



PONTIFICIUM CONSILIUM
DE IUSTITIA ET PACE

ZUG 2 TALKS: FAITH-CONSISTENT INVESTMENT MEETING

INVESTMENT -- A NOBLE VOCATION

Zurich, 31/10/2017.

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1. *OPENING*

I wish to thank the "Alliance of Religions and Conservation" warmly for the kind invitation to the **ZUG 2 Talks on *Faith in Finance***, a wonderful opportunity for Business people and Investors to meet and, reflecting together, to discover the true role of business and investment in serving society. Such service is what Pope Francis calls for in his apostolic exhortation *Evangelii Gaudium*:

“Business is a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.”¹

To live business and its related activity of *investment* as a vocation is what leads, we discover, to entrepreneurial success, personal happiness, and social justice; and I am happy glad for the opportunity to share thoughts with you on the *noble activity of investment* and the *noble vocation of the Investor*.

By way of background, then, I would like to introduce (2) what our Dicastery does (in the Vatican), and then (3) bring the key principles of its core business of promoting the *Catholic Social Teaching* (CST) to the world of business and investment. We can then relate (4) business and its investment activity to society

¹ Pope Francis, *Evangelii Gaudium*, 205.

and (5) to the global scene, ending with (6) the joyful service which business and investment can offer.

2. ABOUT THE *DICASTERY FOR THE PROMOTION OF INTEGRAL HUMAN DEVELOPMENT*:

The *Dicastery for the Promotion of Integral human Development* is the merger of four former Council or Departments of the Holy See (the Vatican's administration); and it inherits the call of Vatican II (1965) for a Church body “to stimulate the Catholic Community to foster progress in needy regions and social justice on the international scene.”²

- The scope of the activities of this Church body includes promotion of human rights, development, the environment, the economy and several related issues, all of which contribute to justice and peace.
- An important task of this Church body is to “deepen the social doctrine of the Church and attempt to make it widely known and applied.”³

Over the past few years and by way of promoting the *Church's Social Teaching*, our office in the Vatican has been very active on the subject of ethics in finance, investment and business.

- a) One stream of work is at the level of the global system. In 2011 and in the wake of the financial crisis (2008), we called for a reform of the *International Financial and Monetary Systems*. In January 2014, at the World Economic Forum in Davos, the Message of Pope Francis called for “a new political and business mentality [to] take shape, one capable of guiding all economic and financial activity within the horizon of an ethical approach which is truly humane”⁴ and not an afterthought.
- b) A second stream addresses the economy at the practical business level. This led to the publication of a handbook, the *Vocation of the Business Leader*.⁵

² Vatican II, *Gaudium et Spes*, 90.

³ John Paul II, *Pastor Bonus*, 1988, art. 143.

⁴ Pope Francis, *Message to the World Economic Forum, Annual Meeting at Davos-Klosters*, 17 Jan 2014.

⁵ Pontifical Council for Justice and Peace, *Vocation of the Business Leader*, 3rd ed., 2012.

- c) A third stream brings *Catholic Social Teaching* to bear on particular industries, like mining,⁶ agriculture,⁷ decent work, as an important issue that cuts across sectors,⁸ and business and investment.⁹ This morning, I am glad to share briefly how we bring the CST to bear on the financial activity of *investment*, calling for the guidance of *values*!

3. ABOUT CATHOLIC SOCIAL TEACHING (CST)

CST grounds the *identity* of Catholics and the *values* of what they do professionally and in society. Though "Catholic", I am encouraged to still talk about it in this forum for two main reasons:

- ✚ (First), Clearly, no one is born into a particular pursuit, such as business, but rather into a family, a community, a faith (or none) and a culture. Faith is to guide our whole life; and CST, like any belief system, guides the choices that leaders can and need to make in the public or social sphere of human existence, including business and investment.
- Secondly, CST is not just the Bible and Christian /Catholic faith. In CST, the insights of theology, philosophy, economics, ecology and politics have been harnessed coherently to formulate a *social teaching* (doctrine) that places the human person, his full and integral development, at the centre of all world systems of thought and activity. It is a reflection of the Church on social realities in the light of the Gospel and the formulation of guiding principles for application in society. With it, the Church sheds the unfailing light of the Gospel on the various changing situations of the human family. So, the CST is not an *Ideology* or *some Social Theory as an alternative to capitalism or socialism*. Rather, CST is a language of *faith* and *reason*, rooted in the Scriptures and in dialogue with the human sciences. It straddles philosophy and theology, whose basic concepts are understandable by all. ((But for the believer, the Gospel illuminates, deepens and elevates these concepts, giving them a whole new level of meaning)).

A. Faith with Works: Faithful Investment Practitioner

⁶ Day of Reflection with Mining Executives, Rome, 7 Sept 2013.

⁷ World Food Prize, Des Moines, U.S.A., 16-17 Oct 2013.

⁸ International seminar on "Decent work, social justice, and global poverty eradication" co-sponsored with the International Labour Organization, 29-30 Apr 2014.

⁹ Our Dicastery has held three seminars on *Social Impact Investment*, and a third seminar is in the planning.

Jesus looked for more than faith alone. Although on several occasions the Gospels report him telling individuals that their faith has saved or healed them, the Lord seeks more than faith by itself: “Not everyone who says to me, ‘Lord, Lord’, will enter the kingdom of heaven, but only one who does the will of my Father in heaven” (Mt 7:21).

What is “the more”? James states it clearly in his Letter: “What good is it, my brothers and sisters, if you say you have faith but do not have works? Can faith save you? If a brother or sister is naked and lacks daily food, and one of you says to them, ‘Go in peace; keep warm and eat your fill’, and yet you do not supply their bodily needs, what is the good of that? So faith by itself, if it has no works, is dead.” (Jm 2:14-17)

Catholic social teachings express a *wisdom tradition* that places us in touch with a living reality of Christ’s presence in the world. These social teachings help us to understand the social dimensions of our convictions of faith. Faith cannot be a private reality, a set of private convictions and private doctrine and worship. Faith is incomplete without a vision of the world and our place within it – our works. It is for the sake of important needs in the world that the Catholic Church has always been a builder of hospices and then hospitals, monasteries and then schools and universities.

Jesus often criticized the contradictory gap between what was professed in the synagogue and what actually happened in the villages and countryside of Galilee. This gap must run very deep, because nearly 2,000 years later, Vatican II identified a *divided life* as one of the most serious errors of our age, the lack of connection between the faith we profess and how we carry out our daily engagements. The words of Jesus at the Final Judgment show us how: *Whatever you do for the least of these, whether it be feeding, clothing, caring, consoling (and so on, you do for me* (Mt 25:31-46). Catholic social principles will help them to see the social implications of faith.

B. Works Guided by Faith: Principled Investment Practitioner

In 1994, our Dicastery/Office compiled the teachings of CST in a *Compendium*.¹⁰ This *Compendium* identifies core principles of CST: human dignity (human rights), common good, solidarity and subsidiarity.¹¹ All are very relevant to finance and business, as is stewardship of resources and care for the environment. They apply to every area of life and organisations of all sorts including business.

- **Human Dignity:** Being made in the image of God (Gn 1:27), every man, woman and child possesses the dignity of personhood. Each and every person is an end in him or herself, never merely an instrument valued only for its utility! A person is not *something*, but *someone*.¹² Pope Francis gives eloquent expression to the principle of human dignity with his embrace of poor, sick, disfigured and the homeless: people who are usually spurned. (*Vocation*, §§ 30ff)
- **Common Good:** Furthermore each aspect of social and economic life finds its fulfilment when it places itself in service of the *common good*, which is best defined as “*the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily.*”¹³ The *common good* principle asserts that our plans and efforts must take into account the effect on everyone – not just a few or even many, but all – now and in future generations too. Are not the lost coin, the lost sheep, the prodigal son, all case-studies in the common good? (Lk 15; *Vocation*, §§ 34ff)
- **Solidarity** is an active commitment towards the common good; it concretely expresses love of the other. According to St. Pope John Paul II, solidarity “*is not a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good; that is to say to the good*

¹⁰ Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, Libreria Editrice Vaticana, 2004. Published in Slovak in 2008.

¹¹ *Compendium*, § 160 “*These are principles of a general and fundamental character, since they concern the reality of society in its entirety: from close and immediate relationships to those mediated by politics, economics and law; from relationships among communities and groups to relations between peoples and nations. Because of their permanence in time and their universality of meaning, the Church presents them as the primary and fundamental parameters of reference for interpreting and evaluating social phenomena, which is the necessary source for working out the criteria for the discernment and orientation of social interactions in every area.*” *Compendium*, § 161.

¹² Cfr. Pope John Paul II, *Catechism of the Catholic Church*, 1994, § 357.

¹³ *Compendium*, §164.

of all and of each individual, because we are all really responsible for all...". Solidarity helps us to see the "other" --whether a person, people or nation-- not just as some kind of statistical figure, or an instrument, with a work capacity and physical strength to be exploited at low cost and then discarded when no longer useful, but as our "neighbor," a "helper" (cf. Gen 2:18-20), to be made a sharer, on a par with ourselves, in the banquet of life to which all are equally invited by God.” (SRS, 39; Vocation, § 43)

- **Subsidiarity** calls for respect (and for support when needed) by larger and more distant entities, for the initiative, freedom and responsibility of the smaller, more local entities. It applies to respect for individuals and families by the state, for local and regional units by headquarters, for workers by bosses. “This principle is imperative because every person, family and intermediate group has something original to offer to the community.”¹⁴ The Church has struggled with this principle. Like Saint John XXIII before him, Pope Francis is working now to lessen the centralization of the Church in Rome and strengthen the role of the local Church. (*Vocation*, §§ 47ff)
- **Stewardship:** Men and women are the cultivators and custodians of the goods of creation (Gen 1:26-27). Further, as we read in *Gaudium et Spes* (37), “man can, indeed he must, love the things of God's creation: it is from God that he has received them, and it is as flowing from God's hand that he looks upon them and reveres them. Man thanks his divine benefactor for all these things, he uses them and enjoys them in a spirit of poverty and freedom.” It is in this spirit that business leaders should see themselves as co-creators with God and as His stewards in distributing His gifts to all people. (*Vocation*, § 54)

Now let us see how these principles ennoble our business and investment activities, giving them purpose and inspiring them with *values consistent with our faith*. (((relate these basic principles to the businesses for which you are responsible, within the society that we all share))).

4. ABOUT BUSINESS / INVESTMENT AND SOCIETY

¹⁴ *Compendium*, § 187.

Our question now is not about business in general and society in a general and abstract sense, Pope Francis explains, but real decisions by the real leaders in economics and politics:

“We can no longer trust in the unseen forces and the invisible hand of the market. Growth in justice requires more than economic growth, while presupposing such growth: it requires decisions, programmes, mechanisms and processes specifically geared to a better distribution of income, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality.”¹⁵

Business leaders need to develop good habits of *discernment*, a process of *discovering the good in the concrete here and now*, by employing the great principles of human dignity, the common good, subsidiarity and solidarity as **beacons** to shed light on this reality, and as **lenses** to focus on it properly. Within the complex reality of the business, these same beacons or lenses will help them to make sound judgments and act accordingly about their *investments*. I want to touch briefly on three *investment objectives* that connect discernment with outcomes.

1. The first objective is to *invest* in the production of **Good Goods**. Businesses must *attend to people's needs* by producing goods that are truly good and services that truly serve. Businesses have an ability or opportunity to provide what everyone needs in the way of food, shelter, and so on. But are they truly good? The answer does not reduce to price or to legalities. Rather it should be asked: *How do these products and services contribute directly or indirectly to human well-being?* Customers are not just objects or consumers, but persons. Further, businesses must be alert for opportunities to serve deprived populations and people in significant need. *Solidarity with the poor* is one facet of the service which business provides to the common good.
2. Second, businesses should *invest* in the provision of **Good Work**. By organizing good and productive work, businesses make a contribution to the community by fostering the special *dignity of human work*. Businesses are communities that require *investment ... in their training, working environment etc.*, not mere commodities! Further, applying the principle of *subsidiarity* contributes to the full human development of employees, by

¹⁵ *Evangelii Gaudium*, § 204.

providing them with opportunities to exercise appropriate authority as they contribute to the mission of the organisation. They also allow workers to influence the overall direction of the business and accept their right to participate in intermediary bodies such as unions. (((The *Vocation* handbook applies the principle of subsidiarity to the internal organisation of businesses.¹⁶))) In well-defined functions, the front-line and middle levels should exercise authority and should receive the needed training and resources in order to succeed. In a time when knowledge and information continue to be increasingly important factors of production, applying the principle of subsidiarity can justify *investment* in staff, in order to strengthen “the initiative, innovation and creativity, as well as the sense of common responsibility”¹⁷ in companies.

3. The third objective is **Good Wealth** and its **distribution**. By being *good stewards* of the resources given to them, businesses create sustainable wealth through efficient and productive processes that produce healthy profits. But generating wealth in a business is insufficient without the wider context of *stewardship* for the natural and cultural environment, and *just distribution* to all stakeholders who have made the wealth possible and depend on it: employees, customers, investors, suppliers, and the larger community.

These three objectives show that businesses are multidimensional realities. They are not to be reduced to a single objective such as maximizing profit or enhancing shareholder wealth – just as marriage should not be reduced to sentiment between partners, or education to credentials for a career. Rather, a flourishing business enterprise contributes to the larger common good by *investing* in its threefold goals or purpose of good goods, good work and good wealth.

This is the framework – these are the beacons, the lenses – that CST, as expression and vehicle of faith, provides to businesses and their *investment* activities and cultures. Faith generates principles which guide the discernment of the *investment* areas or *needs* of community (services, goods), navigating the challenges of *investment options* and deciding on what is right and truly useful, instead of

¹⁶ It is noteworthy that *Vocation* is the first Vatican document to apply subsidiarity to business management.

¹⁷ *Vocation*, § 48.

the ethically inadequate and sometimes even perverse. It is ultimately about business and investment guided by a genuine and sincere *anthropological sense*: namely, *a genuine and sincere appreciation of the nature of the human person in society*. The CST provides a solid direction grounded in fundamental truth about our human nature and its destiny. There is a nature which unites every human being on this earth,¹⁸ and which the different faiths seek to capture as source of guidance, even for business and investment. The CST, as *moral theology in practice*, is a veritable tool for *faith consistent business and investment*.

6. CLOSING

When saying the *Our Father* and pray, *Give us this day our daily bread*, I hope that business leaders will understand that their vocation includes the need to satisfy hunger and to overcome poverty. And can they go further? How can they help to overcome the exclusion and inequality of which the Holy Father regularly speaks? Can such new and merging financial industries, like *social impact investing*, in its diverse forms and blends of philanthropy and impact investing be a response to investing for the dignity of humanity out of a sense solidarity and in realization of how the goods of creation are destined for all?

¹⁸ Pope Francis, *Address to the Diplomatic Corps Accredited to the Holy See*, 22 Mar 2013.