



Catholic University of America's
School of Business and Economics
The Napa Institute
Conference on *Human Ecology*

“Is business to care for our common home?”

Washington, D.C., 17 March 2016

You have kindly invited me to answer the following question: “Is business to care for our common home?” My answer is an unqualified “yes”, and indeed an urgent “yes”! To explore this issue, let me (A.) introduce *Laudato si'*, (B.) ask about humanity's vocation to care for our common home, (C.) honour the three Popes from whom we are especially learning, and most importantly (D.) allow *Laudato si'* and traditional Catholic Social Teaching to shed important light on each other and so on our vocation as human beings and as business leaders. (E.) I will conclude responding to the question, “Is business to care for our common home?”

A. Introducing *Laudato si'*

Let us begin with Pope Francis himself presenting the Encyclical in the briefest form – this takes less than 90 seconds – the Pope speaks in Spanish and the sub-titles are in English:¹

Here are some key take-aways from the video and *Laudato si'* itself: [these could helpfully be revised to harmonize better with the specific context, the CUA Conference; in the appendix, below, you find the actual script of the Youtube]

- Our nature is created by God and surrounded by the gifts of creation.
- Our failures are that we over-consume and that we do not share the gifts of creation. We have tilled too much and kept too little – with dire consequences for the poor and the planet.
- And so it is urgent that we change our sense of progress, our management of the economy, and our style of life.

Now more than ever, the world needs leadership in all its fields of endeavour, and the various fields need to work together in pursuit of the common good of humanity. Everyone must play a role, and

¹ www.ThePopeVideo.org

Pope Francis speaks to everyone. He exhorts those in high station in politics, business and science, and he encourages those who live and work in very humble circumstances—all must commit to meeting the needs of all who live on this planet and of the planet itself. We are all in this together, each of us responsible for the other.

Following the Pope's example, I implore you to approach others whom you consider utterly different and therefore distant from yourselves. They are, nevertheless, your brothers and sisters. And they live in the same, one-and-only common home with you.

I repeat: we are all brothers and sisters, poor and rich, well-fed and hungry, in one common home. The Holy Father does not discriminate. He gives appropriate praise to the champions of technology and commerce when their leadership achieves great good for the world. At the same time, he has also vigorously proclaimed the necessity for leadership and participation by those on the periphery, not only in the centres of power. Here is what he said at a World Meeting of Popular Movements in Bolivia last July:

You, the lowly, the exploited, the poor and underprivileged, can do, and are doing, a lot. I would even say that the future of humanity is in great measure in your own hands, through your ability to organize and carry out creative alternatives, through your daily efforts to ensure the three "T's" of *trabajo, techo y tierra*—that is, of work, housing, land and food—and through your proactive participation in the great processes of change on the national, regional and global levels.²

When he speaks to the business community, Pope Francis encourages a broad sense of vocation, which gives rise to a deepened exercise of responsibility. In his words to the World Economic Forum: "Business is - in fact - a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life."³

These are scarcely the words of someone who misunderstands or disparages business, as some would have you believe.

At the same time, he asks the world's economic leaders to recognize that "the successes which have been achieved, even if they have reduced poverty for a great number of people, often have led to a widespread social exclusion. Indeed, the majority of the men and women of our time still continue to experience daily insecurity, often with dramatic consequences."⁴

Now, Pope Francis has given the world his wonderful encyclical *Laudato si', on Care for our Common Home*. It adds another warning to his earlier statements. Not only is there poverty and social exclusion in the midst of plenty; economic activity is also degrading the natural environment, even to the point of threatening future human life.

B. Humanity's Vocation to *Care for our Common Home*

² Pope Francis, *Address* to the Second World Meeting of Popular Movements, Santa Cruz de la Sierra, Bolivia, 9 July 2015, § 1.

³ Pope Francis, *Message* to World Economic Forum, 17 Jan 2014, quoting *Evangelii Gaudium* §203

⁴ *ibid.*

The encyclical *Laudato si'*, released in June 2015, teaches that the way we interact with the natural world is deeply related to how we interact with our fellow human beings. In fact, there is no valid way to separate these two aspects. Therefore all decisions about the natural environment are ethical decisions—and this implicates business too. This is inescapable, and it has important implications.

It means that technology and commerce must be held to transcendental standards of the meaning of life and of the moral outlook. They must be defined by solidarity—both with all people alive today and with those not yet born—and be oriented toward the common good. It is not enough to be a business innovator and a producer of surpluses—these are worthwhile only if they serve integrated, ecological citizenship. And in this era of grave environmental crisis—actually of linked crises in nature and society—Pope Francis asks us to hear, and respond to, the cry of the earth and the cry of the poor. Not only are we grievously damaging our common home, but—in doing so—we are wounding the poor and excluded of the world.

The path of the encyclical is detailed and rich. Here are some of its key messages:

- All human beings are affected, and everything in nature too, by climate change, misuse of natural resources, waste and pollution.
- Everything is interconnected; we cannot understand the social or natural world or any parts of them in isolation.
- Everyone must act responsibly to save our world—from individuals recycling, to enterprises reducing their ecological footprints, to world leaders setting and enforcing ambitious carbon reduction targets.
- We must be truthful, not hide or distort facts in order to gain selfish advantage.
- We must engage in dialogue; genuine, trusting and trustworthy engagement of all parties is required to succeed where all is at risk.
- Beyond the industrial age's shortsighted confidence in technology and commerce,⁵ we must transcend ourselves in prayer, simplicity and solidarity.

C. To learn from three Popes

It makes me very happy to be marking the 125th anniversary of *Rerum Novarum* (15 May 1891) which launched the formal magisterium of Catholic social encyclicals. Pope Leo XIII responded to the *res novae* or “new things” of his time, which were the major social and economic upheavals wrought by the industrial revolution. In this great encyclical, Pope Leo applied timeless moral principles to the particular circumstances of the time. He vigorously condemned socialism, but he also condemned the unjust practices in capitalism—the “greed of unchecked competition” that allowed a “small number of very rich men have been able to lay upon the teeming masses of the labouring poor a yoke little better than that of slavery itself.” He called for economic relationships based on justice and charity, recognizing the centrality of a living wage and calling for the rights of workers to organize and bargain collectively. This aspect of human ecology remains of central importance today—not just in some of the world's poorest countries where workers face conditions

⁵ “Short-sighted confidence in technology and commerce” is what Pope Francis sums up under “technocracy” in *Laudato si'*.

every bit as harsh and degrading as in Pope Leo's time, but also in countries like the United States too.

Fast-forward a hundred years, to the great encyclical of Saint John Paul II—*Centesimus Annus*. Just as with *Rerum Novarum*, *Centesimus Annus* provided a moral response to the “new things” of its time—in this case, the fall of the Berlin Wall and the collapse of communism. Saint Pope John II was, of course, happy to see that degrading and inhuman system confined to the trashcan of history. But he was not triumphalist either. With great foresight, he recognized the dangers of capitalism, especially when not “circumscribed within a strong juridical framework”, when it sees profit as the exclusive goal of business, when it falls under the sway of an ideology of the market, or when it elevates the cult of consumerism. I should note that some have claimed that *Centesimus Annus* changed the tenor of Catholic social teaching, and even abrogated prior teaching on the market economy. Nothing could be further from the truth. Saint John Paul II follows directly in the footsteps of his predecessors. And like his predecessors, he recognized the twin dangers of both collectivism and individualism.

And prefiguring *Laudato si'*, St John Paul establishes “the moral conditions for an authentic *human ecology*”.⁶ He denounces our failures to find our “true place” in this world and the hubris of declaring “independence from reality” and behaving “with absolute dominion”. So, “instead of carrying out his role as a co-operator with God in the work of creation, man sets himself up in place of God and thus ends up provoking a rebellion on the part of nature”.⁷

Laudato si' follows in this great tradition. As Pope Francis himself has said, it is not a “green encyclical”, it is a “social encyclical”. Just like *Rerum Novarum* and *Centesimus Annus* before it, it addresses the “new things” of our current time—the combined social and ecological crises. It is responding to the fact that the scale and impact of human activity on the natural world have almost reached breaking point, trespassing some crucial planetary boundaries that safeguard life on earth.

So there is a direct progression among these three encyclicals. At their heart, they all affirm one of the timeless principles of Catholic social teaching—the universal destination of goods. Essential to human ecology, this is the idea that the fruits of the earth belong to all people, and that the right to private property is conditional on this need being met. This was formalised, of course, by Thomas Aquinas but it has an ancient pedigree—it goes all the way back to the beginnings of the Hebrew Scriptures.

Rerum Novarum states this principle as follows: “Whoever has received from the divine bounty a large share of temporal blessings, whether they be external and material, or gifts of the mind, has received them for the purpose of using them for the perfecting of his own nature, and, at the same time, that he may employ them, as the steward of God's providence, for the benefit of others.”⁸ Saint John Paul II forcefully reaffirmed this teaching, stating that “God gave the earth to the whole human race for the sustenance of all its members, *without excluding or favouring anyone*”.⁹ In *Laborem Exercens* § 14, he stressed that the best way to apply the universal destination of goods in

⁶ *Centesimus Annus* § 38, quoted in *Laudato si'* § 5.

⁷ *Centesimus Annus* § 37 and 38, quoted in *Laudato si'* § 115, 117..

⁸ Leo XIII, *Rerum Novarum*, § 93.

⁹ *Laudato si'* § 93 quoting *Centesimus Annus* §31

the context of the modern economy was to make sure that people received just remuneration for their work. He followed this up in *Centesimus Annus* by arguing that ownership of the means of production is only just and legitimate if it serves useful work—not speculation or despoliation.

Now *Laudato si'* strongly re-affirms the universal destination of goods. “The Christian tradition has never recognized the right to private property as absolute or inviolable, and has stressed the social purpose of all forms of private property.”¹⁰ And last July in Bolivia, Pope Francis sent this powerful message: “Working for a just distribution of the fruits of the earth and human labour is not mere philanthropy. It is a moral obligation. For Christians, the responsibility is even greater: it is a commandment. It is about giving to the poor and to peoples what is theirs by right. The universal destination of goods is not a figure of speech found in the Church’s social teaching. It is a reality prior to private property. Property, especially when it affects natural resources, must always serve the needs of peoples.”¹¹ And in the brief videoclip we just saw, the Holy Father reiterated, “Believers and unbelievers agree that the earth is our common heritage, the fruits of which should benefit everyone.”

Going even deeper, the very expression “our common home” is a culturally and spiritually enriched way of expressing the universal destination of all God’s gifts, including both the human ones and natural resources. *Laudato si'* says that the natural environment is a “collective good, the patrimony of all humanity and the responsibility of everyone.” So it is a grave injustice when the world’s wealthiest people pollute the earth in a way that hurts the poor today and the poor tomorrow. For example, the bottom three billion people in the world today account for a mere 6 percent of the greenhouse gas emissions that are destroying our planet. This is why Pope Francis speaks of an “ecological debt” between rich and poor countries. And as business people, I’m sure you would agree that debts should be paid!

D. Laudato si' and the role of business

Let me now turn to the Holy Father’s challenges to business.

As I mentioned at the beginning, the Holy Father is not anti-business. Quite the opposite—he sees it as a “noble profession”. But to live up to this vocational calling, it must orient its activities toward the common good. For sure, profit has its legitimate role to play in any business activity. But it cannot be the only role, or even the primary role. Rather, businesses must always strive to meet genuine human needs, rather than feed a culture of consumerism—“a whirlwind of needless buying and selling” due to “the slavery of consumerism” (videoclip).

And it should always put jobs before short-term profits. This is a key concern for Pope Francis, so much so that there is an entire section of the encyclical called “The need to protect employment” (§124-29). One of the ways business can best help care for our common home is by providing decent work.

¹⁰ *Laudato si'* § 93.

¹¹ Pope Francis, *Address to the Second World Meeting of Popular Movements*, Santa Cruz de la Sierra, Bolivia, 9.7.2015, § 3.1

This is because work is a noble and necessary vocation: “Work is a necessity, part of the meaning of life on this earth, a path to growth, human development and personal fulfilment” (§128). Work is how human dignity unfolds while earning one’s daily bread, feeding one’s family, and accessing the basic material conditions needed for flourishing every day. Further, it should be the setting for rich personal growth, where many aspects of life enter into play: creativity, planning for the future, developing our talents, living out our values, relating to others, giving glory to God. It is essential therefore “to prioritize the goal of access to steady employment for everyone,”¹² no matter the limited interests of business. (§127) It is wrong when some businesses simply replace workers with machines on the basis of efficiency and utility, viewing human beings as interchangeable with machines as mere factors of production. Clearly, the obsession is to gain maximum profit, but at the cost of less and less decent work. Do individuals thrive from being unemployed or precariously hired? Of course not. Does society benefit from unemployment? Of course not. In fact, far too many people everywhere cannot find worthwhile and fulfilling work. We should not be surprised when unscrupulous people with demented fantasies recruit such idle individuals into criminality and violence.

Another role of business, according to *Laudato si’*, is sustainability. Quoting Pope Benedict XVI, Pope Francis teaches that “only when ‘the economic and social costs of using up shared environmental resources are recognized with transparency and fully borne by those who incur them, not by other peoples or future generations’, can those actions be considered ethical.” Let us be honest: if we use this criterion, how many businesses are truly ethical today?

This is why proper practices of stewardship geared toward *sustainability* of the natural environment and of human systems is essential. The problem, Pope Francis says clearly, is that the logic of competition promotes short-termism, which leads to financial failure and devastation of the environment. “We need to reject a magical conception of the market, which would suggest that problems can be solved simply by an increase in the profits of companies or individuals” (§190). The logic of profit tends to work against sustainability. Instead, as the Holy Father said in the videoclip, “The relationship between poverty and the fragility of the planet requires another way of managing the economy and measuring progress, conceiving a new way of living.”

But the message toward business is fundamentally hopeful and positive. Pope Francis calls upon business to lead by harnessing its creativity to solve pressing human needs. “More diversified and innovative forms of production which impact less on the environment can prove very profitable” (§191). Business is called upon to invest in sustainable development solutions. And I would add that it would help greatly by rejecting those who bury their head in the sand when it comes to climate change and environmental degradation. Because “there are too many special interests, and economic interests easily end up trumping the common good and manipulating information so that their own plans will not be affected.”

One word of caution here: Technologies need to be assessed for their contribution to the **common good**. The Encyclical gratefully acknowledges the tremendous contribution of technologies to the improvement of living conditions. Yet it also issues a warning about the misuse of technology, especially when it gives “those with the knowledge, and especially the economic resources to use

¹² Benedict XVI, *Caritas in Veritate*, §32.

them, an impressive dominance over the whole of humanity and the entire world” (§104). Moreover, markets alone “cannot guarantee integral human development and social inclusion” (§109).

Justice must also dictate how the burden of environmental rehabilitation is distributed. Peoples and nations that have contributed most to greenhouse gas emissions and have benefitted most from the industrial period, should now take the lead and contribute more to the solution than those whose standard of living is just beginning to rise. Businesses must be honest about so-called *externalities* or *spillover effects*, since finally nothing falls outside of the accounts of our one shared common household; they must not pass environmental costs to others while keeping inflated profits for themselves.

Before I conclude, let me add an observation on governance. A Harvard business professor—I apologize for mentioning a rival school!—suggested it to me. The directors of a corporation need to think of the long term good of the corporation. Their responsibility differs from that of management. Corporate directors may need to restrain short-term thinking by managers and the greed of some shareholders for short-term profit-taking.

Instead, taking the long view, they should aim for an optimal balance among three considerations:

- shorter term financial rewards,
- sustainability of the corporation,
- and contribution to social and environmental well-being.

It is incumbent on corporate directors to see the corporation as a multi-generational entity and therefore to guide managers and shareholders in providing for its long-term health—its sustainability within a healthy natural and social environment.¹³ I should also point out that some of these insights were echoed by Pope Benedict XVI in his great encyclical, *Caritas in veritate*—he argued that businesses needed to be responsible to a wider array of stakeholders than shareholders alone, and to move away from the logic of short-term financial return.

Conclusion: “Is business to care for our common home?”

I have argued that the answer to the title question is a robust YES. But business caring for our common home cannot be business as usual. Some 200 years of business-as-usual according to the technocratic paradigm has brought our common home to the brink of both environmental and social collapse. Going forward, business will need to adopt and implement a new idea of progress and development.

Caring for our common home requires, as Pope Francis says, not just an economic and technological revolution, but also a cultural and spiritual revolution—a profoundly different way of approaching the relationship between people and the environment, a new way of ordering the global

¹³ My thanks to Robert G. Eccles, Professor of Management Practice at Harvard Business School and associate of its Centre for the Environment.

economy. And this in turn, places a great responsibility on the shoulders of business leaders as well as popular leaders. But I am confident that you are up to the task! Do not enslave your eternal values to temporal goods; instead, deploy the spiritual principles that you hold dear in your effort to improve the here-and-now.

In this Year of Mercy, let compassion and caring guide your creativity and business prowess to make this a better world. Let us join together to take good care of creation—a gift freely given—cultivating and protecting it for future generations.

Cardinal Peter K.A. Turkson
President