

Moral Economics and Business

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Introduction

In searching for economic growth, economics has become the articulating axis of all social life; it has annulled ethics and has stopped being a means to become an end.

Governments and companies want to grow increasing their competitiveness. They set ambitious goals, pressure all the stakeholders, specially their workers, and they compete in every way they can think off, even unfairly. In pursuit of competitiveness, they mass-replace workers with machines and they cut their wages. The basic variable is the last line in the income statements: profits.

Although it is undeniable that humanity has progressed in multiple ways of life, it is also necessary to recognize that there are situations that deeply impact it, such as poverty, scarce and badly remunerated of jobs, inequality, poor distribution of income, lack of good basic education, financial and health services, and also an accelerated environmental deterioration.

Movements of various ideologies, international organizations of all kinds, governments, churches of different religious beliefs, and a society at large debate the causes of this deterioration and possible ways to solve the problem. Moral economy could be a solution to this deterioration, since it integrates acting well with production, distribution and consumption functions.

During the Enlightenment period, significant thinking surfaced on equitable, solidary and fair relationships, such as in Rousseau's *Social Contract* (1762): "The government was born with the objective of finding a way of association that would defend and protect persons and their property with the common strength of them all."

Moral and Economics

In public, several voices speak of ethics and moral, in the search of good by human beings and for the human being. Moral is defined as the "part of the philosophy that studies human conduct as worthy of an approval or disapproval trial". It comes from the Latin word *moralis*, which means "use or habit". Unfortunately, some take the word *moral* in a pejorative way, because of its normative nature and its restrictive and religious connotation. It is even worst with the term *moralist*, because there are people that relate it to closed

persons or ideas, because they do not accept progress or evolution of society. Possibly, it is because they have preferred to use work ethics instead of *moral*, and issues that clearly belong to the world of moral have been related to ethics.

On the other hand, economics has been defined as the “science that studies the resources, the creation of wealth and production, distribution and consumption of goods and services, to meet human needs” (Anaya, 1991).

Economics is not an entity to which you only have to add ethical and moral values to make it human; it is a system that stemmed from a human philosophical conception that precedes it. It is not economics what needs moral correction; it is society, its conception, and its values that require deep rethinking.

Jon Sobrino (2007), author of an article called “Humanizar a una sociedad enferma” (Humanize a sick society), explains that the problems of society should be healed and also the structures that form it, amongst other, economics, and as a fundamental part of it, companies. He considers that it is not economics, as an independent system of society, what can be changed with an ethical or moral touch and turn it into a new system that eradicates inequality and injustice, and promotes prosperity of individuals and people. It is the society as a whole, its conception, its practice, its very life, that is sick and on which the economic structure, because it reflects and feeds prior inequalities, needs to be cured: to humanize that which has lost a moral principle that not only stems from multiple sources, but that should also be inscribed in the human being entity.

Market economy is basically focused on allocating goods and services efficiently, and it is an organization that demands private property, free initiative of the persons and the coordination through institutions and market mechanisms.

Historically, several currents of thought have opposed market economy, accusing it, amongst other things, of being individualistic. It is interesting to consider that the Catholic Church’s criticism is not against market economy, but against the set of ideas and values that have made the economic system a danger for mankind. What the catholic vision of the economic moral rejects is not the freedom of human being, as a rational creature, but its assumed autonomy of objective moral laws, the radical individualism that ignores natural sociability of human beings, the motivation based on individual benefits, in profit making as the drive to economic progress and the search of power exclusively to have *more* instead of being *more*.

Christian moral stems from the integral conception of man as a rational and free being, with rights and obligations due to its condition of creature made “in the image and likeness of God” (Genesis 1, 27), and several religions and ideologies coincide in this perspective.

As a social being, man finds fulfillment precisely from living in society. Unfortunately, there are a series of values and ideas about men and society which are not compatible with the fulfillment and wellbeing concepts of humanity.

Neither ethics nor moral should be conceived as a set of rules, precepts and prohibitions added to the acts of human beings, but rather as the result of its nature. Argandoña (1991) wrote: "ethics has nothing to say about how to obtain efficiency, but it does have many things to say about what of that efficiency and its compatibility with the supreme values and, definitively, with its contribution to men's and society's end".

Market economy is a technical instrument whose application can produce excellent results in terms of efficiency, but it gets stuck on a system of ideas and values that do not respond to the truth and to the end of human beings: guarantee the dignity of persons, the attention to common good and the solidarity between men and the peoples that make it possible for societies to progress in the search for their wellbeing. Social economics which includes concepts such as "socially responsible company", are other forms of making things more fair, human and sustainable.

Joseph Ratzinger (1985), in his essay "Economics and moral responsibility", postulates that economics should not act in accordance with its own rules without taking into account moral considerations. When it acts in this manner, ethics and market become irreconcilable, because the moral actions are considered contrary to market laws. Consequently, the moralizing entrepreneur should be rejected, since what is sought is efficiency more than morality.

Ratzinger explains that, in theory, the appropriate operation of the market rules should guarantee progress and distributive justice because these are naturally good laws, regardless of morality. But this thesis is not entirely true as can be proven by the problems faced by world economy today.

According to Ratzinger, Peter Koslowski, former director of the Centre for Ethical Economy and Business, states that "economics is not only ruled by economic laws, but it is determined by men". Market Laws only work if there is basic moral consensus that justifies them.

Enterprise, work and moral

In an individualistic society, competition excludes consideration of the common good, service to others and of course, the social justice principles. Regarding work, it is necessary to take into account the laws of justice and equality that privilege and respect human dignity. Talking in concrete terms, one should avoid bargaining the payment of salaries, the assigning work in inhuman conditions, work days extremely long and without compensation, presentation of crafty results so as to not share profits with the workers and to not pay taxes, humiliating treatment founded on ethnic group differences, sex and

socioeconomic position. Finally, there is a catalogue of countless questionable practices that are far from acting morally, and therefore they should be deemed inappropriate. Nevertheless they are accepted by a large portion of the entrepreneurial society that distances from ethical acting in looking for profitability. Entrepreneurs who consider themselves successful they have incurred in practices of this kind. The fact that society has allowed them and even rewarded them turned this characters into models whose formulas to be prosperous are echoed by a society that is sick and lacks values.

Conclusion

An economic policy that not only serves the good of a group, that not only wants the good of a specific State, but rather the common good of the human family, requires a maximum moral discipline.

Moral economy, in the first place has to consider, the parties directly affected by their acting: personnel, stockholders or owners, client and suppliers. In the second place, it should be jointly responsible and compatible with the communities where it carries out its activities. In the third place, it should take into account the entire society and collaborate with the material and ethical improvement initiatives that promote and articulate individual, common and organizational values.

As Otaduy (2004)says, "It is necessary to intensify efforts to convince the directors and the members of the Company that ethical performance is not imperative by itself, but it is also essential for their growth, development and prosperity."

Let us try to efficiently articulate moral and ethics with economics and enterprises and let us put in the center this articulation to human beings. ♦

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