

The Pope Pontificates: Offshore Outsourcing Is Amoral

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Outsourcing has run amok, driven by multinational corporations' disregard for everything other than maximizing profits for shareholders, according to Pope Benedict XVI.

In an "encyclical" letter issued this past summer, Benedict uses such phrases as "democracy at risk," "dysfunctions and deviations," and "grave imbalances" to describe the current system of maximizing profits through outsourcing of production from high-priced developed countries to low-cost developing nations. Globalization has developed at a "ferocious pace" that is leading to "new forms of economic marginalization" caused by tens of millions of people losing their jobs or being employed in deplorable conditions. "The current [financial] crisis can only make this situation worse," according to Pope Benedict.

The growth of multinational companies and international financial institutions has led to an "economic scene marked by grave deviations and failures" and requires "a profoundly new way of understanding business enterprise," writes the Pope. "Without a doubt, one of the greatest risks for business is that they are almost exclusively answerable to their investors, thereby limiting their social value....Outsourcing of production can weaken the company's sense of responsibility toward the stakeholders, namely the workers, the suppliers, the consumers, the natural environment and broader society -- in favor of shareholders, who are not tied to a specific geographic area and who therefore enjoy extraordinary mobility."

The Catholic Church's "growing conviction" is that business managers must not only look out for the interest of "proprietors" but must "assume responsibility for all the other stakeholders who contribute to the life of the business" -- workers, suppliers and local communities in which they operate.

The Pope says that governments have contributed to growing social and global inequities by providing tax incentives and by lowering environmental and labor standards to attract companies to locate production in their countries. These inducements have led governments to "downsize social security systems as the price to be paid for seeking greater competitive advantage in the global market," writes Benedict. The result: "grave dangers for the rights of workers, for fundamental human rights and for the solidarity associated with the traditional forms of the social state."

Citizens have grown to be "powerless" in the current economic system, the Pope states. Workers' unions are in decline and workers are losing their proponents. As such, the Catholic Church says the promotion of unions that can defend the rights of workers from being exploited by companies and governments "must therefore be honored today even more than in the past as a prompt and far-sighted response to the urgent need for new forms of cooperation at the international level as well as the local level."

The Pope says the "dignity of the individual" is being compromised by the "systemic increase of social inequity both within a single country and between the populations of different countries." These growing inequities caused by the corporate pursuit of profits are "placing democracy at risk," writes the Pope. "Progressive erosion of 'social capital' -- the network of relationships of trust, dependability and respect for the rules, all of which are indispensable for any form of civil co-existence -- [are] at risk."

Business executives' focus on short-term profits, even at the expense of the long-term viability of the corporations they run, requires "further and deeper reflection on the meaning of the economy and its goals as well as a profound and far-sighted revision of the current model of development, so as to correct its dysfunctions and deviations," writes Pope Benedict. Without some type of modification -- without the guidance of "charity and truth" -- globalization as it is currently practiced "could cause unprecedented damage and create new divisions within the human family."

Benedict says that "commercial logic" must now be redirected away from the investment class "towards the pursuit of the common good." For this to happen, politicians must step in. "It must be borne in mind that grave imbalances are produced when economic action, conceived merely as an engine for wealth creation, is detached from political action, conceived as a means for pursuing justice through redistribution."