



## **The Compendium of Social Doctrine presents some principles**

The Compendium of Social Doctrine of the Church dedicates a special chapter to consider economic activity in general. Like other chapters, it begins with a review of some biblical principles.

In the Old Testament, riches are considered a blessing from God. Abundance is not seen as a problem in itself, but there is a strong condemnation of the misuse of material goods – fraud, usury, injustice – especially when the poor suffer these abuses.

The other side of the coin, poverty, is seen as part of the human condition. In this context the Old Testament invites people to recognize their poverty before God. He, in turn, is portrayed as responding to the cries of the poor, who will receive his reward through a new David. "Poverty acquires the status of moral value when it becomes an attitude of humility and openness to God, of trust in Him" (No. 324).

In the New Testament, Jesus calls for the conversion of hearts and to be attentive to the needs of others. Working for justice and helping the poor is a way to build the Kingdom of God.

In general, the Bible considers economic activity as part of the vocation by which humanity is invited to administer the gifts received from God. The parable of the talents also teaches that "what has been received should be used appropriately, preserved and increased" (No. 326).

## **Sharing wealth**

The material goods, even when they are someone's legitimate property, retain their universal destiny. "Wealth satisfies its function of service to man when it is destined to produce benefits for others and for society" (No. 329).

This nexus of morality and economic life is a constant in the doctrine of the Church. "Just as in the areas of morality one must take into account the reasons and requirements of the economy; also in the area of economics one must open itself to the demands of morality" (No. 331).

The compendium suggests that morality and economic principles have a few points in common. For example, producing goods in an efficient way can be seen as a moral duty, in the sense that failure to do so would be a waste of resources. But the production of wealth also needs a moral orientation, in order to ensure that economic wealth is distributed equitably and guided by principles such as justice and charity.

The economic activity carried out in this way becomes an opportunity to practice solidarity and to build a more equitable society and a more humane world. The Church also considers that terms such as development cannot simply be seen in an economic dimension, such as accumulation of goods. An exclusive concentration on the material aspect risks falling into the error of consumerism and is not the way to achieve true happiness.

## **Private initiative**

A section of the chapter on economics explains the position of the social doctrine of the Church with regard to private initiative and economic activity. The freedom of people to engage in economic activity is "a fundamental value and an inalienable right that must be promoted and defended" (No. 336).

The initiative in the economy is part of the human creative activity and businesses also have an important social role to play through the production of goods and services. Although this paper needs to be carried out according to economic criteria, the compendium adds: "the authentic values that cause the concrete development of the person and society should not be neglected" (No. 338).

In this context, the compendium recalls that the Church has always supported family and small-and medium-sized businesses, together with cooperative activities, which can make a valuable contribution to economic and human activity. In fact, economic activity provides the opportunity to practice many virtues, such as diligence, prudence, fidelity, and courage.

The text also has positive words for the role of achieving benefits, which are a sign that the productive factors involved in the company are being used well. However, businesses should also serve society in an appropriate manner and this is not done when the obligations of social justice or workers' rights are violated.

The compendium also notes that in today's world individual states can find it

difficult to govern business operations and that this puts in private enterprise a greater responsibility to open up to the values of solidarity and authentic human development.

## **Serving people**

In the free market in general, the compendium explains that "it is an institution of social importance for its ability to ensure effective results in the production of goods and services" (No. 347). A truly competitive market, the text continues, "it is an effective instrument for achieving important objectives of justice."

However, the compendium adds that, in a free market, the aims of the common good and human development should be taken into account, and not just the motivation of the benefit. There are important human needs and goods that cannot be bought and sold on the market.

As regards the role of the state in market regulation, the compendium invokes the application of two principles: solidarity and subsidiarity. Solidarity is to encourage actions that defend the poor and disadvantaged; subsidiarity is to ensure that state intervention does not become excessively invasive.

In several numbers, the compendium insists that the state should not interfere too much in the functioning of the economy, so that it unduly restricts the freedoms of individuals and businesses. On the other hand, it also defends the legitimate role of taxation and public spending, which plays an important role, especially in protecting the weak. Therefore, paying taxes is "part of the duty of solidarity" (No. 355), but the state has a corresponding obligation to ensure that taxes are "reasonable and fair", and public resources are managed with "precision and integrity".

## **Global Dimension**

The last part of the chapter considers some of the recent developments related to globalization and international financial markets. "Globalization gives rise to new hope and at the same time raises troubling issues" (No. 362).

The compendium recognizes that globalization has opened up many opportunities, but expresses its concern about inequalities between advanced economies and developing countries. Quoting John Paul II, the text calls for "globalization in solidarity" to deal with this problem.

A more equitable system of international trade and a strong defense of human rights are among the reforms requested by the compendium. Respecting cultural and religious differences and ensuring greater solidarity between generations are

points to be addressed.

As for financial markets, the text recognizes its positive role in facilitating economic growth and large scale investment. But there is a risk that the financial sector will lose sight of serving human development and become an "end in itself." And faced with the serious problems caused by financial instability, it is also necessary to make these markets more stable.

Globalization also requires greater cooperation from states to coordinate the economy, given that individual governments are often no longer able to exercise an effective guide. The compendium calls for the creation of "appropriate and effective political and legal instruments" (No. 371) which will ensure "the common good of the human family".

Renewing its call for solidarity, one of the concluding numbers notes that achieving this will also make a profit for wealthier countries, where the abundance of material goods is often accompanied by "a sense of alienation and loss of its own humanity" (No. 374). The chapter concludes by calling to educate people so that they are clear that economic activity should be seen in a broader human context.