

## Economy of Communion Conference, Dublin 24 February, 2004. Speaker: Raymond Kinsella



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### Opening Remarks at the Afternoon Session

I've been asked to say a few brief words in welcoming with Father John, the distinguished speakers for this afternoon's session. I'd like to begin by invoking the Holy Spirit of Chiara on our work and on our co-workers in Ireland and in other countries.

There is a wind of change sweeping across corporate the institutions and markets that lie at the heart of our global trade-based economy. One dimension of this change is this: there is a realisation that in the corporate wasteland of the post-Enron period the market value, shareholder value driven economy is mortally wounded. The confident assertions of Milton Friedman of fifty years ago that "the business of business is business" carries no conviction. We should not be surprised at this. Human society has been characterised by succession of economic models of exchange. Shareholder driven capitalism, despite its insights into the efficiency of the market mechanism is conceptually flawed.

Capital is no longer *the* sole factor of production. Knowledge embedded in individuals is and that is a whole new ballgame and it remains to be intellectually interrogated and developed and that is what this session is about. Laurence Crowley in his insightful address this morning pointed out that wealth creation is important and so too are profits. It's worth here remembering that the Holy Family lived and worked in an economy of exchange. But the existing mainstream model has subverted profit. It has, instead of communion, spawned fear, greed, excess. It has crowded out any measure of the value and dignity of the individual other than as an economic unit. And isn't that a paradox, isn't that what Marxism says, isn't that extraordinary?

It's not yet clear, some would say, whether the extensive reforms and regulation of corporate governance in auditing and accounting and business practice will be sufficient to put the market value model together again. I don't believe so.

There is, of course, a growing evidence of ethical capitalism, of Corporate Social Responsibility, which Laurence talked about, and I have observed in my own teaching and research a move from regulation to corporate governance, to ethics. But if you look at the extent of the scandals

and even more at the scale of the reforms it holds up a mirror to an economic model that has wrought such damage on communities from Wall Street, Wall Street is a community too, to the slums of Sao Paulo and other major cities of the deeply indebted countries.

And remember this, this model has powerful allies in those who privatise international law and profit from war and human suffering. I believe that the economy of communion is if not “the end of history” is an inspired, workable and sustainable model. It is based on the dignity and the destiny of the human person.

The average age of a firm is forty years. St Benedict was working in this area 1500 years ago! There is a book recently published “Benedict and the Boardroom”, and what is interesting is the output of Benedictines was knowledge – the knowledge economy, and hospitality, of course that great gift. When God made man the steward of creation, it was, to my knowledge, the first use of the great mantra “accountability” that we hear about so much today. Accountability not just to investors and to stakeholders, but to Him, for how we value our sisters and brothers in the economic entities on which our now global economy depends.

A final point, the universities, and here I’m speaking for myself. Because I know colleagues and friend here and in other universities are immensely better people than I am and have been ploughing this furrow. For the universities have failed signally to critique an economic model for which we have prepared the best and the brightest of our young people. I hear them in our classrooms; I hear the values they have bought into, the incentives, the bonuses the stock options. I have heard them talking as recently as yesterday and there’s a kind of innocence about it.

Is this the best we can do in universities; is this really the best we can do? Is it wisdom instead to differentiate between the values of the businesses you serve and the values that underpin the universities and what they’re about. We are not here, we are not in the business of becoming clones of a business paradigm that has failed but to inform and enlighten and to guide our students so that when they become workers that they are witnesses to a new economy of communion, a new economy of communion. That’s what it’s about. That’s all I have to say. Thank you.