

## **The Society of labour and the Common Good: Which Concept of Work? Which Lifestyles: Which Paradigm of Development?**

**By Dr. Sir Lawrence A. Honny, Rome May 17, 2011**

### **Introduction**

There is today a world labour crisis generated by the recession in the world economy two years ago. The response to this has been an urgent call to place employment creation at the heart of economic recovery and to make full employment a key macroeconomic objective. This response is also attended by a call for fairness to be a compass for bringing financial and social stability together in taking the world out of its labour crisis<sup>1</sup>. The issue of labour and the common good is therefore one that is very much alive in today's development and social welfare debate. Importantly it is a discussion that relates as much to the quantity as to the quality of employment or work. That 50 years on, the challenges that inspired Pope John XXIII when he wrote that monumental encyclical, *Mater et Magistra* remain current, is a tribute to his memory.

### **Which concept of work?**

Work is generally considered as the result of human effort. It has been estimated that if the human being were to disappear from the earth, it would take less than a quarter of a century for all the crop lands to turn into various kinds of wild grasses, and domestic animals to become wild beasts. Work is therefore fundamental to the continued existence of the world and the means by which humans sustain society.

A distinction is sometimes made between work and labour. Some describe work as the process of mental conception and analysis with its implied dynamics. Under this concept, work is seen as a purely mental exercise, and a person's quality of mind determines his quality of work. Work is thus associated with the effort of the more highly trained people, who are the ones that provide the intellectual armour for the development of society and enterprises.

Labour, on the other hand is viewed as a purely physical activity with little or no mental input. It is argued that societies in which the majority of the population consists of labour are less productive and less developed, and more greatly associated with poverty than those engaged in work. Hence, it is further argued, society makes progress when the minds of more of its population are developed, when more people receive higher education and training to engage in work rather than labour. Under this concept, labour often connotes a particular class of people.

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<sup>1</sup> ILO, World of Work Report: Joint ILO & IMF Conference on the Challenges of Growth (2010).

A higher form of the concept of work is contemplative or spiritual work, or work directed towards charity. As has been pointed out in the Compendium, this form of work helps summon community and social energies towards the common good and to the benefit of the needy<sup>2</sup>.

When, on May 15, 1891, Pope Leo XIII published the Encyclical *Rerum Novarum* (Of New Things), he addressed the Society of Labour in Europe, which was constituted by millions of underpaid labourers in the agricultural, industrial and service sectors working under inhuman conditions, and without meaningful security in the form of social insurance, social security or labour unions.

Pope Leo viewed work in the more general sense of the result of human effort. He stressed the value and dignity of work, and of the worker as a human being with rights and responsibilities. He commended free associations and unions, insisted on a family wage and the humanization of the industrial revolution according to catholic principles about the person in society. He expected these principles to hold in all economies, markets and spheres of production.

At the time when *Rerum Novarum* was published, there were major disparities in the remuneration of workers in different economic sectors, with agricultural workers suffering the lowest wages. The labourers included family workers and students. Hours of work were not regulated, and minimum age for work was not respected. Unemployment was high, wages were extremely low with no bearing on living costs, and thousands worked to produce goods and services that were not remunerated. In these circumstances, workers rights were violated and their basic needs were not met. These conditions were in sharp contrast to the secure, prestigious, opulent and oppressive lifestyles of the entrepreneurs.

Pope Leo addressed these so-called “new things” of Europe, in particular, the socialist ideology of collectivism and government control on the one hand, and on the other, the liberal capitalism of western societies, in which entrepreneurs and the owners of capital, ruthlessly and by whatever means, pursued wealth and prominence at the expense of their workers.

Pope Leo proposed that labour or work results in a special form of capital, human capital, which is more significant than either financial capital or capital in the form of assets or machinery used in production. These other forms of capital, he suggested, result from, and are inferior to, human work. Thus, he recommended that priority be given to the training and education of labour for the good of society and business.

At the beginning of modern Catholic Social thought forty years later, Pope Pius XI published *Quadragesimo Anno* (In the Fortieth Year) and introduced the doctrine of the Common Good. In that Encyclical he updated *Rerum Novarum*, and sought remedies to the evils or new things it addressed, in the establishment of a world economy within a moral order, and the subordination of individual and group interests to the Common Good. In this way, Pope Pius XI further extended the concept of work in the principle of the common good.

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<sup>2</sup> Compendium of the Social Doctrine of the Church, 266.

The Church considers work a moral obligation and a good belonging to all people that must be made available to those capable of enjoying it. In this view, the Church sees work as having an intrinsic and social dimension, in that it is done with and for others<sup>3</sup>. Work is seen as needed by a person to form and maintain the family, to have the right to property, and to contribute to the welfare of society. The Church also maintains that remuneration is the most important means for achieving justice in the work relationship. Consequently the common good upholds the right of workers to a just wage, which is the legitimate fruit of work<sup>4</sup>, the right to strike, unionization, negotiation and arbitration.

It is the position of the Church, that unemployment is a real social disaster<sup>5</sup>, and full employment, a mandatory objective for every economic system oriented towards justice and the common good<sup>6</sup>. Accordingly, no Christian has the right not to work and all are required to share the fruits of their labour with those in need. Through work human beings derive their existence and dignity. But on the opposite side they go through different experiences of pain, humiliation, toil and suffering, harm and injustice, which affect their very being.

### **The Common Good and the Concept of Work**

The Church brings these concepts of work together in expressing what constitutes the common good. The Catechism of the Catholic Church defines the common good as “the sum total of social conditions which allow people, either as groups or individuals to reach their fulfillment more easily and more readily”<sup>7</sup>. Ultimately, the common good is aimed towards social progress and calls for society to be organized in such a way that it can enjoy dignity and order founded on truth and rooted in justice. It has three essential elements:

First, **respect** for the fundamental and inalienable rights of the human person<sup>8</sup>.

Second, the **social well-being and development** of the group itself: {It is a function of authority to arbitrate, but it must make available to each what is needed to live a truly human life, including food, clothing, health, education, culture, suitable information and the right to establish a family}<sup>9</sup>.

Finally, **peace**, that is, ensuring by acceptable means the security of society and its members, as the basis of the right to legitimate personal and collective defense<sup>10</sup>.

The main principles of the common good as presented in Quadragesimo Anno with respect to labour include the following:

- The employment and care of the greatest number of workers

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<sup>3</sup> Ibid., 273.

<sup>4</sup> Ibid., 302

<sup>5</sup> Ibid., 287

<sup>6</sup> Ibid., 288, 289

<sup>7</sup> Catechism of the Catholic Church, 1906

<sup>8</sup> Ibid., 1907

<sup>9</sup> Ibid., 1908

<sup>10</sup> Ibid., 1909

- The maintenance of equilibrium between wages and prices
- Making goods and services accessible to the greatest numbers of people
- Reduction of sectoral inequalities in the economy
- Maintaining a balance between economic expansion and the provision of social services
- Making optimal adjustments of the means of production to technology and science and
- Seeking an equitable distribution of growth and development between generations

At the international level the principles include:

- Avoidance of unfair competition between economies
- Fostering of mutual cooperation and goodwill, and
- Development cooperation for less advanced countries

The common good therefore entails not only fair employment conditions but also the fair distribution of profits between peoples and the different sectors, and providing training and education to workers for self-development in order to add more value to the enterprise and society as a whole. The Common good principles thus represent some of the greatest additions to the welfare concepts of work.

From this perspective, the defining philosophy in the concept of work proposed by Pope Leo XIII was that the ultimate object of work was not the acquisition of property but to promote professional proficiency.

Pope John XXIII's Encyclical *Mater et Magistra* (or *Mother and Teacher*), on Christianity and Social Progress followed 30 years after *Quadragesimo Anno*. In what is acclaimed the longest encyclical in the history of the Church, he brought together the major elements of *Rerum Novarum* and *Quadragesimo Anno*.

Pope John XXIII discouraged discrimination against the workers of a particular sector because of undue profits in another, so that enterprises in all sectors would be able to survive. He warned of the importance of improving the earnings of agricultural workers to afford them a decent standard of living.

He advanced the principle of a just remuneration for work (a just wage being one that is not below the level of subsistence of the worker), and saw as the main principles guiding society the survival of enterprises, the payment of just wages and the common good.

He also proposed the participation of workers in the ownership of enterprises through holding shares and drew the attention of the world to the need for the controlled technological advancement and training of the human resources to enable them to contribute more towards the profits of their firms.

His main concerns were that there should be no major disparities in

- a) the growth and remuneration of different economic sectors,
- b) the wages of workers and
- c) the balance of investment between the sectors.

### **The Society of Labour in Africa**

The society of labour in Africa includes all who offer, receive or are given work with or without remuneration, whether formally or informally. It includes employers, employees, unions, associations, legislators, arbitrators, regulators and civil society organisations.

In many respects, this Society today is a throwback to those conditions that inspired *Rerum Novarum*, though under different social and political contexts and experiences. According to UNECA<sup>11</sup> Africa has the second highest percentage of people without work in the world, and a high percentage of discouraged workers. Fifty six percent of its workers are classified as “working poor”, not earning enough to provide their families’ basic needs. Also forty-two percent (some 341.46 million) of Africa’s population lives below the \$1 poverty line, and 80.5% below the \$2.5 per day poverty line. The primary cause of poverty is the absence of work and income.<sup>12</sup>

An increasing economic growth rate has not reflected in a significant growth in employment. Wages are low and do not cover the living costs of most workers. Working conditions are poor, and workers’ rights are not properly protected. Many, especially the youth are without work and income. In recent times a new kind of economic relations in the form of distributive politics marked by imbalances in the allocation of resources, especially of public goods has also emerged, causing further inequalities.

In Africa, agriculture offers employment to between 60-90% of the labour force<sup>13</sup>. By virtue of their very poor wages and conditions of work, agricultural workers received much attention in *Rerum Novarum*.

The majority of agricultural workers are small scale farmers belonging to what may be termed a “footpath economy”. They live in poor rural conditions where basic facilities of housing, water, health, education and information are very inadequate. Workers in the formal or commercialized agricultural sector are relatively few and often work on plantations under poor environmental conditions. The owners of these plantations typically rely on low wages paid to their workers and minimal employment protection legislation as the basis of profitability.

On account of modernization of production and globalization more agricultural labour is being made redundant. The growth of industries is not compensating for the loss of labour in agriculture. Displaced

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<sup>11</sup> United Nations Economic Commission for Africa, *Unemployment in Africa* (2003)

<sup>12</sup> This increasing poverty of agricultural workers is not limited to Africa. About 80 million people in Europe now live below the poverty line of \$1, the largest in the history of the world.

<sup>13</sup> *Ibid.*

workers are without any form of social insurance, social security or other welfare system. Agricultural workers face a number of new challenges that are driving them more deeply into poverty including:

- climate change due to floods and fires that is destroying agricultural land and displacing labour,
- subsidies on crops produced in developed countries that depress prices in developing countries,
- Threats to food security from the use of agricultural crops for purposes other than consumption by human beings, and
- rising agricultural commodity prices due to higher fuel prices for production and transportation.

In the industrial sector working conditions vary widely. Many employers do not comply with minimum wage regulations, several organizations prohibit unionization, union density or the number of unionized workers is dwindling, and working conditions, especially in the informal sector are getting worse. Even in the formal industrial sector labour is frequently exposed to inhuman conditions. In some countries there are systematic violations of the rights of workers. Illiteracy among labourers and informal sector workers, especially females is still widespread.

In several countries, industries with a genuine desire to pay living wages are only a handful, and some are constrained by intense international competition. Companies that fail to pay just wages and provide fair conditions of work argue that they are not able to afford the high costs that accompany the imperatives of the common good because of the low productivity of workers. There is a tendency for enterprises to move into more lucrative sectors supported by labour saving technologies and investments. Companies opting to train their workers tend to suffer higher rates of attrition as workers transfer to other places after training to earn higher wages.

Expenditures on health, education and on-the-job training to increase the quantity and quality of labour and improve technological growth are extremely low. The rate of business failure within the industrial sector has increased considerably with the inevitable loss of jobs. Many industries tend to apply redundancies and wage suppression as survival strategies and shun strong labour unions and associations. Most are without compassion in pursuing discipline, tolerating interventions from workers' unions only to avert industrial disharmony.

Corporate crimes against workers are not uncommon in Africa. On a major rubber plantation, wages were so low that children as young as 7 years were compelled to work alongside their parents to meet their production quotas. Some families lived in mud houses without water or electricity. In another country, about half of over 6000 workers complained of sterility due to pesticides and other chemicals to which they were exposed when they were offering child labour on pineapple and banana plantations.

Last year a mining company in an African country won the title of the most irresponsible corporate establishment in the world because of its poor treatment of inhabitants and communities around it. This year, a second mining industry in the same country won a similar title.

Among the reasons offered for unemployment in Africa are the low productivity of labour, the lack of structural transformation of the economy, and the resulting absence of a significant movement of labour out of agriculture into new jobs that might have been created in industry and services<sup>14</sup>. It is also believed that unemployment is due partly to a mismatch between the skills offered by educational and training institutions, which, it is argued, are oriented towards the Civil Service, and not the requirements of the private sector - the principal engine for growth.

Most workers live under conditions of socio-economic stress with inadequate wages, housing, and health and lack of opportunities for education and training. Their lifestyles contrast sharply with their employers.

Other forms of labour such as child, slave and migrant labour are growing in significance as some of the evils of modern day labour and trade in human lives. In the 19<sup>th</sup> century, the cost of a slave is reported to have been \$40,000. In 2011, this cost is only \$90, just about the cost of one dinner<sup>15</sup>. Not only Africans, but also slaves from Latin America and Asia are affected by this phenomenon. There is also a large amount of migration of professionals and experts out of Africa annually.

In countries (such as Norway, Sweden, Denmark and Finland), where high labour consultations and social dialogue have been an integral part of employment relations, there appears to be higher growth of employment and prosperity<sup>16</sup>. This raises the question of what kind of development and therefore which paradigm of development might meet the legitimate aspirations of workers and the common good.

### **Which Paradigm of Development?**

The challenge of development in Africa lies in finding a paradigm with corresponding moral limits defined by fundamental human rights or hypernorms<sup>17</sup> and accepted by all cultures and organizations.

The basic human values that drive development in Africa need to go beyond the demands of democracy alone. In this context, Caritas in Veritate sets out some critical parameters of integral human development to inform these hypernorms. These values might reflect the fair distribution of capital as one of the strong points of the principles of the common good, which is expressed in the universal destination of goods.

**A development paradigm** offers a conceptual argument that in principle sets out the desired path for development. History suggests that a new paradigm seems to appear every 10 years. Up to the early 90's neoclassical economics supplied the theoretical backdrop to development thinking. It was thought that GDP growth would automatically take care of development and that the best way to improve living standards was to raise individual incomes.

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<sup>14</sup> United Nations Economic Commission for Africa, Unemployment in Africa (2003).

<sup>15</sup> CNN news item March 7, 2011

<sup>16</sup> Donaldson Thomas & Thomas W. Dunfee, (1999)

<sup>17</sup> Ibid.

Between 1960 and 1970 **GNP per capita** was the main measure of development. No heed was paid to social welfare goals. The role of civil society was of no consequence, and issues of human rights and income disparities were ignored. This deepened poverty by worsening income redistribution.

In the 1970's a new paradigm of **Growth with Redistribution** replaced GNP growth. It was aimed at ensuring a trickling down of the benefits of growth to the poor was promoted. However the lack of political will to make fundamental structural changes as well as entrenched political and economic interests prevented these benefits from trickling down to the poor.

In the 1980's **Basic Needs** paradigm was adopted, and priority was given to providing the poor with social and economic infrastructure including education, health and housing, rather than just income. The concept of human development got little attention.

At the beginning of 1990, this paradigm was replaced by the more encompassing paradigm of **Poverty Reduction. The current paradigm, beginning 2000, is Human Development**, measured nationally by a composite of indices for income, health and education, the Human Development Index. Although useful this measure falls short of the demands of the just economic order as outlined in *Mater et Magistra*.

Three Nobel Laureates<sup>18</sup> are credited with having influenced and set the stage for a more holistic approach to development away from the narrow conceptions of early development paradigms<sup>19</sup>. They all see development as holistic, multifaceted and embracing a variety of human needs and objectives, but each one envisages a different strategy for their realization, which may be put together as follows:

- Removal of the sources of the lack of freedom such as poverty, tyranny, poor economic opportunities neglect of public facilities, intolerance of repressive governments, enhancing more freedoms of choice, opportunity and personal capability;
- Economic and structural transformation of resources, the importance of capabilities, preferences, values and mindsets as well as the role of different stakeholders and civil society groups; or
- High quality of social institutions and social capital, qualities which are believed to constitute one of the most critical features distinguishing fast from slow growing countries.

### **Achievements and Prospects of *Mater et Magistra***

There is still work to embed into the human development measure, components that describe critical universal values, such as human rights, freedom, security, work, good governance, safe environment,

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<sup>18</sup> Namely Amartya Sen, Joseph Stiglitz and Douglas North

<sup>19</sup> Dunning, J.A., "Towards a new development paradigm: Implications for International Business", *Transnational Corporations*, Vol 15 No.1, April 2006

fair trade and technology<sup>20</sup>. This broadening of the theme of human development amounts essentially to finding accommodation for the common good as a development paradigm and was addressed by Pope John XXIII in *Mater et Magistra*, in his call for an economic order and a form of human development based on justice and truth.

It is significant that the teaching of *Mater et Magistra* not only preceded the development strategies of the 3 laureates **but** was also broad enough to cover all three. In essence, *Mater et Magistra*, in exposing the inadequacies of economic thought, principles and application to the needs of humanity, and supplying fresh building blocks, defined the course of a new and more complete development paradigm, that cuts across the most recent strategies.

The Church's social teaching on the just economic order is in the direction of the diffusion of capital among owners and workers, and its teaching on work tends to be in line with decent employment. This form of work is defined as productive secure work that ensures respect of labour rights, provides an adequate income, and offers social protection and dialogue, union freedom, collective bargaining and participation in the acquisition and distribution of wealth. These elements respond well to the prescriptions of MM regarding the society of labour.

#### **Is There a Need for “Common wealth economics?”**

*Mater et Magistra* recognized that the social order is engineered and shaped primarily through the actions of individuals and enterprises. The wisdom and tools for analysing and growing these actions are judged by, and rooted in, the modern economics of profits. As noted elsewhere, this type of economics is very much the “science of self-interest, how best to accommodate individual behavior by means of markets and by commoditizing human relations, with no room for a logic of human values and rationally founded ethics”<sup>21</sup>.

In *Caritas In Veritate*, the first social encyclical of the 21<sup>st</sup> Century, which is on Integral Human Development, Pope Benedict XVI develops the Church's Social Teaching on Human Development in the context of charity and truth. He extends the frontiers of social development espoused in *Mater et Magistra*, providing a new meaning of human development that includes spiritual growth. However, he cautions that this form of development is not possible without politicians whose consciences are finely attuned to the requirements of the common good<sup>22</sup>.

A paradigm of development that seeks to promote the common good would therefore appear to be in need of an alternative theory of ethically based economics or “commonwealth economics”. Such a body

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<sup>20</sup> Examples of these efforts are: The Mo Ibrahim Index of Governance: The Electoral Competiveness Index (Democratic Governance); and Rodman's Index of Donor Performance (2010), which considers among other variables policies that reward charitable giving to developing countries.

<sup>21</sup> Lutz, Mark A., *Economics for the Common Good: Two Centuries of Social Economic Thought*. (1990).

<sup>22</sup> Pope Benedict XVI, *Caritas In Veritate*, 71

of knowledge and economic applications has not yet been formalized or brought into the realm of corporate business thinking and practice. Its achievement is a special challenge to the pursuit of the welfare objectives of the common good.

### **Which Lifestyles?**

Development in Africa has assumed dimensions under which the inequitable distribution of wealth within African countries and between the developed and less developed worlds has intensified. The consumption lifestyles of several leaders and people of influence in Africa have contributed to the slow realization of the legitimate welfare development objectives. A good proportion of the wealth that is created by industry is spent in ways that do not lead to further growth of the local economies and employment. There is justifiable concern over the weak commitment to basic human values among those into whose hands the development of peoples has been entrusted.

Much of the consumption of the wealthy or privileged class originates from outside the African economy and is dominated by goods such as expensive, high-end luxury cars, private jets and jewels. The leaders make the greatest investments outside African economies for personal gains, and lodge the proceeds in foreign accounts<sup>23</sup>. Such unbridled capital and private wealth accumulation and wasteful consumption that appeared to spur the growth of western countries are inconsistent with authentic development in Africa and the principles of the common good.

The reasons for the penchant for wealth and affluence among Africa's leaders remain unclear. There is no lack of knowledge of the distinction between good and evil or familiarity with the need for modesty and fairness in dealing with others. Section IV of *Mater et Magistra* sets out the means and process for rebuilding the social order into a just one by the reconstruction of social relationships on the basis of truth, justice and peace. It affirms the importance of the Doctrine as an integral part of the Christian concept of life, and the need to live in modesty.

By virtue of its spiritual mission, the Church is uniquely placed to provide leadership to Christians and the world in general on the meaning and practice of its development paradigm, using its relations with other religions and faiths to forge a fraternal understanding. The institutions and faithful of the Church should become more involved in this process in an effective way, providing due emphasis on promoting the development paradigm on the basis of universally accepted human values. Additionally, a body of economic knowledge and practice required to make the paradigm operational should be deemed essential to this endeavour.

What is needed now is the pastoral direction of the institutions of the Church to engage society in achieving the vision of a just and equitable society of labour in Africa. All of us need to engage in the active formation of political and business leaders in pursuit of a development paradigm based on integral human **development** and the common good.

### **Conclusion**

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<sup>23</sup> An African president, whose country's external debt was US\$3.5m in 1984, had a personal wealth estimated at US\$5bn when he was ousted from power in 1997.

Rerum Novarum identified and analysed the evils of labour and is recognized as the most important social statement of the Church and the Magna Charta of Catholic Social Teaching. Quadragesimo Anno provided the principles and remedies for addressing the labour problems of the time based on the concept of the common good.

Mater et Magistra affirmed the Church's concern with people's livelihood, education, their general and temporal welfare and prosperity. It not only elaborated the principles and demands of the common good but also made particularly outstanding contributions to the conditions of work in its advocacy for labour unions, suitable conditions of work and labour legislation that respects the rights of workers, their families and employers. These ideas have already entered into international labour legislation and practice and illumined the world of work.

Africa still has its fair share of "bad jobs" and the situation of its labour is still a distance from the goals of the common good. Yet, the social significance of Mater et Magistra to the world of work cannot be underestimated. It is widely believed that in attaching itself to the call for economic justice in Rerum Novarum, and in promoting the principles of the common good in Quadragesimo Anno as the norms of social conduct, Mater et Magistra has had a cathartic effect on the development of economic and labour relations in different societies worldwide. In this sense, Mater et Magistra deserves credit as the moral epicenter of labour development.

*THANK YOU*