

Compendium of social Doctrine of the Church regarding:

III. PRIVATE INITIATIVE AND BUSINESS INITIATIVE

336. The Church's social doctrine considers the freedom of the person in economic matters a fundamental value and an inalienable right to be promoted and defended. "Everyone has the right to economic initiative; everyone should make legitimate use of his talents to contribute to the abundance that will benefit all, and to harvest the just fruits of his labour".[702] This teaching warns against the negative consequences that would arise from weakening or denying the right of economic initiative: "Experience shows us that the denial of this right, or its limitation in the name of an alleged 'equality' of everyone in society, diminishes, or in practice absolutely destroys the spirit of initiative, that is to say the creative subjectivity of the citizen".[703] From this perspective, free and responsible initiative in the economic sphere can also be defined as an act that reveals the humanity of men and women as creative and relational subjects. Such initiative, then, should be given ample leeway. The State has the moral obligation to enforce strict limitations only in cases of incompatibility between the pursuit of common good and the type of economic activity proposed or the way it is undertaken.[704]

337. The creative dimension is an essential component of human activity, even in the area of business, and it is especially manifested in the areas of planning and innovation. "Organizing such a productive effort, planning its duration in time, making sure that it corresponds in a positive way to the demands which it must satisfy, and taking the necessary risks — all this too is a source of wealth in today's society. In this way, the role of disciplined and creative human work and, as an essential part of that work, initiative and entrepreneurial ability becomes increasingly evident and decisive".[705] At the basis of this teaching we can see the belief that "man's principal resource is man himself. His intelligence enables him to discover the earth's productive potential and the many different ways in which human needs can be satisfied".[706]

a. Business and its goals

338. Businesses should be characterized by their capacity to serve the common good of society through the production of useful goods and services. In seeking to produce goods and services according to plans aimed at efficiency and at satisfying the interests of the different parties involved, businesses create wealth for all of society, not just for the owners but also for the other subjects involved in their activity. Besides this typically economic function, businesses also perform a social function, creating opportunities for meeting, cooperating and the enhancement of the abilities of the people involved. In a business undertaking, therefore, the economic dimension is the condition for attaining not only economic goals, but also social and moral goals, which are all pursued together.

A business' objective must be met in economic terms and according to economic criteria, but the authentic values that bring about the concrete development of the person and society must not be neglected. In this personalistic and community vision, "a business cannot be considered only as a 'society of capital goods'; it is also a 'society of persons' in which people participate in different ways and with specific responsibilities, whether they supply the necessary capital for the company's activities or take part in such activities through their labour".[707]

339. All those involved in a business venture must be mindful that the community in which they work represents a good for everyone and not a structure that permits the satisfaction of someone's merely personal interests. This awareness alone makes it possible to build an economy that is truly at the service of mankind and to create programmes of real cooperation among the different partners in labour.

A very important and significant example in this regard is found in the activity of so-called cooperative enterprises, small and medium-sized businesses, commercial undertakings featuring hand-made products and family-sized agricultural ventures. The Church's social doctrine has emphasized the contribution that such activities make to enhance the value of work, to the growth of a sense of personal and social responsibility, a democratic life and the human values that are important for the progress of the market and of society.[708]

340. The social doctrine of the Church recognizes the proper role of profit as the first indicator that a business is functioning well: “when a firm makes a profit, this means that productive factors have been properly employed”. [709] But this does not cloud her awareness of the fact that a business may show a profit while not properly serving society. [710] For example, “it is possible for the financial accounts to be in order, and yet for the people — who make up the firm's most valuable asset — to be humiliated and their dignity offended”. [711] This is what happens when businesses are part of social and cultural systems marked by the exploitation of people, tending to avoid the obligations of social justice and to violate the rights of workers.

It is essential that within a business the legitimate pursuit of profit should be in harmony with the irrenounceable protection of the dignity of the people who work at different levels in the same company. These two goals are not in the least contrary to one another, since, on the one hand, it would not be realistic to try to guarantee the firm's future without the production of useful goods and services and without making a profit, which is the fruit of the economic activity undertaken. On the other hand, allowing workers to develop themselves fosters increased productivity and efficiency in the very work undertaken. A business enterprise must be a community of solidarity, [712] that is not closed within its own company interests. It must move in the direction of a “social ecology” [713] of work and contribute to the common good also by protecting the natural environment.

341. Although the quest for equitable profit is acceptable in economic and financial activity, recourse to usury is to be morally condemned: “Those whose usurious and avaricious dealings lead to the hunger and death of their brethren in the human family indirectly commit homicide, which is imputable to them”. [714] This condemnation extends also to international economic relations, especially with regard to the situation in less advanced countries, which must never be made to suffer “abusive if not usurious financial systems”. [715] More recently, the Magisterium used strong and clear words against this practice, which is still tragically widespread, describing usury as “a scourge that is also a reality in our time and that has a stranglehold on many peoples' lives”. [716]

342. Businesses today move in economic contexts that are becoming ever broader and in which national States show limits in their capacity to govern the rapid processes of change that effect international economic and financial relations. This situation leads businesses to take on new and greater responsibilities with respect to the past. Never has their role been so decisive with regard to the authentic integral development of humanity in solidarity. Equally decisive in this sense is their level of awareness that “development either becomes shared in common by every part of the world or it undergoes a process of regression even in zones marked by constant progress. This tells us a great deal about the nature of authentic development: either all the nations of the world participate, or it will not be true development”. [717]

b. Role of business owners and management

343. Economic initiative is an expression of human intelligence and of the necessity of responding to human needs in a creative and cooperative fashion. Creativity and cooperation are signs of the authentic concept of business competition: a “cumpetere”, that is, a seeking together of the most appropriate solutions for responding in the best way to needs as they emerge. The sense of responsibility that arises from free economic initiative takes not only the form of an individual virtue

required for individual human growth, but also of a social virtue that is necessary for the development of a community in solidarity. “Important virtues are involved in this process, such as diligence, industriousness, prudence in undertaking reasonable risks, reliability and fidelity in interpersonal relationships, as well as courage in carrying out decisions which are difficult and painful but necessary, both for the overall working of a business and in meeting possible set-backs”. [718]

344. The roles of business owners and management have a central importance from the viewpoint of society, because they are at the heart of that network of technical, commercial, financial and cultural bonds that characterizes the modern business reality. Due to the increasing complexity of business activities, decisions made by companies produce a number of very significant interrelated effects, both in the economic and social spheres. For this reason the exercise of responsibility by business owners and management requires — in addition to specific updating that is the object of continuous efforts — constant reflection on the moral motivations that should guide the personal choices of those to whom these tasks fall.

Business owners and management must not limit themselves to taking into account only the economic objectives of the company, the criteria for economic efficiency and the proper care of “capital” as the sum of the means of production. It is also their precise duty to respect concretely the human dignity of those who work within the company. [719] These workers constitute “the firm's most valuable asset” [720] and the decisive factor of production. [721] In important decisions concerning strategy and finances, in decisions to buy or sell, to resize, close or to merge a site, financial and commercial criteria must not be the only considerations made.

345. The Church's social doctrine insists on the need for business owners and management to strive to structure work in such a way so as to promote the family, especially mothers, in the fulfilment of their duties; [722] to accede, in light of an integral vision of man and development, to the demand for the quality “of the goods to be produced and consumed, the quality of the services to be enjoyed, the quality of the environment and of life in general”; [723] to invest, when the necessary economic conditions and conditions of political stability are present, in those places and sectors of production that offer individuals and peoples “an opportunity to make good use of their own labour”. [724]