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THE BUSINESS COMPANY:
ITS NATURE – GOALS AND ECONOMIC
DEVELOPMENT

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To Business Executives, particularly to my Latin American brothers, who envision their role by encouraging unity and a true human and economic development.

To our wives, Paulina Vial de Domínguez and Cecilia Bunge de Shaw, whose patience and help have been key to this work.

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INTRODUCTION

The purpose of this paper is to go over the true goals of any business company and prove that, when reached, they contribute not only to human development and economic dynamism which, in a climate of social peace so longed and needed by Latin America, but without sacrificing the legitimate own good, even material, of each company, it ensures its stability and future.

This paper's plan may call the attention of some, but please consider that, on one hand, Dr. J. Lagarrigue has already undertaken a similar study, based upon the needs of macro-economy¹, and, on the other, the American magazine "Fortune"² by discussing the motivation of business activities, incidentally proves that a company's goals – considered as absolute "theory" by some "practical" men – is something with very specific consequences, even related to the development and better use of human and material resources of a nation.

In fact, the goals determine decisions made by men and, eventually, govern their conduct.

Only when the goals proposed to the shared activity of a group of men are chosen skillfully, relations among them may be healthy and harmonious. The end should guide us in choosing the means, so if the end is not properly chosen, even the best conceived structures fail to attain their purpose. Today this is particularly important, as one of the most violent paradoxes posed by the contemporary world is the contrast between the extraordinary profusion of the means and the desolating indigence of ends.

This wealth of means and power of action in the hands of humanity deprived of the sense of things and the knowledge of the true end of their actions engenders confusion and obstacles to achieving a better world.

1.- *Common Notion of a Business Company:*

Section 282 of the Argentine Commercial Code – and both the Chilean and Latin American peers take an almost identical stance - says: "A company or business association is a contract whereby two or more people associate, sharing their property and industry, or either of these things, in order to do business, and to distribute any profits arising therefrom". As none of these laws defines what a company is, the aforesaid is usually considered.

In addition, usually a company is conceived as being exclusively created by the owners of the means of production, who are the only ones entitled to every right of management and disposition, and engage in a working relationship with employees for the sole purpose of getting their support in order to operate such means of production.

This notion resulted in two consequences: on one hand, if the company consists of only two businessmen-capitalists, it's logical for it to act based on the sole purpose of earning the maximum *benefit* for them; on the other hand, if workers are mere *external* collaborators of the company, it's natural that there is an economic-social *tension* between them and the owners of the means of production³.

¹ DR. JAVIER LAGARRIGUE. *El Empresario cristiano frente al desarrollo económico*; Santiago de Chile, December 1960.

² FORTUNE, August 1960: Have Corporations a higher duty than profits?

³ *L'Entreprise et son destin*, APIC, Bruxelles, 1948, page 11.

In a notion such as this one, it's no surprise for work to be considered as merchandise, as a "cost factor", without stopping to analyze the gift of the spirit that heightens and characterizes any human action: it's seen as something purely material, unconscious, reduced to the level of a machine, of something exclusively executive. The common expression "labor" is very expressive in this sense.

The fact that in most cases workers are not mistreated is attributed to feelings of humanity and not to a clear notion of the true nature of a company.

The result of this false notion is for the same company organization to tend to consider workers as a mere gear assembly, without giving them the chance to know, understand and perceive by themselves the pulse of the company in which they are involved; furthermore, in fact, it prevents men from developing themselves through their work⁴.

It should not be surprising if workers go to work without any goal other than to earn money, and to execute the work without considering it "their work" and without feeling, as an individual, related to it, and least of all, to the company. Lacking any chance of "participation", the fact that they fail to contribute to the company their intelligence and heart, man's most priced attributes, should not be surprising⁵.

This notion of company could be summarized as follows: pure individualism; materialism; social relationships based solely on the search for a benefit and exclusively reduced to claiming rights and duties. The resulting social tension is a tension by *opposition*.

2.- Reality Overview:

The facts, however, as evidenced by everyday experience and on which, even advocates of the above-mentioned notion, have made the "anatomy" of the modern company⁶, show a richer and more complex reality:

- a) The company is an *economic reality* which presents itself as a system of resources (work, capital, technical knowledge, etc.) organized in order to produce and sell goods or services in a larger environment, the market.
- b) The company is also a *human reality*, which presents itself as an organized relationship of men, among themselves and with the company, integrated in a hierarchical order and with pre-established duties according to the company's economic goals.
- c) In addition, the company is a "*legal*" reality, which appears as a member of a system of relationships external to it which relate it to a body of larger entities and social forces (the State, Employer Chambers, Unions, public opinion, etc.).

All of them are true and real aspects of a same entity: the company⁷.

In spite of that, the legal life of a company continues within the framework of right to property conceived in line with the above-mentioned notion and, let us add this, "heavy inheritance of the mistakes of an unfair economic system which has exercised its ruinous

⁴ AMINTORE FANFANI: Perfil de una economía para el hombre, page 13.

⁵ A. DUHOIS: Confidences d'un patron sur la réforme de l'entreprise, page 14.

⁶ Cfr. HENRY MAURER: *La Gran Empresa: su desarrollo y funcionamiento*; ed. Selección Contable, Buenos Aires.

⁷ Federation des Patrons Catholiques de Belgique: Pour une doctrine des dirigeants de l'entreprise.

influx for several generations”⁸, has contributed to this other aspect of the contemporary reality: concentration of economic power in a few hands, unfair distribution of goods, instability of economic life, easy chances for speculation, legal provisions favoring anonymity and dilute moral responsibility, simplicity to earn money through the exploitation of the less noble trends of consumers and, generally speaking, a state of economic dependence and lack of safety⁹ favoring depersonalization and “massification” of men, with the resulting divisions and hatred, and incidentally offering - as anything putting an obstacle to the development of human personality - great permeability to communism.

⁸ PIUS XI: Encyclical on Atheist Communism, March 19, 1937, par. 50.

⁹ Collective Pastoral Letter of the Argentine Episcopate on Promotion and Responsibility of Workers, April 28, 1956, par. 8.

TRUE NOTION OF A BUSINESS COMPANY

a) *Nature:*

The business company is an institution particular to, and fundamental to, any industrial society, which, in addition to centralizing and organizing the activities of men with the purpose of accommodating land resources to human needs, has proven to be the only form of economic organization able to ensure full achievement of work.

For this reason, and because the difference in the economic development between the countries having or lacking this kind of organization is so big, we are interested in discussing its nature.

Among the institutions to which a person may voluntarily affiliate, we must make a distinction between an “association” (such as a club, a religious society, etc. ...) where people relate directly, and an “economic unity” where men are related by means of an exchange of contributions (material goods or forces similar to material services).

The company belongs to the latter, i.e., it is not an association of people where everyone would have rights only as people, due to their mere condition of men, (as is the case in a family or political society), but in a company, personal rights are *proportional* to everyone’s contribution to the production process; everyone makes a material contribution and maintains the ownership thereof. This means that some contribute the means of production and own them, and others their work, but do not transfer it, because work, as the Church teaches us, is inseparable from the person of the worker and it cannot be transferred (otherwise, slavery would be legitimate).

That’s why, no one can consider himself as owner of the company in the same way as of the house where he lives: a company is obviously not as “private” as “my house”.

Although the owners of the means of production, for continuing being so on account of their contribution, are responsible for making the economic decisions¹⁰, the *company*, however, does not identify itself with the ownership of the means of production.

By way of comparison, it’s interesting to point out that in a marriage, an authentic society within which there have been real transfers of power and, therefore, an institution larger than each spouse’s contribution, the fact is that although one has rights in a marriage, one does not own it, and that is why none of them, not even together, can dissolve it.

In addition, the same as in any organized human group, the company has a specific common good which, on account of its own nature and goals, is specific to it and therefore should be considered by all of its members¹¹.

In short, a company should not be considered as being made-up only by the owners of the means of production, but as a production unit, where the constituent elements (contributors of Work and contributors of Capital) relate to each other through several contributions and where mutual respect should be ensured by the structure of the company itself¹².

b) *Benefits: ¿Goal or Motivation?*

¹⁰ Cfr. PIUS XII: Address dated May 7, 1949 to the Christian Union of Business Executives (Italian).

¹¹ JOSEPH FOLLINET in *Chronique Sociale*, January-February 1951: *Où va l'Entreprise?* 7, page 73.

¹² J. CALVEZ Y J. PERRIN, S. J.: *Eglise et Société Economique*, page 365.

One of the most widespread prejudices is to consider any benefit as a kind of robbery or at least as a harmful privilege that the inhabitants of a country grant undeservedly to the owners of capital and Business Executives, considering it as if it were the source of all miseries in the modern world.

Without stopping to analyze here its real nature, actual amount, nor who or how eventually it should be distributed – issues of utmost importance but which do not relate to the purpose of this paper -, anyone studying the operation of any economic system is aware of the fact that it is not only useful but necessary and not from a selfish point of view, but social.

In fact, ripping nature off its riches and getting them to serve humanity, require great efforts and to encourage their execution, God has placed in man's heart the incentive of appropriation of the fruits of his work. Experience teaches that hope of benefit greatly helps economy to reach its end and, therefore, it is legitimate as a motive of economic activities¹³.

In addition to being a compensation for a service rendered, the benefit should be the incentive for the risks necessarily borne by anyone acting in the economic field – whether a person or a company – risks that are real costs until the future becomes the past. Therefore, a minimum profit, in line with the risks borne, is an absolute condition to survival, not only for the economic agent but for society as a whole, as there is no magical formula allowing a company to live accumulating losses, and, unless we take this into account, we will destroy the capacity to produce¹⁴.

This reasoning applies to every organization providing goods or services, irrespective of their legal form, whether private or state-owned, as if they operate with losses, for whatever reason, the country – whatever its political or economic organization – without doubt will become undercapitalized and impoverished. Even in the Soviet Russia any illusion in this sense has been lost, and without a doubt, there is no other country in the world where control by means of benefit is so rigorously considered as the only measure of a company's economic performance.

In addition, there is a kind of paradox when we discuss the legitimacy of benefit when it is the tax matter from which most of public budgets feed.

For all of the above, a Business Executive who deliberately, due to negligence or incapacity, fails to take care of the financial performance of a company is not only a bad businessman, but a bad citizen as well.

But please note that this justification of benefit as powerful and indispensable incentive of the productive activity is quite different from “maximizing profits” as the company's goal. The right question would be: “Which is the minimum benefit required by a true company?” and not “What is the most it can earn?”

If a company increases prices in an irresponsible fashion, charging the most the market can afford simply because it has the power to do so, it is altering the implied values in the economic system characterized by the private company and putting its pursuit of profit before serving consumers, likewise; if a union has an advantageous position to negotiate and proceeds to get unusually high salaries for its members, it would also be leaving aside

¹³ Cfr. R. P. BRUGAROLA, S. J.: *La Cristianización de la Empresa*, page 23.

¹⁴ PETER DRUCKER: *The business company: its chances of survival*. Journal of Business, University of Chicago. Quoted by Informaciones, June 1959.

common good, as the goal of economy is to provide goods and services at a reasonable price for everyone, and not the enrichment of a particular group at the expense of any other group¹⁵.

What is not admissible, then, is the desire for benefit, instead of just being an animator, *motor* of the economic activities, they become the *only* guiding principle, without seeing to the needs of those related to the company (whether workers or customers) nor common good. In other words, it is legitimate and *necessary as motor of the economy but not as the only end*¹⁶

c) *Goals:*

Based on the above, one can draw out that even though a company works thanks to the search for a use, its goal cannot be the maximum amount of “uses” for it, but the maximum amount of positive results in every “dimension” characterizing the life of a company.

Therefore, it has, on a natural level, a triple objective purpose:

- 1.- On the economic side, an “external” and “internal” objective to the company:
 - a) To produce goods or services in order to meet real human needs.
 - b) To provide suitable compensation for the several categories of people thanks to whom it exists, operates and is developed (contributors of work even in leading positions and contributors of capital).
- 2.- On the human side, taking into account that, as it is a work of man, it must become a human work community, and therefore, it should contribute to:
 - Bringing men together.
 - Developing men.
- 3.- On the “public” side.
 - Contributing to the good of the community it belongs to (common good).

These three purposes combine and any decision to be made by Business Executives should consider *every one* of them; a *balance*, a harmony, is seriously required to consider all of them *simultaneously*.

For instance, *while* the economic balance is analyzed, the balance of human promotion should also be analyzed, in order to avoid what Pius XI bitterly stated: “Inert matter is produced by the dignified factory, while its men become corrupted and degraded”.

d) *Subjective Goals of Business Company Participants:*

They can be *different* from the objective purposes of the company itself, but should not be *contrary* to them.

The most usual one bears an economic nature and it is entitled to the same considerations as the benefits of the company. However, those who work also do so moved by the desire of “doing something useful”, i.e., even unconsciously, another one of the subjective purposes is the cooperation that man should give to God's creative work.

Even if we do go over the meaning of work and the difference between work as a grueling and dehumanizing effort and joyful and creative work, the fact is that a company, a human

¹⁵ Business Ethics, University of Notre Dame, page 310.

¹⁶ Cfr. R. P. BRUGAROLA, S. J.: La Cristianización de la Empresa, page 185 and 309.

work community, should contribute so that the worker, in his work and for his work, is able to accomplish the mission of every man in social life, which presumes a proper vocational guidance.

e) *Character:*

The company usually should be privately-owned and meet the social duty in an atmosphere of freedom.

Regarding the first issue, we need only to remember the words of Pius XII¹⁷ “the owner of the means of production, whoever he is – private owner, workers association or foundation – should, always within the limits of the public law, remain the owner of his own economic decisions”, but taking into account that “where capitalism assumes an unlimited right over property, without any subordination to the common good, the Church has condemned it as contrary to the right of nature”¹⁸.

As per the second, this is because “the economy, given its nature, is not a State entity; on the contrary, it is the living product of the free initiative of individuals and freely created groups”¹⁹.

f) *Structure:*

The company’s structure should be in line with its purposes. It should at least ensure mutual respect among the several holders of rights.

We have seen that the owner of the means of production owns its economic decisions, but this does not mean that it is the only interested party, nor the only holder of rights in this body of rights which is the company. On the contrary, pontifical social documents rank workers’ rights first, whether manual, intellectual or related to those in management positions.

It is important for *relations* among the groups making up a company not to be exercised by means of pressure or demands, where the strongest is the one with the largest share of benefits, but to be based on an understanding of the various rights based, precisely, on the acknowledgement of that community of activities, interests and life, which is the company.

It is also worth mentioning the need to, as Pius XII said, “work so that the human person has the dignity God gave him from the beginning, as opposed to the agglomeration of men as masses without a soul” and “favoring such social forms in which he may find possibility and guarantees of full personal responsibility”²⁰. Therefore, we must make an effort and find out the legal forms of the company which in each case favor *the development of the human personality* the most, a great concern for the Church.

In fact, the possibility of choosing and participating in the decision-making position, contributes towards the personalization of man. The Encyclical “*Mater et Magistra*” addresses an entire chapter to this issue, and the Argentine Episcopate in its “Collective Pastoral Letter of the Argentine Episcopate on Promotion and Responsibility of Workers”, when dealing with the “Democratization of Economy”²¹ states: “A greater and progressive

¹⁷ *Cfr.* PIUS XII: Speech dated May 7, 1949 to the Christian Union of Business Executives (Italian).

¹⁸ PIUS XII: Radio message September 1, 1944.

¹⁹ PIUS XII: Address dated May 7, 1949.

²⁰ PIUS XII: Christmas message 1942.

²¹ Collective Pastoral, paragraph 65.

participation of workers in all stages of economic life is advisable”, and then states several reforms on a company level to ease fulfillment of its goals²².

g) *Christian Perfection of a Business Company:*

If we failed to say any further and stopped here, the notion of a company would not be comprehensive, because it would lack the vivifying element of the Christian breath. In other words, the company should not focus on a *purely natural perfection*, but it should also tend to Christian perfection.

In order to fully understand this fundamental issue, it is of utmost importance to resort to the teachings of Pius XII in his address of January 31, 1952 to the International Union of Catholic Employers’ Associations²³. In that address, the Pope brilliantly presents to us the company’s road of ascent, pointing out the four steps it needs to climb in order to reach human and Christian perfection.

The *first step* is represented by the *economic and individual purpose* and consists of considering the company as a means of survival. Therefore, being only legitimate, is not enough. Pius XII says that the company “is more than a mere means of earning one’s living and maintaining the legitimate dignity of one’s position, the independence of one’s person and family”.

The *second step* is represented by the *technical and economic purpose* and consists of conceiving the company as a coordination organ of production factors. This is true, but it is not enough. The Pope states that a company “is more than the technical and practical cooperation of thought, capital, the multiple forms of work, which favor production and progress”.

The *third step* is represented by the *economic and social purpose* and consists of conceiving the company as a factor to the increase in production and equitable distribution. Although it is higher than the previous ones, this step is not the highest. The Pontiff so states by saying that a company “is more than an important factor of economic life, more than a mere – though plausible – aid to the development of social justice”.

Pius XII, after pointing out the *natural purposes* of a company in its three successive degrees, warns that “if it were no more than this, it would still be insufficient to establish and promote complete order, because order is not such until it leans on the entire life and the entire material, economic and social, and especially Christian activity, outside of which man is always incomplete”. This is the *fourth and highest step*: “the Christian life and activity of a company”. Such is its *human and Christian purpose*.

The great Pontiff thus points out the summit which the company should seek in order to accomplish *utter perfection* and urges businessmen to go for it: “This ideal is the thorough, elevated, Christian exercise of your company, penetrated by human feelings in the broadest and highest meaning of the word”.

Man, after redemption, cannot be considered only on a natural level; he should be integrated to the supernatural level. The company, which is, the most important factor of

²² *Id.*, paragraphs 66 through 71, 74 through 76, 8r through 86.

²³ PIUS XII: Address dated January 31, 1952 to the International Union of Catholic Employers’ Associations (UNIAPAC).

modern economic and social life, should therefore be impregnated with a *human and Christian sense* if it intends to be an efficient element of order in this confused world²⁴.

²⁴ Summary made by F. Valsecchi in *Problemas Humanos de la Empresa*. Publications *Asociación de Profesionales de la Acción Católica Argentina*, pages 20 and 21.

SOME PRACTICAL CONSEQUENCES

Having admitted the triple purpose of a company, let us address some of the applications of such principles:

a) We said that the first one was to “produce”. A banal statement at first sight. But if it is so, a logical consequence is that productivity (provided it is not obtained at the expense of the health or dignity of workers) should be encouraged, as it acquires not only a technical and financial meaning, but humane and even moral.

This applies not only to the workers and to the external factors of a company (labor legislation, tax system, etc.), but also to Business Executives, who therefore have the obligation of being efficient, and of being surrounded by efficient people. If any of them is not, even if he were the sole owner of the means of production of his company, he fails to meet his duty, as he is affecting the community.

b) The second part of the first goal is for produced goods to meet real human needs. There is a hierarchy in the needs of a specific population, at a given time. It’s not the same – in times of hunger, for instance – to invest money in increasing the production capacity of milk than of perfume, even if the latter were more profitable.

By human needs we mean those of the members of *all* social categories. “The economic wealth of a peoples does not consist only of the utter abundance of goods, but also, and even more, of its actual, efficient and fair distribution in order to ensure the personal development of the Company’s members, in what is the real end of the national economy”²⁵.

c) We already said that one of the constituent elements of a work community was to provide suitable compensation to the company’s members. But this does not mean that the company is a “charitable organization”. As any physical or moral person, it has charitable duties, sometimes very serious ones, but usually, if methods change, for instance, if there is a greater use of oil instead of coal, work possibilities of coal miners become diminished, and although new jobs should be provided to them, not necessarily (except for very serious circumstances and in such event, with the support of the State, i.e., the community as a whole) it should indefinitely maintain the production of goods that are not going to be sold, as it would mean altering the balance of the company’s goals.

d) There is much talk about, and rightfully so, the need for social classes or all members of a same country to unite against this or that social danger or disaster. Therefore, the company, which is a natural meeting place where members of the most varied sectors of society for hours a day strive for a common goal, should not be a place where opposing interests or class struggles are created or intensified, on the contrary, it should be a field or an instrument for a new social order where *the union of men is encouraged*.

It would be an exaggeration, as we have seen, to ascribe the company a merely social end, and say that its goal is to produce men and not goods; that would be the same as taking it for a religious community or a school. But an even more serious mistake would be to leave any social quality of the company completely aside, taking advantage of its

²⁵ POPE JOHN XXIII: Encyclical *Mater et Magistra* par. 13.

economic character and to deprive it from any unselfish contact, any entirely human element, as the classic capitalist economy does²⁶.

Of the goods having a human nature, the first one to obtain, the most relevant of them all, the one that is sought for any group seeking its unity, is peace. Peace in the company means to understand and help one another, the good will among all those contributing to making a company what it is, the joint work in the best human conditions possible regarding salaries, health, organization, exercise of authority²⁷.

There can be no peace without justice. This is not something that is procured “afterwards”, but the basis of any human relationship.

Justice enables peace; but it is not enough on its own. Among the collaborators of a company, it is not enough for the rights of each of them to find a proportionate satisfaction; the mere “coexistence” among them is not worthy of man. They should be aware of the fact that they belong to a community that gives to each of them as much as it receives, they should contribute – and the Business Executive, the one having the most responsibility for its common good, more than anyone – to creating a “climate” of equality within order, of freedom within organization, of reciprocal respect between superiors and subordinates, each seeing the other as a human person, reasonable and free, each seeing the other as a collaborator devoted to the same and common task; in other words, there should be a *friendly* environment²⁸.

¿Do we Business Executives think of them when we give orders to a subordinate or see to a union claim that to us is unfair or impossible to satisfy? ¿Do our *way*, our *lifestyle*, tend to *unite* everyone we are in contact with?

e) Regarding the development of men, please note that the *true and comprehensive development of personality is the test to the effectiveness of a given social order*.

In the company specifically, whoever works in it puts forward the best he has got, his working capacity. Business Executives have got to reflect upon the fact that such person is “*lending his talents*” and therefore, one has got to help them flourish.

“*Mater et Magistra*” expressly states: “a human conception of the company shall, without a doubt, safe keep the authority and the required efficacy of the unity of direction; but it cannot reduce its everyday collaborators to the condition of mere silent executors, without any chance of enforcing their experience, entirely passive regarding the decisions governing their activity”.

In our everyday tasks, ¿do we make easier to everyone, even workers, the development of their initiative? Do we ever really consult them? Do we make others participate in what we ourselves enjoy so much: our authority? Are we careful when we choose and train those who, in fact, have such a huge impact on this, foremen?

The company, whether consciously or unconsciously, is a mold, good or bad, for anyone working there.

f) *Contributing to common good:*

²⁶ Joseph Folliet, *op. cit.*

²⁷ *Id.* page 72.

²⁸ MARCEL CLEMENT, *El Dirigente de Empresa*, page 142.

The world may and should be led again to primitive harmony; Christ has also come to restore to man his dominion over nature according to the spirit of God. We should all contribute, personally and actively, to the birth, however painful and slow, of a new life, of a humanity in constant progress in order and harmony²⁹ thus contributing to its beauty and to the happiness of the world.

In fact, we have seen that one of the purposes of the company is to procure society's common good, i.e., an order, a stable and harmonious proportion of social relationships enabling each person, each family, to reach its own good.

Common good thus has a triple content: economic, cultural and spiritual. Man is a whole: economic life is not isolated from cultural and spiritual life, but it has a significant influence on it. The company, although it is part of the entities procuring the economic end, also has, as to the human community, responsibility for the other two ends.

Given the nature of this paper, we shall not discuss the economic side any further, but we must stress on the reciprocal subordination there is between the economic activity and the social activity, and between the common good and the good of individuals: no real economic development can exist where there is social instability, and vice versa, and no social development can exist without a healthy economic prosperity either.

²⁹ PIUS XII: Christmas address, 1957.

CONCLUSION: THE BUSINESS COMPANY AND ECONOMIC DEVELOPMENT

a) *The Role of a Business Company in the Overall Economy:*

Economy forms is a whole, i.e., it is no longer possible to dissociate business economy from national economy, not even from world economy. One can no longer conceive the company without referring to a global economy, nor its individual plans without harmonizing them with general ones; the company needs a developing economy, and at the same time, economic development needs the company³⁰.

Evidence, although not really necessary, of how incredibly related are all problems today, and of how economic development of other countries has consequences for typically business decisions such as the level of investments, is the conclusion of the Société de Banque Suisse³¹. “The problem of slow inflation can only be solved making every occidental country understand that the big increase of income involves responsibilities towards the less developed and less fortunate countries, and serious evils will occur if they do not accept these responsibilities, i.e., while the custom of creating new capitals in favor of the material needed by overseas economies”.

Sadly, for entire generations, the attention of businessmen has been focused on the life of their relevant companies. This is explained, partly, by the conviction that the search for the own interest was the best guarantee to attain the general interest. It is also explained by the lack of suitable information on economic interdependence, by a certain blindness arising from the concept of company as intended solely to obtain the most profits and for the lack of vision³².

Anyway, all of this led to a concept of company as a *particular* or private entity, which may be misleading when in practice means that the operation of the company, when establishing its goals, is undertaken without any regard for the relationship with the national community.

This vision is evolving, especially because today it is mostly acknowledged the fact that the decisions made by certain companies affect on a decisive basis the satisfaction of the needs of all members of the national community. In many cases, especially when they are large companies, the effects of the decisions are *irrevocable*. If decisions are alien to the possibilities of the national economy, they may be detrimental to all.

This is especially the case in the field of investments. These are wide-spread decisions that have an impact in the far future. In addition, as their effects are only in the long run and, in many cases, they are not public but after a long time of preparation, there is the danger for investment programs of several particular companies to multiply or mutually contradict, in such a way that it is not possible to restore a harmony nor remedy the harm inflicted to the general economy.

The harmony of programs and plans of several companies is not attainable without a conscious harmonization, an “agreed economy”, i.e., without *joint planning*. This does not mean state planning, which would be unnecessary if all economic forces of the nation (all

³⁰ Statement by the Board of Directors of the UCID at the XXV Social Week of Italian Catholics. *Bulletin Social des Industriels*, dec. 1952.

³¹ Outlook: Economic Information by the Société de Banque Suisse Basle, Nov.-Dec. 1960: *¿Is slow inflation invincible?*

³² *Cfr.* C.I.A.S. (Centro de Información y Acción Social) Newsletter on “The Company”.

companies and all groups participating in their activities) cooperate spontaneously in the preparation and execution of a harmonized economic plan.

Sometimes there is the idea that there is no planning without imperative, authoritarian planning, imposed by force, especially, by public force.

This is the most harmful idea for the indispensable development of planning. In fact, and in principle, the most perfect planning is not the most authoritarian one, but, to the contrary, the freest, most accepted and voluntary. Only when that cooperation is missing, and to the extent it is missing, can the State feel compelled, for common good purposes, to cause those having the power to harmonize their programs to meet and impose, if necessary, a state plan. In practice, there are currently plans that derive from some state intervention and, at the same time, from the voluntary cooperation of representative groups of the economy. France, for instance, since 1945 has a thorough planning by means of a Commission appointed by the State. However, it operates outside the Economic Ministries, in close collaboration with every association representing the economic life (employers and unions), so the plan, even though in theory it belongs to the State, in practice is the expression of a work of harmonization of decisions and particular plans, executed by several representatives of the sectors of the national economic activity. After it is created, the plan serves not as imperative law in every detail, but as a reference framework for private companies and the State in its economic policy of motivation and stimulation according to the higher goals of the plan³³.

b) *The Business Company and the Parable of Talents:*

The company should be fertile, it should contribute to the rational use of land resources: the Evangelical Parable of Talents also applies to it. Every “talent” contributing to it should be used so as to contribute to the development and harmony of the society it belongs; not only the money – dangerous but powerful talent – but also men.

Who can doubt that man is the most valuable of the talents a company has, the one that can bear fruit better, the one that offers, even from an economic point of view, a greater performance capacity, as he has within a spiritual seed of almost unlimited possibilities?³⁴

It is not enough for the company to be a center of creation of products or services contributing to the execution of the biblical mandate of “dominating the earth”, it also should enrich that creation with the contributions of those that for so long have been asked to be only mere executors. For instance, it has the duty to pay special attention to the formation of intermediate leaders and of workers and to give them the chance to participate in the creation of the plans they are called to execute.

In connection with the goals in this area, although they should be specific, they need to be established according to the economic, political and social conditions affecting each company and which, at the same time, are affected by it. Evidently, North America’s will be different from South America’s.

The important thing is that, as any leading group of society, the company should not be alien to economic development. Furthermore, it is not enough for it to subordinate its own interest to the common good; it has to be able to harmonize public interests with particular ones so that whatever it contributes to common good coincides with its own interest. The

³³ *The Economist* conference, May 20, 1961, page 759.

³⁴ HERNANDO CAMPOS MENÉNDEZ, Opening speech of the 1st ACDE Conference, Buenos Aires, 1957.

company shall work hard so that everything that is productive to society, everything that makes it stronger and more prosperous is a source of stability, prosperity and benefit to the company³⁵.

Maintaining the private nature of the company should find its justification in the capacity a free company has to face burdens, risks and responsibilities having an economic nature and social nature which, otherwise, would end up being undertaken exclusively by the community.

In addition, given the position they have in the economic and social areas, they have, as a whole, significant duties of social charity. For example, to contribute to the future expansion of society, not only by replacing its own capital through amortization funds, but also helping to the formation of an education system allowing capable people to develop their skills. This is the theoretical basis of allowing students to make “learning stages” in the various industrial areas, even if upon completing their studies they do not remain there.

It is psychologically *necessary* for the average man not to “feel” that companies oppress him, prevent his progress, rather, in our opinion, common good requires today more than ever people to have hope; therefore the body of companies in a country should sow legitimate hopes and ensure they will be reasonably satisfied. To this extent, I find the slogan of a well-known American company admirable: “progress is our most important product” (supposing naturally that progress means not only technical progress).

If they fail to do so, Communism, a real opportunist of the deficiencies of the social order, with its typical dynamism, will know, without a doubt, how to capitalize to its advantage that ever growing thirst for a better world.

On the contrary, if the true goals of any Company are achieved, it will no longer be an end in itself, nor an element of men to subdue men, as Marxism wishes us to believe, but certainly an instrument in the service of men, furthermore, for its contribution to the development of economy and the personality of each man, a civilization factor³⁶.

c) *Greatness in the Mission of a Business Company Executive:*

However, what’s been said so far is not possible if Business Executives lack the will to fully embrace the authentic concept of the role of the company within the overall economy (nor without the development of an identical will in all other company members).

It is from the perspective of these company goals that one can appreciate the greatness of the mission of those having the most responsibility for accomplishing them. Common good is not something static, something that one can say “there it is” or that can be obtained through a perfect set of laws; it’s something that evolves and that requires, especially today as a result of the acceleration of History, a great dynamism by those who the Divine Providence has placed in leading positions, in the social front-line.

Precisely in the study named “International Cooperation in the Latin American Development Policy” of Dr. Raúl Prebisch, he states that “Economic development in Latin America depends greatly on the action of the private businessman”.

We live hours of definitions. To the extent that Business Executives embrace this public good imperative and learn to freely unite their efforts to serve common good, they will save

³⁵ PETER DRUCKER, *The Practice of Management*.

³⁶ JEUNE PATRON, October 1960, page 62.

both the legitimate private property and the legitimate personal activities: in a word, *freedom*. “Leaders and elites do not last but to the extent they render services”³⁷.

Business Leaders have the specific mission of being “businessmen” increasing the economic vitality and encouraging the development of the human personality, in order to achieve an orderly and dynamic economy that is one of the bases for social peace³⁸; they should be a MULTIPLYING AGENT³⁹.

With a clear and intense vision of a real and experienced Business Executive, Sergio Merino C. has viewed this as the center of several concentric circles that irradiates action much farther than his own company⁴⁰.

In spite of that, we live in an era where one should almost "have to be forgiven" for being the boss. However, it is necessary to lead and order the creation towards its end, and whoever says “order” supposes an order, a direction, an impulse, a leader. This leader serves the cause he embraces and exceeds him, but as any leader, he should be the first to “serve”⁴¹ and promote this cause. This is what makes him great⁴².

³⁷ LEÓN BEKAERT in *Cahiers du CFPC*, N° 21, March 1958, page 32.

³⁸ ENRIQUE E. SHAW, *La Misión de los Dirigentes de Empresa*, page 16.

³⁹ ENRIQUE E. SHAW, *Eucaristía y Vida Empresaria*, page 25.

⁴⁰ Speech to USEC, December 11, 1959.

⁴¹ The Gospel according to Saint Lucas 22, 27.

⁴² Conference R. P. GEORGES DUBOIS, S. J. at *Uniapac*, No. 16.

Let Holy Mary, Patron of America, whose intervention in the Wedding at Cana was a worldly service to ascend into Heaven, enlighten the hard work of all those striving for true economic development.