Adam Smith because they have never read it, but he is a political and other economy philosopher.

What is the corporation? : Order, personalization, relation, and a real factor of humanization. The humanized comes from in the corporation and not from the market. This is crucial to understand. A humanized market for me does not make too much sense. The market has to be efficient (a contract), anonymous, mobile and giving the choice. When you speak about humanization, you have to speak about the corporation. That is where human relations in an order exist and develop and fructify.

Common Good and CSR

We have to go back into this notion and the micro Foundation. Not being confused by financial things like crisis, globalization, which are factors but not crucial. In the corporation, if we stress and develop CSR, which is at the heart of UNIAPAC, the word social is relationship, between persons that exist and work in a given place as a community. If we add to that education and reputation capital: somebody this morning mentions this idea of social capital. That is a new element, that relates to CSR and which perhaps has been lost a little bit in the discussion.

Corporations have a reputation, whether they like it or not. The reputation is built by the leaders, by all the community in the corporations, by the Trade Unionists, by the workers' productivity and motivation, by the executives who are the face of the corporation with suppliers and clients. To go back to a classical concept, if you look centuries ago, reputation was the essence, there was a trade brand of the banking and financial system. Reputation does not seem to exist anymore.

So it is another area where CSR should be connected and included, and where Uniapac Foundation specifically has to undertake more research. Finally, I put vocation and education (already known by all of you) and have been much discussed:

What are the vocation and motivation of the persons, living in a corporation, working as a community, and developing their life style and their life realization?

Here a quote of Common Good. The Pope defines Common Good: it is the conditions that allow the persons to develop their potential and their life". This is very connected to our discussion. We want to develop our notion, our vision in line of this dimension of Common Good.

Basically, the idea is the following: when we come down to the definition of Common Good, we want to develop our doctrine, our vision, in line with the idea of Common Good, which is a values system, philosophical, theological, and epistemological. We also have to advance some steps (at least in my view) in order to get this applied at the place where most persons do their actual work, actual engagement and participate as a community of workers, of investors, of savers. Basically, if we take the notion that scale and globalization or technological change are shifting their roles, either of the corporation or of the market, are shifting them, are affecting them, so that the perimeters become confused, then in this view you will be affecting the notion of "Common Good" as applied every day in the unit called the corporation or in the implicit contract called the market.

For example, sometimes there is a market development that impacts the entire corporation; somebody invents internet, becoming the right mechanism with which you do your communication and the corporation is fully in line with this base.



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What are the consequences for the realization of the “Common Good” with that technological change?

On the other side, the corporation invades the perimeter of the market: it is a perimeter of implicit contract, of freedom, of interaction and of competition. When that happens, when the corporation as a bank for instance invades the market and defines the market itself, then you get all the system blurred and confused again, and this certainly impacts the notion of empirically applied Common Good. This is a discussion where I think CSR 3.0, or understanding this new paradigm today, the paradigm of basically postmodern capitalism, globalization, and technological choices; have to move in order to understand better the impact of the concept into the everyday life.

I am trying to step ahead, and apply the concept into the micro empirical aspect of life, of people today.

Group remarks on the presentation of Eduardo Aninat

Georges Mallinckrodt: In the environment where we are, particularly with Common Good, very often we use the word “we manage this, we manage that”. It is from a vocabulary point of view, we were getting more used to say “we all serve”, the word serve is not enough used today. If we use this word whether in the Church or in the Business, there is always a different orientation because the word Capitalism is always too much oriented just to money. The further distance the word serve from the use of money, we are more on the direction on “how do we make it better, how do we improve, the “we effect”, How do we create an environment where we are all seeking basically the same kind of goal. The word serve should be used more.

Brian Griffiths: It seems to me that freedom and order both relate automatically to a culture. I remember having read a book 40 years ago written by Daniel Bell from Harvard “The cultural contradiction of capitalism”. He was saying that in a society like Wall Street, freedom has taken a libertarian view of freedom, expressed in certain life styles. Ultimately, the end of that is nihilism. It seems to me that if we have a secular framework for thinking about culture, it is very hard to reconcile freedom and order. Daniel Bell made a very important point here.

As Christians, do we have a framework for the culture which can actually integrate freedom and order? I put that as a question, not a statement.

Burkhard Leffers: Let me follow up on what you just said: In your model, does the Common Good incorporate the preservation of the creation, the “how do we deal with our resources”, all the questions of sustainability for next generations... I did not find that being reflected in your model between freedom and order.

Stefano Zamagni: Perhaps a way to clarify the distinction between Common Good, public good and private good could be the following: First of all, the notion of Common Good is typical of Christianity. No other religion has the notion of Common Good. We should know that. Why?. If we know Christianity, we appreciate the following distinction:

A private good is something mine, it is not yours: it is easy to understand. Public good is a good pertaining to everybody but not to anyone in particular. The notion of public good is typical of collectivism.

When Marx wrote his famous book, he said: “we want to create a society where things, commodities, properties belong to everybody and no one in particular”.



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The idea of Common Good on the other hand is that my good has to be achieved together with yours; I have to achieve my interest not against you or forgetting you. That is why I said to my students, sometimes ago, to make the point clear. I used an arithmetical metaphor: In a sum, even if a variable is zero, the total remains positive. But in a product, if one factor becomes zero, the result becomes zero. A common good is a product: if one of the variables is 0, the result becomes 0.

That is the idea of the Gospel. Nobody has to stay apart, outside. In the perspective of Common Good, nobody has to remain outside, that does not mean egalitarianism because we are reminded the parabola of talents? In the parabola of talents, one has 5 talents, one has 4, another one has 1 talent... Everybody was supposed to generate something more. This question of Common Good is for me important because, as Brian said, with this notion we can reconcile freedom and order if we pay attention. On the other hand, in the notion of collective or public goods, you have order but not freedom. In the other perspective, you have freedom but not order. Only with Common Good, you can reconcile both.

Eduardo Aninat: All we share with the general guidance, overall definition of Common Good as I quoted from the *Encyclica*. That is all very well but when we come down to the micro application in a given place where we work, where we act, spend so much of our life in the present paradigm, you also have many applications of this multiplicative law of the Common Good. Basically, the hypothesis is: how we look at them thoroughly?

How do we deal with the overall Public Authority for the Common Good, or do we stay with a philosophical expression of Common Good only?

But in fact for the everyday life, we disregard the same concept, application inside the corporation where we work every day. Don't we have collective goods in a corporation, the law of multiplication in a corporation? Don't we have the issue on how the reputation adds to the concept of Common Good? I think this a wealth of experience. If we explore it, we will disseminate in a more empirical way the norm of Common Good as defined. We explore it in my presentation.

Let's go back to the basis. Let's not be confused by caricatures, either the model or the concept, and let's discover the Common Good inside each unit.

Pierre Lecocq to Brian Griffiths: I go back on the point Brian pointed out that the utilitarian use of freedom leads to nihilism. Aren't we there at the core of this issue in our western society where the basic message of Christ, which is the dignity of the person, resides in freedom? God created us free. So we could eventually respond to this call. But there is always something which is forgotten in that. Jean Paul II did remind us strongly in *Splendor Veritate* saying that "Freedom without truth leads to hell". Freedom to a certain extent has "the limit" of truth, which allows us to work for the Common Good, because to a certain extent, when you work for Common Good, you use your freedom but you accept "the limit" of the truth. To be free is to be able to say no, and we practice that in the education of children. That is the key. But we have difficulty to understand freedom this way. In fact, it is the core of freedom.

Mike Naughton: Eduardo Aninat pushed the distinction on the market and the corporation, which is a very good distinction. I agree with that, the market can be very impersonal. In light of the values you have on the market, how you avoid consumerism, because consumerism is without relationship. I define myself in terms of my particular wants as a consumer. It is about one wanting something else; the whole phenomenon of consumerism becomes the only value that goes in a market with. What does that say about Christian fair trade, social investment, all our attempts to establish



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relationship in the market, because people have found that when relation is only a price, great damage gets done to those who are producing because the problem of market economy is that it always tends to favor the consumer over the employee. So the market is not something isolated. Sometimes, price is key. When I think about my own experience, I like to go to local grocery stores rather to the big chains. But I go sometimes to big chains because of the price. It is a point we could raise for further discussion.

Edouard Herr: If I understood well, Eduardo said that he looks at the market and the corporation as the founding principles of capitalism, but not necessarily private property. Indeed, I think that his understanding of capitalism needs some precisions on property. Who owns in the corporation, who has the power of decision?

In your title, you put in relation Economics of Common Good in the capitalistic market. Of course you have the idea of Adam Smith who says that everybody goes to look for his own interest, and if that is done, we get to the best situation. It is not Common Good in the sense of the catholic definition but universality. You come from your own situation, invisible hand. But there lies a question: how do you reach the Common Good? It is not necessary to regulate either on the political side neither on the ethical side?

You have “only to look for your own interest”, and then with the matter of invisible hand, it leads to universality. I bring a strong opposition. For me, the basic problem of the Church also is the question: how we come from the person to the Common Good? It is the universal use for everybody. John Paul II raised this problem: how do we reach Common Good in a capitalistic system?

You give a definition: property is means of production, payment of salaries. But I think that it is not enough to bring to Common Good, unless you are a liberal economist like Adam Smith. It needs for the Common Good the intervention in different ways of the political authority and ethics is needed for the Common Good; the political authority is a kind of intermediate value from the ethical point of view. First, the definition of the pillar is larger, and secondly, for Common Good, you need the dimension of ethics and politics.

Brian Griffiths: We lost the real thinking of Adam Smith. Moral sentiment is all about sympathy, the nature of sympathy leading to the idea that we have to stand in somebody else’s shoes. The libertarians have high jacked Adam Smith who had a much bigger view.

Edouard Herr: I agree with that. I think that Adam Smith was misunderstood and not taken as a whole. But what I want to say is that the general error of a capitalist system says when it says there is no need of any other regulation than the economic mechanism. A Smith did not speak about political issues. We forgot what Adam Smith said; there is also a cultural and ethical preoccupation. We have also to discuss on that. It is not A Smith’s responsibility.

Luis Bameule: One of the pillars of capitalism is trust. If you have not trust between the players in the system, nothing happens, nobody buys, and nobody sells because there is no trust. How to put trust in the institutions, currency Institution, organizations? What happens if you break that trust in which this market works.

In Argentina, the breaking of those basic definitions of currency, a of some institutions which have made such a bad name to capitalism institutions. It puts our society down because the pillar where you work in starts to shake.



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Eduardo Aninat: Let me be sharp and quick. It would be a lack of respect that I would have produced a kind of theory on the Common Good by my little note. Responding to Edouard Herr, It is unfortunate to pick so extensively only and around Adam Smith. I should not have mentioned him. To choose Luigino Bruni would have been better. We can think that Adam Smith is in the *laissez faire*.

But it will be a lack of respect for all of you as we all come from the Church Social Doctrine context. To explain my point of view, I have already clarified the notion of property. The issue is “do we have to spend our life in a solid concept of Common Good collectively, or do we start to look to the practical application of Common Good in our practical institutions. In the same dimension that Edouard Herr and Michael Naughton were giving.

But we are not crazy; there is a context of law, of institution: so given that context, what can we learn to avoid confusion and apply Common Good in this present life. Of course, economists have a complete limited vision on the issue of Common Good. You will see that in my presentation.

As a caricature: how many hours, days and years will be thought about Common Public Authority? But we did not arrive to many conclusions.

How do we work on Subsidiarity based Management and the application inside the institution to make the corporation advance in the application of Common Good in our today’s life, and not in merely an intellectual way?



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PART III: "CHRISTIAN SOCIAL DOCTRINE IN THE CORPORATE WORLD"

III.I Introduction by Brian Griffiths, Representative of the House of Lords

The practical application of CSR, not simply in an intellectual way, is a very important issue: We have 2 presentators: Pierre Lecocq, CEO of a large publicly quoted company with plants in many locations with all the problems of Global business, and also facing the problems of a company located in France which is another dimension of problems. He is the President of the Uniapac Foundation. Pierre Lecocq present the document "Subsidiarity Management 2.0"

The other speaker is José Maria Simone, Vice-President of Uniapac International He has built up from scratches a big number of business over the years, investment in agribusiness; he has a huge experience in family business in some difficult environment in Latin America. José Maria Simone presents the document "Corporate Social Responsibility New Frontiers"

As a discussant, we have the Bishop Krause, past President of the Lutheran World Federation who presents a few Remarks to the Discussion on Subsidiary, Solidarity and Common Good.

III.II Subsidiarity Management 2.0

Presentation by Pierre Lecocq

You have in your file a paper on **Subsidiarity based management**.¹⁰ I would like to explain the context. It is part of the work we want to develop within Uniapac on the vision that Christian leaders have of the place of their corporation, further to the work on CSR started with the past President of Uniapac International José Ignacio Mariscal.

How to insert this vision within the civil society?

Another aspect, which will be developed by José Maria Simone, is that as a leader of a corporation, we have an influence on the culture and behavior our people. There is a form of imitation. There is a huge impact, and we have to be aware of that. The way we behave and we relay to the others is shaping the culture of the corporation in term of management style. We are creating a culture which serves the people or not. The subsidiarity concept: is really something that can be applied in our corporation, and which is a way to help people to fully develop and stand up as persons.

We would like to have a working group as we did with CSR with a deeper analysis on how to apply subsidiarity to have UNIAPAC being able to put for our members a core doctrine on subsidiarity how it is applied to management. The idea of this paper is to have a basis from which to work in group. I would like to remember the basic definition of Subsidiarity because there are a lot of misunderstandings in our society: to see how it feet's with social sciences, to see how it is focused in specifically in the Gospel and Christian faith. It is marvelous to see how God will try to make his creatures stand up and eventually share his divine nature. God respects us and took with us the risk of the person. Business school is one way or another, they don't call it subsidiarity, they call it empowerment, to get people more autonomous in the corporation pushed by the Globalization

How can I control that in different places abroad? As far as I am concerned, I have so many plants abroad that I cannot control. I have to put in place a system based on trust as I cannot be behind all of them. There is an evolution of management towards collective intelligence. It helps employees to

¹⁰ Lecocq Pierre, *Subsidiarity Based management: An essay*, Presented to the Uniapac Board on September 22, 2012. The document is available upon request at the Uniapac Foundation.



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stand up and take their full development in a Christian sense. And as a leader, if you apply this methodology, you change yourself as well. You are going to homo patients.

How Church applies subsidiarity? I took the example of the appointment of an abbot in a *Benedictus* structure. It is worth looking at it. How to apply it in the business?

Subsidiarity means taking the risk on the person. When God created us, he took the same risk. He left us freedom; he took the risk of our decisions. A lot can be said on this notion of risk. Risk is the essence of human being. We always take risks in our personal life that is what makes us basically human beings. The basic concept of subsidiarity is that. There is this permanent confusion between delegation and subsidiarity. In delegation, I give you my power but I can take it back permanently. In my company, I tried to illustrate that with a movie where there is a scene of a navy crossing the Atlantic with a big storm. We see the Pacha on the deck, he is the boss. Then you have the pilot who is in front of him. The pilot takes the orders because he knows that the boss is on his back, so any mistake will be controlled it gives values to the pilot (chose the right guy)

Subsidiarity: the man has the adequate tools: he takes the risk of his operation, the captain takes this risk. In subsidiarity, the boss will have chosen the pilot being sure he has adequate tools to take the risk of his decision, he trusts the guy and he sleeps during the operations. All know that if there is an error, it is the captain who will go to jail. As a manager, that is servant leadership; that is really serving because his ego is not put on the deck. He is not known.

And for the pilot, it helps him to stand up and be a real man because he has to takes his responsibilities: the boss takes the risk of the pilot's decisions. To adjust to corporate world, whereas Eduardo said, there are order, hierarchy, decisions/ social and Human sciences are going towards that in a so global world, so wide, so complex, the technology could allow us to control any move. The power of communication we have today is huge. Some Professors said that communism failed because the power of communication was not good enough.

Would that help a corporation to have the agility to react to the world? I think no. Managing by controlling any details would kill the company because human beings would turn around the rules. With CSR, we have the possibility to take the risk, to trust people. When we were facing the crisis in 2009, I was surprised by the reactivity of my managers to move when it was necessary. Difficulty we have is in the communication. Definition of responsibility is contingent to the time. Acts have consequences, I can control. Sometimes, and you have to take back the responsibility. The control has to be adapted/ Where to put the cursor?

Last point: how do we implement it? Two examples which helped me to gather my managers I ask them why they have taken these decisions. Why? Because you did not trust your employees, or, because you did not give them the necessary tools. Because you want to control yourself whereas the point is to gather information between. It is a practical tool to set up a management system. It is not free for all. I feel trusted, I am loved, I am respected in my competency, but I need the rule of the game. The manager has to set up the rules. You need to control the process, to control it. Subsidiarity applied to any corporations provided the leader has the personal strength to accept his weakness. It allows you to have a relation with people.

Brian Griffiths: We can establish the differentiation between delegation and subsidiarity and servant leadership. In America, Alfred Schutz and Douglas McGregor: people who want to work. Relationship like the ocean creates leaders, like the ocean creates continents. The comparison to the Abbot: he is chosen by mutual agreement.

III.III Corporate Social Responsibility New Frontiers

Presentation by José Maria Simone

I will focus these issues as a business manager that is on the field, on a daily basis, within the market and with a huge responsibility of people under his supervision. The frame work in which the decision process is been handled includes the Business atmosphere and its conditions, the businessmen characteristics needed to handle with a social responsible orientation, the drivers that he must consider in this process and the corporation features and CSR related to them. All of these elements are commented in order to analyze its impacts in the search of a successful management and implementation.

1 - Business atmosphere

Whenever we describe business atmosphere we must understand and manage the external and internal conditions and its impact in human behavior and development. External conditions refer to aspects related to politics, regional economic situations, and competitors. Internal conditions on the other hand will be related to shareholders, managers, collaborators and financial sustainability. Let me just mention some of the elements that impact on the decision process.

Global Crises

After 4 years main issues that are not yet been resolved.

- Financial Systems: includes regulators, banks, global networks flow.
- Global economy among corporations: enough to generate disequilibrium? Are they able to generate distress and inequalities?
- Social unrest: consequence of business deregulation?
- These issues are a consequence or the origin?

Political situations

The search of political answers to the world crisis developments, such as multilaterals agreements to reach consensus has not evolved in order to generate a new global leadership. On the contrary the leadership has not been achieved and thus a disorder of the political world balance is still in place. Europe is still debating the crisis solution. The large unemployment that impacts persons is steady and growing. A main concern is that it can take on the rest of the world. Middle East is cracking its democratic illusions; multilateral institutions fail to give adequate answers to their challenges and even incited emerging countries to dive in the fog of uncertainty. China leaders are experiencing serious difficulties in controlling political transition of the Asian giant and the United States after its presidential election is trying to continue with their weak, due to fiscal constrain, however constant growth.

OECD forecast for 2013:

- Economy growth: -0,1 %
- USA growth: 2 %
- Greek GDP: - 4,5 %
- Spain unemployment: + 26,7 %
- China growth: 8,5 %



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Government regulations vs. free market

On the other hand the debate of a more regulated market by government policies is stronger than in previous years. A new era of market conditions under more regulated economies is coming. Will this reduce free market or new rules should be included in the business decisions?

So some discussions about the following subjects may be necessary:

- A new definition of capitalism should be worked out. But how to present it: As the freedom of economic interchange, social network and environmental sustainability equilibrium in the world?
- Should we expect that this evolution of greater regulation should be reached and will be in place for a long period?
- The globalization and the technology are in place. How to control the practice of both events based on values and virtues focused on human development?

We in Uniapac have commented on the limits of the government regulations considering the following borders:

Don Lorenzo Servitje mentions under the subsidiarity concept: “We should have all the society that is possible and only the government that is necessary”

Michel Camdessus (Guayaquil): “The invisible market hand should be accompany by the State Justice hand and the Solidarity hand of the Society”

2. - Business conditions

Even though we confront the uncertainty of the external issues, which are similar for the world business community, as business managers, we cannot stop or forget our basic objectives:

- Profitability and Productivity
- Innovation
- Sustainability
- Stakeholders relationship
- Business framework

Profitability and Productivity: These basic objectives must be sustained and reinforced: under this viewpoint businessmen and managers have similar objectives although they act in different contexts due to local conditions.

Innovation: how to differentiate in this atmosphere.

- Innovation is a key factor in the knowledge economy.
- How to innovate?
- Production and innovation is a joint venture, everyone in the company must participate in its process. So if the organization is run in an individualistic way, selfishness sense is developed, the final result is that innovation is attained but may not be the maximum return possible to achieve.

Professor Zamagni has an excellent document about this topic with strong support for the innovation impact in the business circle



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Sustainability

The current view of Corporate Social development sets up that the performance of contemporary business cannot be evaluated only in monetary units, but should express its value through three dimensions: economic, social and environmental. For UNIAPAC, this triple dimension must have a "fourth dimension" that appears in the very essence business and relationships with their environment: the continued relevance of the supreme dignity of the human person, so often referred to as "the most important asset "and so often not included, both inside and outside of the company. The supreme principle of caring, respect and always seek the development of the whole person is what characterizes UNIAPAC approach of and consequently any corporate action.

Relationships

In order to achieve this objective of continue building stakeholder's relationship we should generate:

- Constructive relations with groups involved with the company (customers, partners-collaborators, investors, suppliers, government, local community, competitors and current and future generations-subject of the environment-).
- A continued boost to the competitiveness and quality achieved by its commitment to all social and ecological contexts.
- A solid relationship of trust between the external and internal organizations.

Business framework: regulations, free market and management style

The challenges to achieve truly sustainable development require adequate solutions to the dimension of today's problems. That's why states and civil society have a role in responding to an undisputable fact: the search of human and common good development in order to reduce social inequality. In this context, the paradigm of searching for a sole purpose of profit in business that must be generated with other factors. Align private interests with the common interest is a source of innovation and competitive advantage. The proposal attracts investors, talent, consumers and media. Increasingly so-called "impact investors" seek to engage in projects that create economic, social and environmental growth.

3. - Business Managers profile

Under the described business environment we must then ask how the entrepreneurs and leaders will be. What are some of their distinctive characteristics?

- Pragmatic
- Prudent
- Innovative
- Realistic
- Prophetic.
- Transformer
- Responsible for the 4th. Dimension

We have rights and obligations: it is true we have rights but we have more obligations than others.

- We take business risks that result from work and relationships with people
- We must be leaders of containment
- We are servants, which is the way to allow the development of people



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We have responsibilities:

- Entrepreneurs and leaders are called to be promoters of economic and human development, both in business organization and in society
- We are the ones that guide companies and organizations with principles and values, carry out the business plan implementation and help preserve ethical behavior in time.

Our role in developing persons is based on:

- Confidence
- Integrity
- Ethics as a value, which becomes concrete when it is embodied in action.
- Accept the commitment to the future and the society where we act.

May be we can introduce in this moment the concept of key drivers for a practical Ethical management that will help to succeed in the implementation of Ethical Principles that contribute to human development.

Practical Ethical Principles for Business

- 1 - Address genuine human needs through the creation, development and productivity of goods and services
- 2 - Organize good and productive work
- 3 - Use resources to create and share wealth and prosperity in sustainable way
- 4 – Business scope

Business Ethical Drivers	Contribution to human development		
	Contributes to common good	Human development as a person	Solidarity with the poor
Needs of the world: goods and services	Satisfaction of basic human needs, up and down stream	Through talents, energies and skills	Establish solidarity chain From the person up to the family and community
Organizing good and productive work	Agility, Responsiveness and Dynamism	Knowledge, interrelation, work to become more (JP II) source of dignity, labor	Subsidiarity (a community of a higher order should not interfere in the internal life of a community of a lower order)
Creating sustainable wealth and distributing it justly	Profitable business creates: physical, mental, psychologically, moral and spiritual well being	Profit is a good servant but it makes a poor master	<ul style="list-style-type: none"> ▪ Just distribution to collaborators ▪ Just prices for customers ▪ Just returns ▪ Just prices as suppliers ▪ Just tax rates
Business	Community of persons	Practical wisdom + justice	<ul style="list-style-type: none"> ▪ Giving love/dignifies business ▪ Virtuous human organization ▪ Wise teaching

Source: Business Leader Reflection - Pontifical Council for Justice and Peace



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4. - The Corporation

The company is an entity that must be characterized by their ability to serve the common good through a well-organized work, research and practices testing ability to identify and meet needs, the risk investments and the establishment of stable sources of employment and value chains that extend the ability to generate wealth and distribute it fairly. With this objectives respect for and promotion of human rights finds its full realization. As men and women of business, fed by a comprehensive social ethics constantly enriched by CSD, we believe that the economy, built on relationships with others, must be based on respect and independence of the individual. Their focus on the production and exchange of goods is directly associated with the service of man. This is the author, center and end of all socio-economic life. As leaders, from our experience, we believe that an economy and a company inspired and motivated to serve man as an end in itself is more efficient to generate value-added results and businesses that those that are only driven by financial interests from those who consider man as a tool to serve their individual interests. That is why entrepreneurs gathered in UNIAPAC understand CSR as a way to relate value-based management, coordination with the various actors involved in the company and deployed in various areas of our business.

CSR Definition

What is it? : *Form of management emerging from a personal, moral, conscious and coherent commitment of the businessmen and their related persons based on Christian social ethics.*

The means: *The aim of full accomplishment of internal and external objectives, taking into account the expectations of all the stakeholders involved, in economic, social, human and environmental terms.*

The purpose: *The profitable sustainable development of enterprises and society, demonstrating respect for the dignity of human beings, communities and the environment, thereby contributing to building the common good with social justice.*

Conclusion

The basement for management is not in discussion: Values and Ethics for the development of business and human maturity. The CSD is the basement. The implementation plan is in hand of businessmen. But a new management style should be set in force. We must go further in the definition of a new management paradigm. Economic development (supported by innovation, technology, efficiency; productivity; etc.); social enhancement (human progress, dignity, net works connections, etc.), environmental improvement (how to implement a plan for the human sustainability): these are the goals for this new period. These goals require the enhancement of human freedom and progress. Subsidiarity Management is a form to reach this step toward the dignity of the person evolution.

What are we looking for through the corporation? A type of company that uses the power of the market to provide concrete solutions to human, social and environmental problems. Primarily competes to be the best for the world and not just in the world. It operates under high human social and environmental respect with transparency. On its own corporate statutes legally binding decisions considering not only the financial interests of its shareholders, but also other long-term interests, such as those of collaborators, suppliers and customers, the community to which they belong. This paradigm redefines the meaning of success in business, it is not only measured by the increase in turnover, profits or dividends, but how the business model integrates the profit with the impact on the person, the society and the environment in a measurable way.

Brian Griffiths: Congratulation to JM Simone presentation. I would like to mention the example of Herman Miller to help people to develop themselves, Herman Miller was a manufacturer, outstanding companies, where there are values. Herman Miller creates excellent companies to help people to grow profitably. There were values there: the best for the world, and not the best in the world



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III.IV Christian Social Doctrine in the Corporate World: A few Remarks to the Discussion on Subsidiary, Solidarity and Common Good

Presented by Bishop emeritus Christian Krause

1. Until the end of the 20th century in the world of economy:

Planned economy versus free market economy based upon the system of subsidiary resulting in social market economy. With the more or less total collapse of planned economy in the communist/socialist countries of the east, market economy had proved to be superior and better. Now, however, it had to prove that it is not only better, but that it is also good, i.e. for the common good.

2. Beginning of the 21st century:

That prove has not come true until now. Why? The concept of a free market now on global scale had dissolved itself in many cases from the “trinity” of subsidiary, solidarity, and common good. We see today what happens when freedom becomes an end in itself and thus at times also becomes a freedom in terms of a separation from shared values, from responsibility for social concerns and even from the responsibility to strive for peace or at least for a peaceful co-existence.

3. Christian thought and the concept of freedom:

This is a very essential issue for the interpretation and praxis of subsidiarity. I refer to Pierre Lecocq’s chapter on “Subsidiarity in the Gospel and in the Christian Faith”. Here he underlines both, the dignity of men in his being created in the image of God; but at the same time also the model of a servant in the discipleship of Christ who through the example of his own life and action (e.g. the washing of the feet) “offers an unsurpassable model of leadership, i.e. the model of the servant leader”. The definition of what we mean by freedom will be essential for the understanding of what we wish to implement in the future. I give you one interpretation which has been central in the process of the Reformation in the 16th century and which coincides with the duality lord/servant as outlined before:

Martin Luther 1520 in his writing “The Freedom of a Christian”:

“A Christian is a perfectly free lord of all, subject to none.

A Christian is a perfectly dutiful servant of all, subject to all.

...This is to say, that a Christian does not live within himself, but within Christ and within his neighbor: within Christ in faith; within his neighbor through love.”

4. Christian Concepts of Subsidiarity which shaped the world:

a.) the Reformed/Calvinistic concept of subsidiarity, formulated in 1571 (Synod of Emden) and practiced in opposition to the catholic praxis of hierarchical structures. It stipulated that the decision-making within the church is being transferred from the top-level to the level of the congregation (critical remark to Pierre Lecocq’s chapter “Subsidiarity as applied in the (catholic) Church”. This radical understanding of subsidiarity in the Reformed tradition beyond any institutional or state

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authority has later on made its way in particular in the formation and praxis of the USA and the development of capitalism: coupled with the doctrine of predestination <e.g. success shows God's blessings> and strong individualism <everybody can make his/her own way from the bottom to the top>, social care is being left to the individual's success or to the field of charity but not to the public concern <cf. recent discussion on health insurance in the USA>. The radical separation between state and church in the US is also a consequence of European oppression of the state which had caused many to leave Europe and immigrate to the North America.

b.) the roman-catholic understanding of subsidiarity mainly with regard to issues of social care and justice, starting in the 19th century and being fully developed esp. by the Jesuit theologian Oswald von Nell-Breuning. Here we find the classical "trinity" of subsidiarity-solidarity-common good.

c) When we now want to apply this concept not only to the social field and in general to that of politics, but also to the world of business and banking, we shall probably have to learn to read this "trinity" backwards: the aim is the common good (cf. the constitution of Switzerland: the well-being of the nation is being determined by the well-being of the weak); the attitude of conduct is that of solidarity (cf. the "double command" of love); the structural method is that of subsidiarity, i.e. each section or group of society, business and banking included, is called to do whatever it can to contribute to the common good in a spirit of solidarity – not by the rule of law, but because of a well-defined self-interest in a peaceful, constructive "family of men". Can that be possible?

5. The Model of the Family:

If we want to apply the "trinity" in the way as outlined above, one of the main questions will be: what are the main targets to be reached and who can be in the position to do the job beyond the state or the social institutions? The German Robert Bosch Foundation has made a study under the heading "Solidarity, Subsidiarity and the Small Units of Life" in order to follow up on these two questions. The result is surprising: the basic needs which have to be fulfilled for a peaceful co-existence in society are the well-being and upbringing of the children (next generation) as well as the care for and well-being of the growing number of old people (dignity of men beyond profit making).

Traditionally, both of these needs have been taken care of by the unit of the family. It is indispensable. However, dramatic changes in the evolution of society demand that the concept of the family will have to be re-formulated and re-structured also taking into account e.g. the issue of gender justice, i.e. cooperation and sharing on equal level between men and women (cf. present discussion on the role and presence of women in positions of top management). Here, too, I wonder whether the world of business and banking can make use of a re-structured model of the family (how would and could it look like?) in order to allow subsidiarity to succeed for the sake of local, regional and global peaceful co-existence which on my opinion will also be an indispensable common good for successful business.



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Group remarks on the presentation of Pierre Lecocq and José Maria Simone

Bishop Krause: References to the essence of the human being: We start being a minority. New set of values, not yet evident to us. With China and India: we get in a new situation: It is necessary to develop practical methods of management. Background of my mind, I do not try to get an eco, but I repeat some references. Clear priority to the system of subsidiarity, is not self-evident. It is a bitter competition. The drama of the big change is for us to interpret what we must to do.

Stefano Zamagni responds to Pierre Lecocq: The first definition of Subsidiarity is given by a philosopher in 1625. He defines Subsidiarity to defend freedom against Hugue Capet, and the excessive power of the king. Today we use it in a different framework, mainly for social justice but at the beginning it was for freedom. Subsidiarity based management is a key point: we live in a post Taylorist mode of production. I would like to complete my idea. We are in a knowledge society, but knowledge is too tight; we have codified knowledge and tacit knowledge.

Taylorism was very good in codifying knowledge, but if we want to mobilize tacit knowledge in a corporation, we have no choice except using subsidiarity. People are not convinced, and think that if the firm is a vertical organization, it is not true anymore. In a company, we need subsidiarity to tacit knowledge. Today tacit knowledge is more important than codified knowledge.

The Codified knowledge can be transmitted by codes (protocol), and the tacit knowledge can be transmitted by personal contacts. Leonardo Da Vinci was also an entrepreneur, he was not only a scientist, and he invented the first model of economy. He was saying to his students: "Stand next to me because you will learn by seeing how I operate with my hands. Only if I am in relation to you, I can transmit to you my knowledge".

Pierre Lecocq: To give you an example on tacit knowledge in my corporation. As a supplier, we develop full system to car makers and have to develop common standard products which will be sold worldwide: it is codified. Today we are starting through social networks to get all these program managers worldwide. We need to have a share of experience. We are creating social communities which will work exactly like Facebook through an internal social network. At the management meeting, we had a discussion in a Shareholders' meeting: some of them said: "but Pierre we cannot let them discuss about anything. But we have no choice; if we want them to use it and get involved in these social communities to where they share information and ask questions, we have to leave it open to any question. Otherwise, it cannot work. And the young generation used to these networks need freedom. It is a kind of problem but at the same time it is a fantastic opportunity.

José Ignacio Mariscal: It is hard for me to not talk as a businessman. The notion of Subsidiarity is not new to us in our corporation. We say to our people: "as much you subordinate as it is possible and only boss as it is needed". People understand that, and this creates a synergy which is unbelievable. People will demand freedom and respect. Once you begin to set up in the structure, it begins to work. Everything is based on freedom and respect. You cannot force anything. The process is backwards. Once you have it in place, it is going to be an efficient and very human company. Totally human, that's what we mean by successful. Sometimes you know they are not going to do the right thing and you let them fail. That is part of the learning process. You have to let them fail; But that is much more than that. In Uniapac, we teach them how they can make their company successful, ie highly productive and totally human: these two elements are key for the success. It is a way of teaching thoroughly. The challenge is to put it in a simple way to make it possible. In the management book, it does not give you this responsible freedom that you have really to pass



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through. That is a big challenge to put it in a very simple way so we can talk about it and make it possible.

Michael Naughton: When we were writing our document “Vocation of Business Leader”, it was Pierre Lecocq who was in charge of writing the section on Subsidiarity. People in the Committee were very excited because, as far as I know, it is the first document from the Church applied to Subsidiarity. One of the things which is very interesting is the exception clause which is very important because when you say we take the risk, it sounds like you have to give them the decision all the time. It is not the case but the way it was written here I was comforted on that issue but your point supposes a kind of certification, otherwise you are in a kind of abusive issue. I quote Lawrence which fits very well with what you said: “The freest we are may be the less free we are”

This Quotation of Lawrence captures this beautiful notion of freedom from Magnificent English literature:

“Men are less free than they imagine; ah, far less free. The freest are perhaps the least free. Men are free when they are in a living homeland, not when they are straying and breaking away. Men are free when they are obeying some deep, inward voice of religious belief. Obeying from within. Men are free when they belong to a living, organic, believing community, active in fulfilling some unfulfilled, perhaps unrealized purpose. Not when they are escaping to some wild west. The most unfree souls go west, and shout of freedom. Men are freest when they are most unconscious of freedom. The shout is a rattling of chains, always was. Men are not free when they are doing just what they like. The moment you can do just what you like, there is nothing you care about doing. Men are only free when they are doing what the deepest self likes. And there is getting down to the deepest self! It takes some diving.”¹¹

Pierre Lecocq: It is so difficult to explain to young people.

Edouard Herr: Perhaps it is also interesting as Christians and depending on the Social Doctrine of the Church to show some way quickly that this subsidiarity purpose is very much rooted in God himself. You talked a lot about the risk we take with subsidiarity. I think the risk God took with subsidiarity was freedom, creating freedom. Why creating freedom? Because God wanted an alliance in love, and love without freedom is not possible. I think it is very important to show that, as we have seen today several times, many of these concepts are really created by our experience of God: it comes from that: Common Good, Subsidiarity, freedom. I would say a Christian understanding rooting Freedom in Love, and not only freedom as power I can impose on others. Of course the problem is that God giving freedom, it can be one way of living freedom like trying to dominate, or a freedom like cooperating. With God, we see that freedom is received first and give. Not only give, but receive. We see that Freedom is to receive first.

Pierre Lecocq mentions that it is one of the very important points appearing in the Saint *Benedictus* Encyclical on Charity. It is giving and taking. We have to understand where the giving is coming from.

Edouard Herr: We should underline that our principles of Solidarity and Subsidiarity are both rooted in the person, and these principles are also personal principles: it is the way how freedom relates to each other. Subsidiarity is a kind of responsibility towards the others. It is more vertical relationship,

¹¹ D.H. Lawrence. *Studies in Classic American Literature*, Penguin Books, New York, 1923, 12-13.



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it is not domination, but it is like a father with his son. What he does is give his life; it is for the son can become father as well.

The logic of Subsidiarity is in French: *“La fin de l’autorité, c’est sa propre fin”*. There cannot be solidarity without subsidiarity, and *vice versa*: it cannot work. The Family is basis core of the society. If we reflect, we see that family is solidarity between men and women, and this solidarity is able to bring a new life where it becomes subsidiarity. Father and son are in a subsidiarity relationship.

It is important to show that these two principles are rooted in the personal relationship, depending on God. There are very strong oppositions. For instance, liberalism will not agree with subsidiarity. It is contractual, two freedoms of individuals don’t agree with subsidiarity. There is a choice in subsidiarity on the social point of view, do you help if the other is unable to do, or in subsidiarity giving the chance to the other that he can do by himself?

That is very important on the level of welfare society and also for CSR because some people say that there is subsidiarity when the other fails and is unable to do, whereas, the Christian way is to give the first condition.

Etienne Wibaux: Belong to the Textile branch/ Crisis context: how can we get energy in that business, because we had to go through that Crisis to get high sum of energy within the employees. Subsidiarity is the way. And how can we get the energy? If we transfer confidence, if we can get commitment with the people we are getting energy, So we can get the change, the creativity, commitment and courage from our employees. How can we destroy a system and build a new one? I think that Subsidiarity and transfer of energy, of creativity, of confidence could shape a new order.

Brian Griffiths: I thank you for your indulgence in holding this meeting in English. Secondly, I thank you for your participation and for this tremendously creative day on subsidiarity management and its big potential making subsidiarity practical by people who are on the front of business. It is very exciting and challenging. Thirdly, as a Christian but not as a member of the Catholic Church, I have an enormous respect for the Catholic Social Teaching. And in particular, in my judgment in the last 40, even 50 years, I don’t think the Protestants theologians have done a so deep thinking as the Catholic theologians have done about the nature of the Christian faith and its relation with the society. I turn to Catholic Social Thought and I go back further to Calvin and Luther, but Christian thinkers and laity. have done a big work bringing together an intellectual level together with a Biblical understanding. Also with a practical view: It would be hard to have an Anglican group of the same level in Great Britain. We owe you a due, respect, and, thank you all.



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PART IV: “Uniapac Think Tank Perspectives towards the future”

Eduardo Aninat

I would like to thank the speakers and the moderators as well who did a very good job as well. I give the welcome to Robert Leblanc, president of Les EDC. My only obligation is to thank you again and basically to tell you some words about what the Think Tank is all about. The Think Tank is one the areas of the Foundation. It is a very critical area; it started in 2010 with Pierre Lecocq who wrote a seminal note laying out a very ambitious path. Most of you but not all of you were here in 2010. We went through it; we tried to practice and advance through it.

Last year, we tried to make a practical application of that spirit and quality of high level discussion. The subject was the Crisis: which was a very good rallying point to bring this discussion into this epoch and into the practical arena. If we go back to the concept, Pierre Lecocq and the members of the Honors' Committee defined a dialogue between thinkers (academics if you wish) and practitioners. And I think that from the dialogue we have had today, fertilization of opinions, it has been very much that. In the spirit of the Lord, in the spirit of our faith and with the wealth of the Christian Social Doctrine. And the Think Tank, like all Think Tanks, has offered very provocative ideas, and the moderator have been very provocative, which is a very good sign.

We have missed the host of this place, Michel CAMDESSUS, but his spirit was here, his spirit is here. We missed as well one of the former founding Presidents of UNIAPAC Lorenzo Servitje, and Professor Philippe de Woot with his concept of metamorphosis, not revolution (not a coming back to, but metamorphosis), which has been very much in the discussion.

I end with this; we will prepare a book recovering all the notes which have been taken today. We had a very crucial path and developed a basic “social capital”. I think that with a lot of work and good insights, we have built some kind of framework; a framework which has a background (CST), a framework which tries to advance and make applications. If I take a framework and application then it can be explosive.

There are some new topics where all this can lead us to leadership, risk, uncertainty, humanization, the role of the firm into humanization, cooperation, social conditions. The challenges of globalization, technical change, and very particularly the dignity of the person at the center, which was the contribution of José Ignacio Mariscal. We have a fruitful role ahead. We have all together built a basic pillar of the Central Think Tank. We need now to build up regional Think Tanks. That will be our March- December task.

We have, all together, through our corporations and shared values, built what I would call the basic pillar of the space called the Central Think Tank. We need to build it into the Regional think tanks and push further this concept to the future.



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CV of Participants

MICHEL ALBERT

Michel Albert graduated from the Institute of Political Studies of Paris, Doctor of Economics, former student of ENA (Ecole Nationale d'Administration), Michel Albert was appointed Inspector of Finance in 1956. President of AGF (General Insurance Group) from 1982 to 1994, member of the Committee for the monetary policy of the Bank of France from 1994 to 2003. In March 2006, he was elected honorary President of the International Centre for European Training. He was been Permanent Secretary of the Academy of Moral and Political Sciences from January 2005 to December 2010.

EDUARDO ANINAT

Eduardo Aninat is Directeur Général of the Uniapac Foundation. Dr. Aninat was the Finance Minister of Chile from 1994 to 1999, during the presidency of Eduardo Frei, the leader of democratic coalition Concertacion. Dr. Eduardo Aninat also served as Deputy Managing Director of the International Monetary Fund (IMF) from 1999 to 2003. He was Ambassador of Chile in Mexico (February 2005–June 2006), under the government of president Ricardo Lagos. In March 2010, Dr Aninat joined the Board of Advisers for the CENTER for FINANCIAL STABILITY (CFS) a prestigious Think Tank on macroeconomic & global topics presided by Dr Larry Goodman, based in New York, USA. Dr. Aninat has a M.A. and Ph. D. in Economics from Harvard University

LUIS BAMEULE

Luis Bameule is President of QUICKFOOD S.A. Mr Bameule holds a Degree in Business Administration UCA in Argentina. He is a former President and current partner of A.C.D.E (Asociación Cristina de Dirigentes de Empresas). He was also VP of COPAL (Coordinadora de Industrias de Productos Alimenticios) and member of the Comisión Directiva de la Asociación Empresaria Argentina (AEA). Mr Bameule is memeber of the board of Editorial Kriterion S.A. (Revista Criterio). Luis Alejandro Bameule, son of Mr Luis Baumele, will participate in the meeting on behalf of his father. L.A Bemaule Is Managing Director in Family Office and in the past has worked as Franchise and International Development Manager en Freddo S.A. , the European Representative en Quickfood S.A and Manager en Accenture, London, UK.

PIERRE DESCHAMPS

Pierre Deschamps is graduated from Ecole Centrale Paris (1966). He spent his entire career at Unilog, consulting and services company, as Chairman of the Supervisory Board from 2004 to 2008. Pierre Deschamps was president of the French association of Christian Entrepreneurs and Managers (Les EDC) from March 2006 to March 2010. He is currently administrator of several SMEs and vice-president of the Chamber of Commerce and Industry of Paris (CCIP). It is also a founding member of several foundations: the Foundation of the Bernadins, the Foundation for an economy at the service of man. With his family, he created the endowment Fonds de Dotation CapitalDon.

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.



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EDOUARD HERR

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

BISHOP EM. DR. H.C. CHRISTIAN JACOB ERNST KRAUSE

Bishop Krause is titular of Honorary Doctor Degrees, in 1994 from the Ecumenical Academy at Madras, India, and in 1999 from the Comenius University, Bratislava, Slovakia. Between 1994-2002, he was Bishop of the Evangelical-Lutheran Church in Braunschweig, Germany. Between 1997 and 2003, he was the President of the Lutheran World Federation. Between 1999 and 2011, he chaired the Board of the Hermann-Kunst-Foundation for New Testament Text Research at the University of Münster, Germany. Between 2001 and 2007, he was the President of the Luther Centre, Lutherstadt Wittenberg, Germany.

ROBERT LEBLANC

Robert Leblanc is graduate from Ecole Polytechnique of Paris and titular of a PhD in organizational strategy (Paris-Dauphine University). He was a firstly management consultant at Andersen Consulting (now Accenture) from 1979 to 1987, and Vice President of SBF Bourse de Paris (now Euronext) from 1987 to 1990, Robert Leblanc joined Meeschaert Rousselle, stockbroker, subsidiary of AXA Group as Managing Director., He was Managing Director of UNI EUROPE, insurance company dedicated to brokers. He joined SIACI insurance broker dedicated to corporate accounts in 1998 as Managing Director and became Chief Executive Officer in 2001. Since October 2009, he has been CEO of Aon France, a subsidiary of the world's leading insurance broker and reinsurance. Robert Leblanc was also president of the French Insurance Brokers Association from 2005 to 2008. Since 2008, he has been chairing the MEDEF Ethical Committee. He has been part of Les EDC since 1998. He led a working group on collective redundancies which resulted in a publication in 2003 in the collection "Les Cahiers des EDC." From 2004 to 2010, he was in charge of the Committee dedicated to foundations of faith in the EDC. He has been president of Les EDC since 2009.

BURKARD LEFFERS

Past member of the Regional Board of the CommerzBank. 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.

PIERRE LECOQCQ

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.



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GEORGES MALLINCKRODT

George W von Mallinckrodt, KBE was a Director of Schroders plc from 1977 to 2008. 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. He 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.

JOSE IGNACIO MARISCAL

Since 1974, Mariscal has been the CEO of Grupo Marhnos in the construction sector. At present, Mariscal is Director of Grupo Bimbo (a leader food industry) and President of its Planning and Finance Committees, Director of Capital Investment Society of Posadas de Mexico (largest hotel operator in Mexico), Director of Grupo Calidra (leader lime stone producer in Mexico), member of the Executive Committee and Chairmanship's Office of COPARMEX (the most representative business union in Mexico) and President of the Committee of Only One Economy, Everyone within the Law, of the Mexican Business Council (CCE for its abbreviation in Spanish). Also he is Member of the BIAC Executive Board from 2010 to 2012 (Observer and Associate Experts Group Organisations). He was President of UNIAPAC International from 2006 to 2009, President of National Confederation of the Associations of Christian Mexican Businessmen (UNIAPAC Mexico) from 2002 to 2006, President of Mexican Institute of CST (IMDOSOC) and Vice-president of FINCOMUN, a micro credit institution.

MICHAEL NAUGHTON

Michael Naughton is the holder of the Alan W. Moss Endowed Chair in Catholic Social Thought at the University of St. Thomas (Minnesota) where he is a full professor with a joint appointment in the departments of Catholic Studies and the Opus College of Business. He is the director of the John A. Ryan Institute for Catholic Social Thought, at the Center for Catholic Studies. He is the author and editor of nine books and over 30 articles. His most recent book is *Leading Wisely in Difficult Times: Three Cases of Faith and Business* (Paulist, 2011). He currently serves as board chair for Reell Precision Manufacturing (for profit) and board member for Seeing Things Whole (non-profit).

JUAN OTEGUI

Juan Otegui is the Head of a Uruguayan group dedicated to agribusiness and active in the business of meat, wool and wood production and exports. Mr Otegui is director of Cofusa-Urufor Forestry (a leader forestry industry).

GWENOLA ROBIN

She has been working for 5 years for Uniapac assisting the President Pierre Lecocq. Since 2011, she has been sharing her time between Uniapac association and the Uniapac Foundation assisting both Pierre Lecocq and Eduardo Aninat respectively President and Directeur Général of Uniapac Foundation. Mother of 4 children, she has a Franco-Iberian master in International trade (IAE, Bordeaux).

JOSE MARIA SIMONE

José María holds an Industrial Engineer degree from 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 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 and Vice-president of Fundación Valores para Crecer, Foundation dedicated to train in values and ethics to managers and staff in corporations and schools. Board member Buenos Aires Food Bank.



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JEROME VIGNON

He is born in 1944, and is graduated from Ecole Polytechnique and Ecole Nationale de la Statistique et de l'Administration Economique (France), has spent the first half of his professional career in the French Ministry of Finance in charge of macroeconomic policies, monitoring and strategic planning. He worked during seven years at the cabinet office of Jacques DELORS , former President of the European Commission (EC) in Brussels. From 1995, he became the head of the Forward Studies Unit in the EC, he led the team appointed by Romano PRODI which brought up the European Governance White Paper in 2001. From 2003 until, he became Director for Social Protection and Social Integration at the European Commission. He has now retired from the EC and taken over from Michel CAMDESSUS in 2007 the chairmanship of the Semaines Sociales de France, a leading French Lay person organization in the field of Christian social thinking.

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".

RODRIGO WHITELAW

Rodrigo Whitelaw holds a Bachelor degree in Economics and Business Administration and a PhD in Political and Social Sciences from the Catholic University of Louvain, Belgium. 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. Rodrigo Whitelaw is currently the Program Coordinator of the UNIAPAC Foundation.

ETIENNE WIBAUX

Since 2004 he has been Chairman of the Supervisory Board of the Company and President of SAS SUBRENAT WX Investments SAS and SAS SOPARC. From 2004 to 2012, he was Chairman and Member of the Supervisory Board Financial Group SIGEFI North (Siparex Group - Private Equity). Mr Wibaux was Président UNIAPAC between 2003 to 2006. He also has developed Social and humanitarian activities such as act as Administrator of the Fondation OK World (Groupe Okaïdi), Crèches pour enfants dans le Monde and the creation of the Family Foundation Cassiopée. 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 on 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.