



PONTIFICIUM CONSILIUM
DE IUSTITIA ET PACE

The New Climate Economy **How Economic Growth and Sustainability can go Hand in Hand** **Rome, 20 May 2015**

In the name of the Pontifical Council for Justice and Peace, I am very happy to join the Kingdom of the Netherlands, the World Resources Institute, and the New Climate Economy in co-sponsoring the formal presentation of the report, *Better Growth, Better Climate*, here in Rome and to take up its central concerns. It is a great honour to open today's Conference.

Many things change in our world, and ever more rapidly. But awe and gratitude do not change. Humans today are as awestruck as our ancestors at the beauty of creation, at the joy of desire and the wonder of love, at the human capacity to dream and invent. Truly God has done great things for us, and as many Psalms express so lyrically, we are grateful to God.

In return God asks us to continue His creation and make it better for others. But we have been poor stewards of creation. We have not met our obligation to maintain and protect the planet that nourishes and sustains us. For instance, if we keep burning fossil fuels at the current rate, we are on the road to ruin.

We must change course. We must acknowledge that the earth and its resources are intended for all people, including the poor and those not yet born. Our response to the precious gift God has bequeathed to us must surely be one of gratitude and obligation.

Gratitude and obligation, these are the distillation of Catholic Social Teaching as applied to the real world of business.¹ Let me summarize under three reliable headings:

¹ This is the fundamental message of *Vocation of the Business Leader* (2012), developed by the Pontifical Council for Justice and Peace with the help of business practitioners and educators. This handbook makes Catholic Social Teaching and the insights of *Caritas in Veritate* available for important decision-making in business. As of May 2015, *Vocation* is available in Arabic, English, French, German, Hungarian, Italian, Korean, Polish, Portuguese (Brazil), Portuguese (Portugal), Russian, Slovakian, Slovenian, Spanish, Thai and Ukrainian (and towards the end of the year, Chinese). <http://www.iustitiaetpax.va/content/giustiziaepace/it/archivio/pubblicazioni/vocation-of-the-business-leader--a-reflection-.html>

- GOOD GOODS – to produce goods that are truly good and provide services that truly serve;
- GOOD WORK – to organise work so that employees develop their gifts and talents; and
- GOOD WEALTH – to create sustainable wealth and distribute it justly.

What underlie the three imperatives are respect for **human dignity** and pursuit of the **common good**. These principles are the foundations of the Church’s social teaching. They apply perfectly to business, as do other key principles, especially solidarity, subsidiarity, stewardship and justice. Allow me to elaborate on these principles and their connection to the New Climate Economy that the world desperately needs.

1. “Good goods” says that businesses contribute to the **common good** by producing goods that are truly good and services that truly serve. They avoid products and activities that cause harm – they reject the temptations of profit through deception, mediocrity, and insidious promotion of addiction to vileness. The clear purpose of good goods is to meet authentic needs; to provide a benefit for the other, not just the self; to contribute to the flourishing of all, not just to profit for the few.

Thinking of the environment, including climate, we must ask if products and services can be “good” if their costs lead to natural deterioration. This is an application of full life-cycle costing. More than just financial measurement, the calculation – for the sake of the earth and all its creatures – must include environmental effects and costs. This leads reasonable people to demand reductions in carbon production. Our lives must become sustainable, not just our businesses or profit margins. We must resist the urge to defend vested interests simply for profit or to avoid investing in low-carbon development.

2. “Good goods” also enjoins businesses to express **solidarity** with the poor. They can do this by being alert for opportunities to serve deprived and underserved populations and people in need. Further, there are myriad examples of businesses that opt to ‘give someone a chance’, to make sure that opportunities are offered to people who are usually ‘left behind’. This can be an astonishingly positive option: employees who have been given a chance often become exceptional workers.

Solidarity with the poor extends beyond the local enterprise to the larger environmental context. When agricultural land becomes less productive due to global warming, the bellies of the poor will suffer first. The poor will be least able to

adjust to excessive heat and drought.² So solidarity means putting the brakes on heating-up the climate, and the business sector must cooperate and contribute and indeed lead. To leave it all to the overburdened and underfunded public sector, is neither realistic nor fair.

3. “Good work” means, first, that businesses make a contribution to the community by fostering the special **dignity** of human work. Work shapes people; it should be arranged so as to allow all to develop as integral human beings and citizens. This is the very opposite of being debased by one’s work. It is a horrible abomination that in the 21st century, we have slavery, human trafficking, sexual exploitation. Woeful egoism and materialism allow some to use others as mere instruments of profit and pleasure, thus robbing them of their human dignity.

Workers are owed living wages to support their families as well as the right to organize themselves. Central to these human rights and obligations, is the environment. The “green economy” will involve millions in protecting and restoring nature. In the United States today, for example, there are more jobs in solar energy than in the coal sector. So renewable energy offers great potential for the “work of human hands” and the dignity that flows from it. And it offers the prospect that families will live one day in the earthly garden that God entrusted to us.

4. “Good work” also applies to businesses that embrace **subsidiarity** by providing opportunities for employees to exercise their gifts as they contribute to the mission of the organisation. This echoes the human capabilities approach of Nobel Prize-winning economist Amartya Sen, which puts less focus on resources and more on the agency of the person and on the substantive freedoms people have to flourish. And economic growth occurs when wealth promotes integral human development, when it enhances opportunities for people to reach their potential as human beings. From this perspective, the environment plays an essential role: people’s ability and freedom to live functioning lives are based on the resources at their disposal. A healthy environment is a precondition for human flourishing.

5. “Good wealth” requires businesses to exercise **stewardship** over the resources they use – whether capital, human, or environmental. From producing a better pair of scissors to the construction of huge buildings, businesses are always investing. They have the privilege – and the awesome responsibility – to be God’s partners in the continuing drama of creation.

² A “business as usual” path could, by end-century, see global temperatures rise by 4°-6° Celsius above pre-industrial levels. This will prove catastrophic for lives and livelihoods - through droughts, extreme storms, heat waves, and rising sea levels. It will hit the poor especially hard, those least responsible for climate change and least capable of adapting to it. E.g., a 4% temperature increase could lead to a 50% decline in crop yields in Africa. Cf. Anthony Annett, “Sustainable development is about decarbonization, not depopulation”,

<https://www.commonwealmagazine.org/blog/sustainable-development-about-decarbonization-not-depopulation>)

Sustainable development is the great challenge of our age, and governments cannot meet this challenge alone. Rather, it requires an enduring partnership between the public and private sectors, geared toward the common good. Enterprises should play a proactive role in cultivating the virtues of sustainable development, rather than merely reacting to incentives offered by government. I know that some business leaders here today have taken this moral imperative to heart – the world will be a better place because of such efforts.

I should also mention the model of “social business”³ that is becoming popular with younger workers and entrepreneurs across the world. The model stresses the importance, while making profits, of contributing to society and protecting the environment.

6. “Good wealth” characterizes businesses that are **just** in the allocation of benefits to all stakeholders: employees, customers, investors, suppliers, and the community. Such allocation must reach the world-wide human community and the planet itself, as stakeholders. There cannot be freedom and wellbeing, nor economic growth and further opportunities, if the environment is disregarded. As Pope emeritus Benedict XVI warned, if profit is the only consideration, it interferes with justice – and that surely encompasses environmental justice.

How should we proceed? As Amartya Sen and others emphasize, achieving freedom, growth and care for the environment will require processes of public dialogue, which include but transcend democratic decision-making. This is why environmental discussions at the international and national as well as local levels are pivotal for promoting growth. The Church with her presence everywhere and her “expertise in humanity”⁴ is prepared to accompany and facilitate this dialogue, and contribute to it, as I believe we are doing here today.

Let me conclude with the suggestion that, from now on in Catholic social teaching, the principle of sustainability be on a par with solidarity and subsidiarity. As *The New Climate Economy Report* shows, following these principles should lead business to better economic and social outcomes in general – in other words, business thereby serves the common good and supports human flourishing while achieving its own legitimate goals. We applaud industries developing renewable energy. For workers and communities in the energy sector, we applaud just transitions to a non-carbon economy. We applaud financial institutions and investors seeking to invest in sustainability.

In today’s round-table discussion, each one brings a perspective – manufacturing and finance, government and Church. The issues before us belong to everyone –

³ As promoted, for example, by Mohamed Yunus, founder of the Grameen Bank.

⁴ See the *Compendium of the Social Doctrine of the Church*, passim.

like *common good* and *human dignity*, the environment is given to all, the home of all, and it is the responsibility of all to protect it. Failure is due to bad habits. In the parable of the Sower (Mt 13:18-23), Jesus warns that the cares of the world and the lure of wealth choke the Word. I pray most earnestly that all people, especially those who are in lofty positions to make or influence decisions that affect the earth and all its creatures, may be inspired to hear the upcoming Encyclical invite everyone to conversion.

“In the end, everything has been entrusted to our protection,” declared Pope Francis in his inaugural Mass, “and all of us are responsible for it. Be protectors of God’s gifts!”⁵

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⁵ <http://www.news.va/en/news/pope-homily-for-inaugural-mass-of-petrine-ministry>