



MINISTÈRE DE L'ÉCONOMIE
ET DES FINANCES

New forms of solidarity:
towards a fraternal inclusion, integration and innovation

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Dear ministers,
Ladies and gentlemen,

Capitalism is a living paradox.

Capitalism has won. But it also has lost.

It has won. Capitalism is the leading economic model across the planet. It has brought prosperity. It has lifted millions of people out of poverty.

Capitalism has won the ideological battle of the 20th century. There was an alternative model: communism. It has disappeared.

But capitalism could also lose. Capitalism fails to remove imbalances that are unbearable.

Social imbalances – as the rise of inequalities among nations seems to be unstoppable. Environmental imbalances. Our planet is paying the high price for the success of capitalism. We are depleting natural resources, hurting a biodiversity we cannot replace and condemning our common home to global warming.

What is worse, capitalism no longer stands for hope. It does not mean progress for the man on the street, for his kids, for his future. Such a capitalism has no future.

Capitalism needs a revolution. We have three options.

The first option would be a stalled revolution. Pretending to change capitalism but letting it remain the same as before. This is a dead end. Capitalism would be doomed. It would keep being violently rejected by a growing number of citizens.

The second option would be a political revolution. Seeing another economic model overthrow capitalism. This is probably what populist parties hope for, but it would end up in violence, poverty and chaos. Our common responsibility is to avoid this.

The third option is a Copernican revolution. We have to understand the flaws of capitalism and to adapt it to the 21st century world.

This is the right revolution. A Copernican revolution would be based on three pillars.

- **First, reducing inequalities**

As it is today, capitalism fails to stop inequalities from growing. This is an economic aberration and a political danger.

I see two types of inequalities we have to address first.

We must fight excessive wage inequality.

Wage differences between employees and managers are normal.

But we can no longer accept that the heads of the largest companies earn 300 to 400 times more than the average salary of their employees. This is outrageous.

This is also detrimental to our society as a whole. It negates the very value of work. It feeds social division.



Governments should take the right measures to ensure that people can live decently from their work. Companies also have to play their part by better sharing the value they create and helping their employees to progress in their professional life.

We must also fight gender inequalities.

These inequalities should have disappeared long ago.

Why are women – in France and in almost all developed countries – still paid 9% less on average than men with similar diploma and equal qualifications?

Reducing gender inequalities must be a priority. It is a priority in France. In the upcoming months, we will implement practical measures to reduce these inequalities.

• **The second pillar of this revolution is to protect our planet.**

The time when countries could all be running a global race for growth without taking into account the impact of growth on our planet is over. This is precisely what Pope Francis has denounced in the *Laudato si* encyclical.

Citizens want to keep their common home safe for the generations to come. They expect technology to provide solutions to fight against global warming.

Here is what truly has to change within the capitalist model. We have to find the solutions that allow our economies to grow, but to grow on a sustainable path.

This is the goal of the European Green New Deal proposed by Ursula von Der Leyen. France is fully committed to building this new growth model.

We already have what it takes to make the change. We know what to do. We just have to act now.

Finance is a key part. We need massive investments to help people change their habits and to invest in green technologies, such as energy storage or hydrogen energy.

Having a clear benchmark for green finance allowing people to know whether an investment is green or not is a critical tool. We have developed such a tool at the European level. We now need to make it operational as soon as possible.

We have created a European bank for Climate. We have transformed the European investment bank into a bank dedicated to the fight against climate change.

As soon as 2025, 50% of its new loans will be dedicated to environmental and climate projects. All in all, it will help raise more than 1000 billion euros to finance green project from now until 2030.

France has in mind an even more ambitious scenario, where the capital of the bank would be increased so that the volume of loans can reach at least 70 billion euros every year.

We are losing the battle against global warming. We need to speed up our action.

• **The third pillar of this Copernican revolution is to restore what capitalism means**

People challenge capitalism because they doubt capitalism can solve any of the challenges we face. They don't see hope anymore in the solutions that capitalism brings by. They only see the absurd consequences of its success: the rise of inequalities and an unstoppable global warming.



This leads to despair as we see in some countries with a rise in violent death, addiction to opioids and anti-depressors, broken families and eventually a decline in life expectancy like in the US today.

To restore what capitalism means, companies have to get involved. They cannot only aim for short term profits anymore. They have to set long term goals to their activities: reducing carbon emissions, reducing inequalities or fighting against exclusion.

- **Finally, how to make this Copernican revolution happen?**

By clearly redefining the role of States and companies in the 21st century.

States have a key role to play in this Copernican revolution.

States must protect. One example: we won't win the battle against climate change in Europe if we don't implement a carbon adjustment mechanism at the borders of Europe.

States must regulate. Another example: Facebook must not create its own currency, Libra. We cannot let companies, which are serving private interests, gather all the attributes of sovereign States. States must regulate when democratic stability and financial stability are threatened.

Last but not least, **States must prepare for the future.** By funding innovation and creativeness. By financing the sustainable development of developing countries. That is why France is increasing its public development aid to 0.55% of GDP. By financing new technologies to fight global warming.

But companies have also a critical role to play. They have a political role in the 21st century. This is the main change in the new capitalism. Companies of the 21st centuries are not only profit-seekers. They can change society for the better by setting ambitious long term goals.

Global awareness is rising across the planet. France introduced last year the notion of a sense of purpose that companies should follow. The American Business roundtable endorsed a similar perspective during the summer, as they committed to lead their companies for the benefits of all stakeholders – customers, employees, suppliers – instead of their shareholders only.

Capitalism has already started its Copernican revolution.

In a time of great uncertainties where all the pillars of our democratic world are contested, we need politics.

Politics is about commitment: commitment for ideas and convictions, commitment for others.

I want to remind how noble and necessary this commitment is. It is often criticized. Politicians are often accused of being corrupted, liars or lazy. This is a deep mistake.

Our society needs commitment. If we are to build this new capitalism, we need as many people committed to this change as we can gather.

Thank you.