

Entrepreneurial Acting in the Light of the Encyclical Caritas in Veritate

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Before regarding the most important statement of the Encyclical on the social and ethical concept of the business enterprise and the ethical aspects of entrepreneurial acting¹, we first like to make clear the framework within which all cultural-ethical statements of the Encyclical must be interpreted.

1. Laying the cultural-anthropological foundation

Which are the concern and the starting point of Benedict in view of the „development of the human being as a whole in charity and truth?“ The most important answer to this question has been given, involuntarily, by Matthias Drobonksi in the „Süddeutsche Zeitung“ (SZ). Under the title „The awkward Pope“ he criticizes that the Encyclical is „in the first instance a cultural Encyclical and only then a social Encyclical“². Who regards this as a deficiency has nothing understood of the causes of the economy. Such as once Oswald Nell-Breuning has formulated, the economy „is the honest ground floor of culture“. Without cultural-ethical laying foundation nothing can be said on an economy serving the human being. What appears „awkward“ to the SZ shows the sole way for „healing“ the business community trembled by crisis, insofar as this above all is possible in a sinful and business-blind world.

Culture is generated and only exists if the human beings living therein agree on the fundamental values of their living together, give consent to the social

¹ Zur Enzyklika insgesamt (on the Encyclical as a whole), s. Lothar Roos, Menschen, Märkte und Moral (human beings, markets and morality), series „Kirche und Gesellschaft“(church and society), no, 362, Cologne 2009 (to be obtained with Katholische Sozialwissenschaftliche Zentralstelle, Brandenburger Str. 33, D-41065 Mönchengladbach

² Matthias Drobinski, Der weltfremde Papst (the awkward Pope), in Süddeutsche Zeitung (SZ) of 08.02.2009

structures necessary for their realization and practice the ethics of virtue that sustain the values and gives the necessary support to the structures. This is - at first formally spoken - that "truth" of the Catholic Social Teaching in which is demonstrated the „charity" required by the Encyclical.

Without values, without social structures and virtues serving them, the whole sociotechnical apparatus is floating in the air and is threatened by the „relativism of values" which Benedict XVI has clearly designated by its name already in his sermon with the conclave and in the new Encyclical (s.4). By difference to the „old-liberal" theory this has been seen in the same way by the „neoliberal" and the „ordoliberal" spiritual fathers of the „Social Market Economy". One of them, Wilhelm Röpke has formulated this as follows: "The measure of the economy is the human being and the Measure of the human being is God".

Equally important is was for them that the tasks of the State cannot be reduced to a „night watchman function" as it was the case with paläo-liberalism. Politics must rather create that „framework-order" which links the targets of the „single economies" with the financial common welfare of the community, today of all communities of this world. But meanwhile this insight has been forgotten by many people. Under the impression of the recent economic and financial crisis people begin to think over, which human image, which moral and which order must stand behind an economy which shall really serve every human being and all human beings. - Which important statements do we find on the subject in the Encyclical with regard to the characteristics, the importance and the ethical foundation of entrepreneurial acting?

2. Elements of ethics of investments

A first complex of subjects deals with the dangers and requirements of ethics of investment. These subjects had already been discussed by Paul VI in *Populorum progressio* where, amongst others he criticized „if capital is transferred to foreign to foreign countries only to the personal advantage" („capital flight"). In

the opinion of Benedict XVI this statement is obviously not enough differentiated when he states: „There is no reason to deny that a certain capital can have positive effects if it is invested in foreign countries and not at home. „There” is no reason to deny that transfers abroad if accompanied by investments and education can have positive effects for the population.”

But it „be not permissible” if this happens „to exploit other people without rendering a genuine contribution for the community on the spot in order to create a stable productive and social system which is an indispensable condition for a consistent, development”. But if the one or the other thing happens, depends not at least upon the fact, if „the business enterprise is almost exclusively responsible vis-à-vis the investors”. Therefore be to welcome the expanding „fundamental conviction according to which the governance of the business enterprise may not alone respect the interests of the owners”, but it must be: concerned with all categories of persons who contribute to business life: the employees, the clients, the suppliers of the different productive elements, the community concerned”. In this context Benedict XVI refers to the statement of his predecessor in office, that every investment „is always also a moral and cultural decision” (Centesimus annus 36).³

Obviously John Paul II here had in view the owner-entrepreneur who invests at his own risk. Meanwhile the conditions have considerably changed. Benedict XVI observes the „increase of a cosmopolite class of managers - who often only follow the orders of the principal shareholders who are normally anonymous funds, which determine de facto the earnings of the managers”. Therefore it must be avoided „that the financial resources are utilized for speculation and one gives way to the temptation to seek only the short-term profit and not to take also into account the long-term existence of the enterprise, the benefit of the investment for the real economy and the concern of the suitable and reasonable promotion of economic initiatives in developing countries”.

³ For more details s. Lothar Roos in BKU (editor), Wege aus der Krise in den neuen Bundesländern (ways out of the crisis in the new federal states) discussion paper no. 15, Treves 1991, 49-52

But there be also „many managers who due to far-seeing analyses become more and more aware of the regions in which they are working.” (40) -

From these statements it become evident where the Pope sees the dangers of certain mentalities in the sector of financial economy and how simultaneously he pleads in favour of long-term responsible acting with the view on financial success.

3. The „plurivalent importance” of entrepreneurial acting

A remarkable subject is raised by Benedict XVI, when he states that under the conditions of the economic community of today „the entrepreneurial activity has a plurivalent importance and must more and more comply to this”. For „metaeconomical motifs a differentiated understanding of the entrepreneurial activity be necessary”. At first he stresses the „human importance” of the „entrepreneurial activity” and takes up the Encyclical *Laborem exercens* 15 in which John Paul II required that the life of the business enterprise must be shaped in such a way that all persons working therein can have „the feeling to work in their own enterprise”.

Paul VI states that everyone working „is acting in a creative manner” (*Populorum proressio* 27). The „entrepreneurial activity!” had „prior to its professional importance still a human importance”. In this creative and just therefore deeply human mission are anchored the personal life accomplishment as well as the social responsibility of the entrepreneur.

In this context „different kinds of enterprises” have to be distinguished which, each of them, requires „a special entrepreneurial skill”. Entrepreneurial activity is shown with respective specific skills and key-points in the „private” as well as in the „state” and „civil social” area. This „global view” of entrepreneurial activity be promoting „the exchange and the mutual imprint amongst the different kinds of entrepreneurial activity with a flow of competence from the non-profit oriented area to the profit-oriented area and vice-versa, from the

public sector to that of the civil community, from the advanced economic regions to those of the developing countries” (41).

4. Business enterprises, State and civil

If and to what extent entrepreneurial activity can reach in a global complex community the targets personally aimed at and those serving the common welfare, depends above all - regarding the actual economic and financial crisis - upon the quality of „the political authority acting of different levels”. Here Benedict XVI remarks decidedly: „The grown together economy of our epoch does not eliminate the role of the State, it obliges rather the governments to a closer cooperation each other. Reasons of wisdom and intelligence dissuade to proclaim too early the end of the State”. Regarding the „actual crisis - the State had rather recovered many of its competences” (41). This is valid for all States of this earth, bus especially for the States which are remote from the existence of a constitutional community.

Already John Paul II had the courage to call by their name the „house-made” causes „in order to replace corrupt, dictatorial and authoritarian regimes by democratic orders of co participation”. This be „the condition sine qua non and a safe guarantee of the development” (*Sollicitudo rei socialis* 44).

Completely in this sense Benedict XVI invites to promote „within the framework of a social plan resolving the present economic problems the consolidation of the constitutional, juridical and administrative systems in the countries which do not yet enjoy completely these goods”. He therefore suggests: The help for consolidating the weak constitutional systems can be accompanied in an outstanding manner by the development of other political agents besides of the State which are of cultural, social, regional or religious nature, which he summarizes in the term „national and international civil community”. This be one of the „main ways” in order to polite the economic globalisation (41).

Just here it becomes evident how much Daniel Deckers was wrong, when he denies to the Encyclical „to seek the dialogue with the contemporary philosophy from liberal to communitarian”⁴. In a not published reader’s letter on this subject Ursula Nothelle-Wildfeuer stresses that with the term „civil community” the Pope has formulated a „topos” which as to the term but also to the idea introduces is completely new in the social proclamation, but which in the application to the market and the State originates from the theory of communitarianism (s. a.o. Michael Walzer).

It would be worth once to summarize systematically the multitude of „cultural, social, regional or religious nature” of organizations and initiatives to be classified under the term „civil community”. Here should also be mentioned those associations and initiatives which in the area of „micro-finance” help men (the latter receives about 80 % of the micro-credits) in poor surroundings, by reason of their financial autonomy, to nourish themselves and their families.

A dynamic economy, able to develop productive forces needs human beings who due to their professional qualification take care of the necessary „productivity”. Hereto belong above all competent, risk-prepared and responsible entrepreneurs who build up and manage enterprises able to exist in the market economy. To this aspect John Paul II had already referred in his Encyclical *Sollicitudo rei socialis* 15. In his opinion a decisive obstacle for a prosperous development is not at least the fact „that in the world of today amongst other rights often also the right to entrepreneurial initiative is suppressed. And yet is concerned an important right not only for the individual but also for the common welfare.

Learned by experience we know that the denial of such a right or restriction of such right in the name of an alleged ‘equality’ of all people in the community paralyses or even destroys in fact the entrepreneurial spirit, that means the creativity of the citizen as active agent „In his Encyclical *Benedict XVI* draws in

⁴ Daniel Deckers, *Katholisches Selbstgespräch (Catholic Monologue)*, Frankfurter Allgemeine Zeitung (FAZ) of 08-07-09 p. 1

a remarkable manner the attention on the indispensable importance of entrepreneurial, governmental and civil social acting, in its distinction as well as in its working together for a prosperous community on the national and international level.

5. The Rome congress 1985 and the „motif” of the Encyclical

Business acting is human acting in the resort economy. It must be equally logical and determined by values. In an address which the then cardinal Joseph Ratzinger has given 1985 at a congress in Rome co-organized by the BKU under the general subject „Church and Economy in the responsibility for the future of the world economy”, the author deplored: „Both areas seem to be uncontactable each other in the modern separation of the world of subjects. But just their contact would be important in which both should come together without being mixed and separated”. He added: „That the development of economic systems and their being relinked to the common welfare depend upon a certain ethical discipline which itself can only be generated and conserved by religious forces, is a fact of economic history which becomes more and more clear. That inversely the decline of such discipline will also ruin the laws of the market is meanwhile also evident (...). We need a maximum of economic competence but also a maximum of ethics, such that the economic competence serves the right objectives and the knowledge thereof is realisable in politics and can be socially sustained.”⁵ „In this way the Cardinal has slightly reminded, already almost 25 years ago, the „motif” of his actual social Encyclical.

⁵ Joseph Cardinal Ratzinger, *Marktwirtschaft und Ethik* (market economy and ethics) in: *Stimmen der Kirche zur Wirtschaft* (clerical voices on economy) edited by Lothar Roos (articles on social politics no. 26, published by the Association of Catholic Entrepreneurs in cooperation with the Association for the Promotion of the Christian social sciences), Cologne 1986, p. 57 ssq. - This association was founded at that congress and is named meanwhile „Ordo socialis”. With this association is obtainable the congress paper of Ratzinger and other congress documents under www.ordosocialis.de.