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REFLECTIONS BY
THE DIOCESAN COMMISSION FOR JUSTICE AND PEACE
ON THE GOVERNMENT PRE-BUDGET DOCUMENT 2012

1. Introduction

- 1.1 The main objective of the Peace and Justice Commission is that of fostering awareness of the Social Doctrine of the Church by studying and relating the implications of economic, social and legislative measures to social justice in the interest of the dignity of the human being and the common good.

In this respect, the Commission is presenting its reflections on the social and environmental aspects mentioned in the Government Pre-Budget Document which will be presented to Parliament in November 2012.

2. Optimizing the Economic Contribution of Malta's Human Resources¹

- 2.1 The pre-budget document situates its analysis of the labour market and recommendations in the context of the Lisbon Strategy, the EU 2020 Strategy and the Vision 2015 which aim at stimulating growth and creating opportunities for more and better jobs through an economy which is more responsive to economic and social needs.
- 2.2 The advantage of taking this approach lies in that it entails the development of a kind of discourse that takes seriously into account the hard realities of life in which we are living in a globalized world. The world today is highly competitive, as national economies have to face increasingly more and bigger forces not only within but, even more so, outside the territory in which they are operating.
- 2.3 Once the issue of work is seen in terms of its potential for economic growth, the central concern would be its impact on the competitive advantage or otherwise of the economy. Now while this is certainly a valid concern for a realistic outlook, the development of human resources

¹ This section was prepared by Fr George Grima, a member of the Justice and Peace Commission

includes but goes beyond the contribution that they can make to economic growth.

- 2.4 The pre-budget document, as a vital instrument for public debate on the state and direction of our national economy, obviously focuses on the economic side of the labour market. Yet its general framework points to the kind of society that the economy is supposed to promote. In other words, economic growth is worth pursuing to the extent that it contributes to a genuine social development. As John Paul II has said, work is one of the key factors, if not the key factor, in the creation of a truly human society. It is this side that one would like to see being followed-up and developed further.
- 2.5 The pre-budget document makes three points in this regard that are really basic. First of all, employment is related to social inclusion. One reinforces the other, even if, as the document notes, they are not synonymous. Indeed, a decent job gives one not only access to economic participation but an opportunity to raise a family and to take part in a variety of social and cultural activities. In this sense, employment and social inclusion go together. The way out of poverty and social exclusion to employment and a decent standard of living is quite a complex problem in itself. It involves having adequate housing, very often health-care assistance of a special kind, basic life skills and especially a strong enough motivation to move out of a state of dependency.

In view of the commitment taken by our country under the EU Strategy 2020 to reduce poverty in a drastic way in the coming years, the measures mentioned by the document in the section on solidarity with those in need call for special attention.

- 2.6 The pre-budget document touches on a related and equally complex social issue. This is the change from a culture of dependability to a culture of contribution. Social protection is of course a fundamental human right. But the social assistance that the State provides is meant to empower people possibly to become once more independent and active participants in the various fields of social life. In practice, however, it often happens, as the pre-budget document observes, that “persons who become dependent on the welfare state end up being trapped in such a system”. Again the way out of this trap cannot simply be the application of external measures that would weed undeserving people off the system. It involves rather a culture change, that is, a change in one’s own way of thinking and living.
- 2.7 The pre-budget document assumes that the involvement of all participants in the labour market is conducive towards a better redistribution of income which would lead to “an increased social bond”. One should observe, however, that a truly effective culture of contribution implies much more

than having a job, paying for social security and the tax due on one's income. It implies the cultivation of a sense of justice which would dispose one to contribute to the common good. This is only possible, if people learn to think of themselves not as individuals living alongside each other, but as people who are inter-dependent and can only develop by showing solidarity with each other. It is an ethic of solidarity that can actually promote a culture of contribution.

- 2.8 On a structural level, the third point that the pre-budget document makes is crucial for the development of a society based not only on distributive but also on contributive justice. The document states that there should be more cooperation between education, training and social welfare for a culture rooted in dependability to change into a contributory culture. What this cooperation involves in practice is not spelled out. But the point deserves a lot of attention and should be followed up by the different sectors concerned in the coming months. In fact, at stake is not merely what kind of society we would like to have but what sort of people we would like to become.
- 2.9 In a terminology echoing the emphasis placed by John Paul II (in *Centesimus Annus*) on continuous training and education, the pre-budget document says: "The knowledge-based society has transformed the mechanical concept of work into an open method, where employees interact with one other and with the outer world, exchanging the skills learnt and utilizing them in the environment they are immersed in". This statement clearly encapsulates the distinguishing character of work as a factor of production. It is a resource that is needed for production along with physical, technological and financial resources. But work stands in a category of its own in so far as it involves and engages the human being personally, socially and morally. Not any work is decent but only that which befits human dignity and respects human rights.
- 2.10 The conceptual framework underlying the analysis of work within the dynamics of the Maltese economy in globalized world provides the context for the proper understanding of remarks which the pre-budget document makes in an apparently passing manner but which are quite significant in themselves. One such remark concerns the discrepancy between wages in different sectors. We are told that "the wage share in some low growth sectors of the Maltese economy is higher than in some sectors of Malta's main competitors, whilst that in Malta's high growth sectors is significantly lower, particularly in the manufacture of chemicals and chemical products and other services sectors (which include gaming)". It is obvious that productivity levels should be increased in low-growth sectors and wages should be increased in high growth sectors. More relevant, however, is to identify what should be done to remedy the situation and, even more

significantly, to realize how problematic it is in practice to develop a truly contributive culture.

3. Greening Our Economy²

- 3.1 In its introduction, the chapter acknowledges the importance of balancing the three major concerns of sustainable development: environmental concerns, economic concerns and social concerns. However, throughout the chapter, the major concern seems to be shifted to economic concerns. Environmental concerns seem to 'make sense' only within the context of them being the source of more economic gains. Social concerns are noticeably lacking in the whole chapter.
- 3.2 The social implications of a number of cases of past and present 'developments' which constitute mismanagement of our environmental resources include health impacts and their associated costs.
- 3.3 In any case, quite apart from any 'moral' appreciation responsibility for the environment, good practices in sustainable development are bound to translate into economic returns.
- 3.4 It is unclear the extent to which this pre-budget document has taken into account the National Environment Policy which is presently being developed.
- 3.5 The document refers to incentives for the industry initiative with regard to environmental improvements. Overall it seems that the offerings of incentives and using deterrents to force industry into opting for sustainable practices have not been successful strategies. The former has failed because it is still more advantageous to operate unsustainably than to go for sustainable practices. The latter has failed because enforcement of regulations is very weak and wrong doers are not just being allowed to prosper but they do so at the expense of those who comply with regulations. A market based instrument that can be used ... which the chapter fails to mention ... is the *positive discrimination* of companies who have invested in sustainable practices. This means that companies with a **certified** green record would be advantaged over others who are not in, for example, the awards of tenders or in fiscal rebates. Obviously certification would need to be established by an independent authority.
- 3.6 Section 8.2.1 proposes incentives for young people, associations and small scale creative industries to move to urban cores. It is daunting to envisage small scale industries moving to urban areas when there are numerous residential areas already impacted negatively, for example, healthwise.

² This section prepared by the Interdiocesan Commission for the Environment

There is a need for incentives and disincentives to promote corporate social responsibility - one cannot depend solely on voluntary actions when industry and commerce are profit driven.

- 3.7 Some years ago Government had invested in the training of personnel who could certify the energy performance of buildings with the aim of utilising this measure to ensure the proliferation of energy efficient housing. Is the proposal made in this section of the document aimed at reviving this initiative? If yes, at this point one would expect a timeline of implementation.
- 3.8 With regards to Energy Performance of Buildings and on Building Certification, it seems that very little investment has been made in the Building Regulations Office to implement certification schemes. This is making the implementation of good intentions of improving building energy efficiency, more difficult.
- 3.9 Section 8.2.3 concerns the use of raw material in the construction industry. One sure way of curbing the irresponsible use of stone and land space ... both finite resources ... is to shift the building industry from a *self-generating need* industry to a *needs driven* industry ... where the need is determined by a serious consideration of vacant property. Moreover, disincentives for the amassing of vacant property should also be considered before more damage is done to the building profiles of villages and towns.
- 3.10 Section 8.2.4 focuses on promoting eco-innovation. Although the section acknowledges that eco-innovation requires "*a high level of research and development (R&D) and innovation is required*" there is nothing to imply a greater investment in research. Most of the instruments suggested imply a change in the mentality of consumers, producers, entrepreneurs, etc. Such a change is not mediated only through a change in the instruments but through education and training for sustainable development. The chapter does not even consider investing in education of this type.

4. Conclusion

The Commission acknowledges the reality that our country is living today, that is, a globalised world where diverse situations in different countries impact other countries. Today, more than ever, we need to put the economy at the service of humankind rather than humankind at the service of the economy.