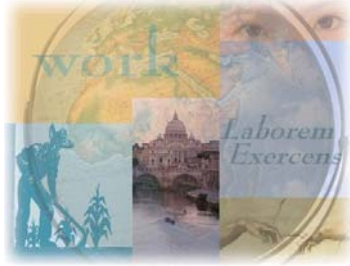


Work as Key to the Social Question

The Great Social and Economic Transformations and the Subjective Dimension of Work



The Monastic System as a Model for the Corporate Global System

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ABSTRACT

Our notion of work is historically contextualized. Pope John Paul II is well aware of this. The old proletarian-capitalist analysis is not adequate today (Giddens, 1998; Hawkin, 1999). We have a technocratic, global corporate culture characterized by both economic and demographic massification. This entails a massification of culture that is rapidly changing nations. It is a completely materialistic consumer system. *Laborem Exercens* must be understood as the challenge to protect the personhood of workers. Work today is largely mediated by large corporate systems. The role of the worker consists largely of adaptation to technocratic systems. Global systems require conformity with little room for personal creativity. I claim that we cannot reform work without reforming corporations themselves. To reform the corporate system we must go to both law and history. There is a clear parallel between the mediæval Church experience and the secular corporate experience: Both canon law and civil law recognize the corporation as a “persona ficta”. The mediæval Church was a global system and St. Benedict set up the first corporation with his “Regula”. The Vatican regularized the new structure. Pope Gregory the Great imposed universal rule for such monastic corporations.

Encyclicals provide useful theological guidelines but they are not sufficient. Our responsibility is to find ways to translate encyclicals into concrete active programmes. While encouraging internal reform for corporations, we must rely mainly on external controls and limits. I consider two kinds of external control. One is through the United Nations as a kind of secular Vatican. The other is through the development of new locally based corporations as counterweight to the global system. These alternative corporations make up my main point. Following classical theory, the new corporation would be viewed as a “person writ large” with moral duties and responsibilities. The worker is not simply a tool but an associate in a common mission. Emilia Romagna in Italy and Mondragon in

Spain are good examples of local corporations that trade globally but have local development as their goal. Their goal is the local common good and not simply the increase of shareholder wealth. The Church should proclaim a return to the “*local*” in the Benedictine tradition.

TEXT

There is a great deal of talk today, both negative and positive, about the global economy as something new. However, the Catholic Church had a global economy over a thousand years before the word became popular. And unlike the Roman Empire, the Church was driven by an ethical mission, so it can be very instructive to reflect upon aspects of today’s global economy in the light of mediæval Church experience.

In writing his encyclical on work (*Laborem Exercens*), Pope John Paul II was conscious of the changing historical context (Galbraith, 1979; Thurow, 1996). In earlier times, work was seen as the activity of individuals by which they contributed to society and thereby developed themselves as persons. In very clear terms, he saw that in a well-ordered society, “personal self-development” and “development of society” had to be two sides of the same coin. In the simpler world of the artisan this process was easier. An individual produced a product that was of use to his neighbour. The worker took pride in his craftsmanship and the customer enjoyed the utility of the product. However, the industrial revolution has radically changed this relationship. Work became reified through the master-slave relationship of nineteenth-century capitalism. In mass production, the worker became a mere tool of the owners of capital. Today, a further evolution has occurred through the new realities of modern technology and businesses as large corporations. Most economic activity, and hence work activity, is now mediated through the structure of large business corporations based on ever-growing technology. Personal and social relationships deteriorate as corporations grow larger (Putnam, 2000). Two hundred corporations control 30 per cent of the world’s gross national product and almost any one of these corporations has a budget larger than the budgets of twenty or thirty developing countries.

In its year-end edition for 1999, *Le Monde Diplomatique* outlined a disturbing development in the world. It described the phenomenon of demographic and economic *massification*. This term refers to the phenomenon of increasingly large-scale organizations. Most people are now accustomed to regular news announcements of business mergers between large corporations. The mergers usually mean a reduction in the workforce and hence a reduction in cost. As business corporations merge and become larger and larger, they centralize activity in certain major metropolitan areas. This centralization, in turn, causes centralization of populations. Branch plants in smaller places are closed out and people move to where the jobs can be found. Thus it is that we speak of mega-cities as well as mega-corporations (*Le Monde Diplomatique*, Dec. 1999). And in an article entitled “A Global Government of the Multinationals”, *Le Monde Diplomatique* (April 1997) stated that in South Korea thirty company groups have a turnover over 4/5ths of the country’s

GNP.

MEGA-CORPORATIONS
(Annual total sales: US \$7,592 trillion)

COUNTRY	NO.	SALES (in trillions)	%
USA	74	2,776	36.5
JAPAN	41	1,830	24.1
GERMANY	23	958	12.6
Others	62	2,028	26.8
TOTALS	200	7,592	100

Economic Massification (*Le Monde Diplomatique*, Dec. 1999)

MEGAPOLES
(Cities with 15 million+ inhabitants)

CITY*	1995 POPULATION (in millions)
New York	16.3
Tokyo	26.8
Sao Paulo	16.4
Bombay	15.1
Mexico	15.5

* By 2015 there will be 33 megapoles.
(*Le Monde Diplomatique*, Dec. 1999)

In having moved from the industrial to the post-industrial and now to the knowledge economy controlled by huge global corporations, we have a new context in which to consider the situation of workers in the twenty-first century. The demographic and economic massification eventually causes a cultural massification exemplified by the uniformity of popular music and clothing styles around the globe. Even religion in the United States has found the advantages of massification with “formula religions” attracting mass audiences both on television and in huge auditoriums.

The context has been highlighted in recent years by widespread public protests. In the year 2001, the unease seemed to have reached a climax at the Summit of the Americas in Québec with thousands of people from all over America gathering in an enormous outcry against the abuses of free trade. A year before, a similar manifestation took place in Seattle. The May Day demonstrations in Europe of 2001 were a further sign of discontent, with half

a million Germans taking to the streets in protest. In July of this same year we saw violence and death in Genoa during the meetings of the G8 countries. It is true that there were extremists involved in all of these events. However, when we have such widespread discontent, we know that there is a real basis in fact for a deep re-appraisal of our economic situation.

Each of these mega-corporations has a workforce in the hundreds of thousands scattered throughout the world. Because of their power and influence they set the tone for business in general. They set the rules of the game. With the fall of the communist bloc it is becoming clearer that there is only one economic game in the world. Those sections of the world that are not in the game suffer from unacceptable levels of poverty, diseases, and famine.

GAME THEORY

In sociology, the notion of “game theory” is sometimes used to describe patterns of group action. It is a simple idea. Just as players in football have well-established rules for playing the game, with penalties for those who break the rules, different domains of life can be considered to be games, such as the medical game, the legal game, or the business game. From a religious point of view, I have no problem with this as long as we accept a reality beyond the game. However, for many people in the world today, the totality of life is one huge game containing subsidiary games and it is completely materialistic. Everything is understood in economic terms and everything is market-driven. Any decisions based upon realities outside of this master game are considered to be irrational. Thus there is no room for the classical notion of transcendence. Without the notion of transcendence there can be no profound criticism. And of course, without a fundamental acceptance of transcendence, there can be no religion. There can be no higher court of reference. The infinite is beyond any rules and any game. Thus it is that the game of the global economy, with its increasing monopoly on scientific knowledge, is having such a profound impact on humanity. Aldous Huxley understood this very well when he called the religion in his fictional totalitarian state “Fordism” (Huxley, 1932). In a parallel way the term “paradigm” is used to illustrate how thinking can be limited locked into one thought pattern with its own internal rules for legitimacy (Berman, 1984; Kuhn, 1970).

CORPORATIONS AS SOCIAL ACTORS

I wish to consider the corporation as having an impact on the life of the working person through two relationships. One is internal and one is external. Another way of seeing it is the worker as employee and the worker as consumer. Henry Ford, for example, understood that many workers had to be paid better wages so that they could buy his automobiles. In developed countries, governments encourage citizens to buy and consume more in order to stimulate the economy. Mega-corporations require high levels of consumption. Thus the

phenomenon of mega-corporations is a key determinant of the everyday life of workers, whether as employees or as citizen-consumers.

INTERNAL IMPACT

Internal to the large modern corporation is a highly centralized control system based on information of a technical and scientific type. In the past, property and money were the main forms of economic wealth. Today, knowledge is classed as property. Intellectual property rights have become a major topic of law theory. The best example of the role of knowledge as property concerns the dispute with the pharmaceutical industry about AIDS medication for Africa. Even though African companies know the scientific formulas for the production of this medicine, they must pay the powerful corporations that own the knowledge. It is common for scientists and universities to seek patents when they make scientific discoveries. Then they sell the patents to large corporations. Intellectual property and patents have become an important source of income for universities, including Catholic universities. The classical approach to knowledge-discovery for the good of humanity is becoming rare. Knowledge is becoming a commodity to be sold on the free market.

Corporate business structures based on technical knowledge tend to become bureaucratic systems or, in better terms, they become technocracies. All technology is based on repetition. Once a researcher discovers a scientific process it becomes technologized. That means the process is repeated in an exact manner. As technocracies develop, less and less creativity and decision-making is required of employees. The role of the employee is to adapt to a pre-determined system. Instead of thinking through problems, the employees must follow manuals and rulebooks (Ellul, 1964). The new techno-culture has had a profound effect upon our schools and universities. Students are trained to adapt to the needs of the economic system. Governments and industry are happy to provide support to educational systems as long as they are dedicated to "job readiness". Classical educational systems taught students to develop their own internal capacities -- their particular potentials -- rather than to simply adapt to the dictates of others. The classically educated understood the difference between being inner-driven and outer-driven. Adapting to systems of rules and procedures can be useful, but it does not encourage virtue. For Aristotelians such as Aquinas, virtue depends upon the free fulfilment of purposes. Virtue, by its nature, must be inner-driven and not outer-driven (MacIntyre, 1984).

In one sense, the new knowledge-based corporations appear to be much superior to the old industrial corporations. In the old corporations, the master was often an autocratic person or groups of bosses. In modern business, the master is less human. The boss is a system or a system of rules. Before the enemy was visible and could be vilified. Now it is very difficult to pin down responsibility in technocratic systems. No one person is responsible for what happens; it is, rather, the result of a complex interactive system of rules. A typical manager will say: "Don't blame me; it's the system."

Alasdair MacIntyre (1984) describes the culture of the modern employee as

bureaucratic individualism. The relationship at work is not one of personal interactions between employees working for common purposes to achieve commonly agreed goals. Instead, there is little or no human-type relationship between employees. Each employee performs pre-assigned tasks spelled out by departmental manuals.

As business corporations become more global and more technocratic, there is less possibility for individual persons to make value-based decisions. Rather, most decisions are the results of the interplay of impersonal mechanistic forces, such as interest rates, the stock market, fluctuations in the market, the price of oil, discovery of new technologies, etc.

Some will disagree with this overview, by emphasizing the growth of small businesses in the developed world. Japan and Italy have the largest proportion of small businesses in the first world. Yet, as Whittaker points out (1997), small businesses are becoming increasingly dependent upon big businesses. In Japan, 40 per cent of small businesses depend upon sub-contracting from large corporations. In this sense, as in many other ways, large business corporations set the pattern for first-world business. While most of what we have said concerns the developed world, it looks as if the new kind of global business will gradually have a major impact on all societies. The system makes it almost impossible for developing countries to catch up. In terms of game theory, the developed countries have major league teams while the developing countries have "little league" teams. The playing field is extremely uneven.

My conclusion to this section is that the employee is becoming more and more a passive part of a highly complex and sophisticated inter-locking corporate system guided by rigid technocratic rules. The result is that senior managers as well as mid-managers and general employees have little opportunity to exercise moral judgements concerning the output and results of their economic activity. They become simple, small cogs in a universal cybernetic machine. In the modern information society, it is common to hear enthusiasts speaking of forming new relationships in cyberspace (Currie, 2000). It is interesting to note the *Oxford English Dictionary* definition of cybernetics: "The science of systems of control and communications in animals and machines". Cybernetics is taken from the Greek word "Kubernetes", meaning steersman. The term is most appropriate to describe these new technocratic organizations based on computer technology, because they depend upon strict, unalterable central control of decisions as opposed to inner-directed moral decisions. There is always an anonymous, mechanistic steersman making the decisions. It is also interesting to note that the French call business corporations "sociétés anonymes" -- anonymous societies.

We are accustomed to people in the third world being victims of geopolitical changes beyond their control. For instance, 50,000 Mayan peasants in the Yucatan of Mexico lost their jobs between 1960 and 1980 because henequen was replaced by synthetic fibres. And workers in the banana plantations of Honduras lost their jobs because the European community began to buy bananas from Africa. However, now we are seeing the same impact upon workers in the information economy. Nortel, the largest producer of telecommunications equipment in the world, laid off 30,000 workers this year. In Britain, Marconi announced 4000 job losses in one month, on top of previous job cuts. So, even in

the new information economy, workers not only have little control over the corporation employing them, they have very little job security. It is bad enough to be a mere cog in a vast corporate machine but, on top of that, even very highly skilled workers are expendable cogs.

EXTERNAL IMPACT

Large corporations have an ever-growing impact upon all aspects of society. It is fascinating to ask an international group if they have ever seen the following sight: “A young teenager walking along the street wearing a baseball cap backwards, with heavy white chunky sneakers, a bottle of Coca Cola in his hand listening to a Sony Walkman.” Whether people are from Sri Lanka, Canada, or Spain, they immediately laugh and say that they see that scene every day on the streets of their hometown. Of course, these are the styles picked up from television that is watched all over the world. During the last few decades cities competed ferociously to be host to the Olympic Games. A romantic may think that it is for the love of sport, but the world-wise knows that the big attraction is the billions of dollars that international television corporations will pay for the broadcast rights, as well as the millions that corporations like Nike will pay to have their names on stadium walls.

It is well recognized that the impact of large corporations goes much beyond the employee. Every aspect of modern life is constantly being shaped by the commercial strategies of the corporate world. Years ago Herbert Marcuse pointed out that large businesses were not simply producing what customers needed or wanted. Rather, they specialize in creating artificial needs in people so that the customers will be conditioned to buy their products (Marcuse, 1964). Rev. Jose Maria Arrizmendiarieta, the assistant pastor in Mondragon, shocked his confreres by claiming that families were no longer the building blocks of society. He said that whether we like it or not, large corporations are the building blocks and determinants of modern social life (Azurmendi, 1984; MacLeod, 1997).

It is clear that the key agents of change in today's world are the large mega-corporations. It is also clear that they have not done a good job (MacAdam, 1998). The fact that over one billion people live on less than one dollar per day is sufficient argument for that conclusion. We must admit, too, that the problem is not only in the developing countries. In the developed world the gap between rich and poor is growing as nations become richer. And over all this we have the threat of environmental degradation, such that the air in cities like Rome will be scarcely breathable.

SOLUTIONS?

The problems are now evident and the perpetrators are known, so what do we do about it? There is a great deal of rhetoric today in calling for an end to the global corporate economy.

I do not share that position. I believe that we do need large business corporations. It would be an anachronism for we who come to Rome in modern jet planes to say that we don't need large corporations. Jet planes cannot be manufactured without them. Global trade is inevitable. Ever since the Europeans developed a taste for spices in the Middle Ages, there was no turning back. So my premise is that we do have a global corporate economy and it will remain. The challenge is to reform it and give control to citizens (Berle and Means, 1967).

I believe that Pope John Paul II was thinking along these lines when he said in a speech to the Ethics and Economy Foundation:

If seen in the proper light, globalization is an intrinsically ambivalent phenomenon, half way between a potential good for humanity and a social ill with grave consequences. In order to orient its development in a positive light, it will be necessary to undertake profound efforts to build a "globalization of solidarity", encompassing a new culture, with new rules and new regulations and new national, as well as international, institutions. In particular it will be important to intensify the collaboration between political and economic forces, in order to elaborate specific projects to protect those who could become the victims of the processes of globalization on a planetary scale. I think, for example... of legislation that prevents the exploitation of children who are forced to work at a young age (John Paul II, 2001).

From completely secular and academic sources we seem to be finding the same kind of conclusion. L.C.B. Gower suggests that we begin a process to redefine and recreate the business corporation (Gower, 1969). His opinion is important because he is one of the major recognized authorities on the evolution of company law. The basic concept is not very complex. A corporation is an aggregate of human and material resources systematically organized to produce and sell goods and services. To understand how these realities evolved it is useful to look to history and law.

All societies have structures and rules. If they did not, they would not survive. However, the idea of a kind of sub-society having its own rules and structures was a particular innovation. Most historians attribute this innovation to the Romans (Davis, 1971). From this grew the European subsidiary societies of monasteries and guilds. With the Renaissance came the trading societies and eventually the great corporations that were able to build railways and canals. Finally came Ford and Microsoft. The important thing is that there is a continuous history and evolution of the corporate form.

MORAL AGENCY

In the modern world of individualism, it is extremely difficult for people to regard business corporations as moral persons having duties as well as privileges. It is easy for us to blame

the striking employees or the corrupt and greedy president but difficult to blame the corporation as such. Persons have souls but corporations do not -- or do they? That brings me around to the consideration of the "corporation" as such. Just what is it?

As U.S. Chief Justice Marshall stated it:

A corporation is an artificial being, invisible, intangible, and existing only in contemplation of the law. Being the mere creature of law, it possesses only those properties which the charter of creation confers upon it, either expressly, or as incidental to its very existence. These are such as are supposed best calculated to effect the object for which it was created (according to Chief Justice Marshall in *Dartmouth College v. Woodward*, 4 Wheat 518, 636, 41. Ed. at 629 (1819).

In his famous legal textbook, Gower writes:

Various forms of associations were known to medieval law and as regards some of them the concept of incorporation was early recognised. At first, however, incorporation seems to have been used only in connection with ecclesiastical and public bodies, such as chapters, monasteries and boroughs, which had corporate personality conferred upon them by a charter from the Crown or were deemed by prescription to have received such a grant (Gower, 1969, 22).

Gower explains that a corporation is simply a group of individuals joined in pursuit of a common activity. What is important is that the law regards the corporation as an entity distinct from its members. It is because of this that ethicists like Goodpaster (1982) can attribute moral agency to the corporation as such. In contrast, using Ockham's razor, positivistic philosophers regard collections of persons as having no reality beyond the individual persons in the group. Hence there is no reality to which responsibility can be ascribed other than the individuals. This eliminates any sense in which we can apply ethical terms to corporations as such.

Most people today regard the business corporation as a collection of assets owned by shareholders. CEOs then claim that their chief responsibility is to these shareholders, who may live in another country. Gower claims that this is a corruption of the legal sense of corporation:

A holder of 100 shares in, say, Imperial Chemical Industries is a member of the company but it is a fantasy to describe him as associating with the other members in running it. The running of the business is left to the directors, or probably to the managing directors, and the individual shareholder, although a member, is in economic reality, but not in the eyes of the law, a mere lender of capital, on which he hopes for a return but without any effective control over the borrower (Gower, 1969, 9).

Shareholders then are mere lenders of money to a business corporation and they do not have any real control (Berle and Means, 1967). Gower explains that a corporation is a group of associates who function as one person engaging in a shared activity. It is evident that workers in a corporation have come to be regarded as tools rather than as associates in a common purpose. If employees were associates, then they would be treated as rational creatures with the capacity to make decisions concerning the operations of the corporation. A minimum participation, for example, would be the power to vote for directors. In reality, modern corporations are controlled by a small group of highly skilled managers who receive yearly salaries in the millions of dollars. Most employees are expendable, as we saw in the case of Nortel.

The concept of the corporation as being analogous to a physical person is very important. As a “persona ficta” (see below), we can ascribe moral responsibility to the corporation as such and as distinct from the individual persons who make up that corporation. We are accustomed to regard Hitler as a bad person and Ghandi as a good person. However, we are not accustomed to calling “Philip Morris Tobacco Ltd” a bad corporation and “Mondragon Co-operative Corporation” a good corporation. Corporations can do bad things and should be held accountable as corporate persons (Goodpaster, 1982).

CHURCH HISTORY

John Davis, an important authority on the history of business corporations, considers St. Benedict (b. 480) to have planted the seeds for the modern type of corporation. Like St. Basil in the Orient, St. Benedict attracted followers who wanted to be hermits in the wilderness. However, Benedict decided that structure and regulation were needed to channel enthusiasm and good will. Thus he devised the famous Rule of St. Benedict that formed the basis of the Monte Cassino monastery in Italy. Davis points out that there was one Church organization extending over the known world. There was one Roman bishop who provided leadership to local bishops in the other regions. There were general rules and guidelines applying to the whole Church. But the idea of a sub-group with specialized rules was something new. Eventually the head bishop or Pope saw that this was a good development and gave official recognition to this first monastery.

It is important to note that the internal decisions of the Benedictine monks did not make them into a primitive corporation. Davis writes, “Groups of monks were not true corporations until their inter-relations and their relations with other members of society were determined and enforced (Davis, 1971, 53).” When the official Church society recognized them with a charter, then they became a true corporate reality.

Davis explains that all societies eventually evolve and delegate duties and privileges to sub-bodies to carry out specific functions. From the point of view of the larger society, the sub-corporations are tools and means: “The granting of corporate powers to the mendicant orders is only evidence of the tendency of all organized societies to rely, in their

extremities, rather on corporations than on their own organization (Davis, 1971, 67).”

As monasteries proliferated in Europe the Church made more rules. Especially, when Pope Gregory the Great saw that local bishops were using the monasteries for different purposes, he imposed new regulations. He raised the autonomy of the monasteries, and took them from under the control of local bishops. They became recognized as units of the global Church.

The Pope granted powers and demanded services: “...the reformed orders regarded the monastic life more as a means to an end within the Church; their privileges were not passive exemptions but active powers (Davis, 1971, 60).”

The early congregations were entrusted with missions such as the conversion of the Visigoths, while later in history the Pope charged the Jesuits with carrying out missions for the good of the universal Church.

Both canon law and civil law use the notion of the “*persona ficta*”, the corporate person or the legal person, as distinct from physical, individual persons, especially as regards its wider corporate purpose and indefinite longevity. Canon 115 # 2 says:

An aggregate of persons, or of things which are directed to a purpose befitting the Church’s mission, which transcends the purpose of the individuals, are constituted juridical persons either by a provision of the law itself or by a special concession given in the form of a decree by the competent authority (*Code of Canon Law*, 1983).

And Canon 120, # 1 states that “A juridical person is by its nature perpetual (*Code of Canon Law*, 1983).”

Gower’s description of the corporate body from civil law is similar:

It is clear, however, that in legal theory (though not, as we shall see, always in economic reality) the term (company) implies an association of a number of people for some common object or objects. But in common parlance the word “company” is normally reserved for those associated for economic purposes, to carry on a business for gain (Gower, 1969, 3).

At this point we have concluded that both religious congregations and business corporations have basic similarities in that they are “*personæ fictæ*”. These corporate persons owe their very existence to the larger society from which they receive both privileges and duties.

RETURN TO EARLIER CONCEPTS

If we conceive of the corporation as the “person writ large”, then the role of the worker is transformed. The worker, then, is conceived as an associate in a common mission. It is no longer a case of master-slave, owner-tool. The corporation becomes a community of persons contributing to the building-up of society. Just as an individual person has moral duties and responsibilities, the “persona ficta” has parallel social duties and responsibilities by reason of its charter granted by civil authorities. Indeed, to the extent that the “corporate person” fulfils its social obligations, it will fulfil and develop itself. In a parallel manner, the workers or associates in the corporation will fulfil their individual lives by participating in the corporate task. The virtuous worker will participate to the full extent of his or her capacities. Corporate structures that prevent such participation thereby prevent development of the person and therefore contravene Church social teaching, and oppose the intention of its societal contract.

Davis (1971) is careful to point out that the privileges of corporations are always linked with responsibilities. Today, corporations do create wealth, but only through the use of the common goods of society. Besides the privilege of limited liability, corporations depend upon science and technology that has been developed over hundreds of years by individuals and institutions (such as universities). Modern corporations tend not to recognize the common patrimony of the past that makes their production possible. The citizen taxpayer makes social stability possible by paying for the legal institutions that provide the protection for businesses to operate. In return for such community goods, the corporation has a duty to the society. Corporate philanthropy does not fulfil their social responsibility. The responsibility of the good corporate citizen is to contribute to the building-up of society so that all citizens may have decent and fulfilling lives.

Church teaching has been constant in claiming the priority of labour over capital. In other terms, the values of the person are supreme in any economic structure (Ryan, 1983). *Rerum Novarum* and *Quadragesimo Anno* recognized the plight of workers in the nineteenth century and sympathized with the struggle between labour and capital that motivated the worldwide communist movements. These encyclicals legitimized the right of workers to organize into labour unions. *Laborem Exercens* (1981) was written at a time when class struggle and state communism were beginning to lose legitimacy. A new order was developing, in which the global economy, in the form of international corporate systems, was beginning to dominate. The struggle is no longer between capital and labour. It is between technocratic corporate structures and personal, communal values.

REFORM

I propose that the modern business corporation must be redefined; or better, an older sense of corporation should be restored. Monastic orders are canonically conceived of as corporations. The congregation itself is a “persona ficta”. I suggest that business corporations should be viewed in a way that is parallel to religious congregations. A

religious congregation comes into existence only when the canonical authority so decrees it. In a similar way the business corporation is a creature of law and hence must accept its obligations imposed by law.

Whether it is within the Church or civil society, corporations will tend to get out of control and require correction and reform. Davis states it well:

But corporations have seldom been confined to their legitimate field of activity. Always appearing at times when the superior contemporary structure of society is unequal to the tasks by which it is confronted, and when the efforts of individuals in the accomplishment of public purposes are in need of combination and correlation, their powers are likely to be far in excess of their legitimate needs, and their pursuit of public welfare to be subordinated to that of their own interests (Davis, 1971, 72).

In my view there are two levels by which we can and should control global business corporations. One is internal and the other is external.

The internal controls must come from the basic structure and constitution of the business corporation. In most countries, corporations are required to provide a memorandum of association in their application to government for legal incorporation. The memorandum is supposed to spell out the purpose and describe the general activities of the proposed corporation, accompanied with a set of bylaws. I have never heard of a corporation that has as its basic and legally stated objective “the making of money”. Corporations, like physical persons, are supposed to have purposes, and their behaviour should be based upon such purposes. In today’s world business corporations seem to regard the pursuit of profit as their only purpose in spite of their constitutions. Hence, if we wish to change corporations, we must begin with educating corporate leaders so that they become more critical in viewing and carrying out their corporations’ basic aims. More and more analysts are calling for corporate leaders to consider the ethical side of business (French, 1992). Business writers such as Mark Scott are developing critiques of the narrow conceptions held by many business leaders. As he writes: “The re-inspired organization is one where the level of identification between the individual and the collective goals of the company is indivisibly close; where the majority of the people are committed to it with passion (Quoted by Altman, 2000, 4).”

Business corporations normally draw up “mission statements”. It is very useful to demand that corporations explain them and that they should be held accountable to abide by their stated missions. Some progressive corporations are accepting the concept of a “social audit” (Scott, 2000). However, although many mission statements are quite lofty, they are usually window dressing. While there is a logic to the educational strategy of attempting change in the international corporate sector, it will be an extremely slow process. Technocratic managers tend to abhor changes in well-established processes that function efficiently according to the prevalent “game”. Thus we should turn to the external forces

that can bring about change.

Two kinds of external control are possible. One is at the international level and the other is at the local level. In today's global system it is obvious that there is no equivalent of an Ecumenical Council or Pope with authority to regulate and control business corporations. The logical structure for international control of business would seem to be the United Nations. In the Middle Ages, the Vatican had the power to send out apostolic visitors who could recommend the dissolution of a religious congregation. Perhaps some such corresponding kind of authority is required today in the global jungle of corporate business where basic human rights are not respected in some countries. However, I will not discuss the challenge of international control in this paper. Rather, I wish to limit myself to the strategy of developing local business corporations as a counterweight to the power of the global corporations. When small local groups look at the global system, they often become paralyzed with inaction because of the immensity of the problem. However, when they turn to their own backyards then they see that they can do a great deal. For citizen groups, it is much easier to change the local situation than to change the world. "The World" is an abstraction while the local is very concrete and present to us in our everyday lives.

THE LOCAL

As pointed out earlier, corporate centralization also brings about demographic centralization. Many of the "guest" workers in Europe would prefer to be home with their own people, but economic necessity imposes mobility. The result is that the home communities become depleted. The home and the traditional community are usually the source of cultural as well as religious continuity. So often, emigration involves loss of language and culture. These changes erode identity and social cohesion.

The good of the mobile global corporate system often entails severe economic losses at the level of local communities. It can mean closure of local branch plants, outflow of workers, loss of tax revenue, closure of schools, etc. The brain drain and the capital drain combine to create radical depletion. It is easy for rich areas to poach the best-qualified people from poor areas. Poaching targets range from the coalfields of West Virginia to whole nations such as India. Highly qualified professionals such as doctors, engineers, and even priests are poached to serve the richer areas in Europe and America.

The negative approach to the struggle against the global economy and free trade was exemplified by the riots in Seattle. Another approach is to design new types of business corporation which are governed by principles that place the value of persons and communities first. I propose that, while thinking globally, we must encourage locally based economic development if we wish to preserve communities and their traditional cultures. Further, I propose that the local economies must learn to be competitive in order to survive in the global economy.

As the corporate form has been the traditional instrument for business societies to

fulfil their functions, I suggest that we do need large corporations but that they must be different. Their mission must be consistent with the development of the persons involved in their operations. Their mission must also include the good of the communities where they do their business. If we make the “local good” the key mission of a corporation, then this corporation will become radically different from the typical global corporation. In effect, the main mission of most corporations is egotistical. Decisions are based on self-survival and growth. Growth is measured by the stock market, not the health and well-being of the citizens where the corporations function. Some say that this is impossible. I say that it is possible and will offer empirical proof below.

Milton Friedman of the University of Chicago claims that proposals such as mine cannot work and that the only effective goal is profit (Friedman, 1980). I recognize that profit is necessary for any kind of business success. However, I make a huge distinction. I regard profit as a means-to-an-end and not an end-in-itself. Thus, the local corporation will seek profit but as a means to serve the purpose of the common good of the local community and to develop the employees as associates in a common enterprise. MacIntyre, in agreement with Aristotle, points out that the very identity of the person is tied up with the pursuit of the common good (MacIntyre, 1984).

In North America there is a movement called “community economic development”. It is an attempt by communities to resist the power of global corporations and to develop locally controlled business systems. The terms “community enterprise” or “community business” or “co-operative corporation” are often used. This is an updated and more innovative version of the older co-operative movement.

The *Yearbook of Co-operative Enterprise*, published by the Plunkett Foundation (1992) outlined the key characteristics of a community enterprise as follows:

1. A community enterprise is a business which aims to create sustainable jobs and related training opportunities for local people and/or to provide commercial services.
2. A community enterprise aims to make profits and to become financially self-supporting; to use profits only for investment in its enterprises, for limited bonus payments to workers, and for community benefit.
3. Membership or share-holding in the community enterprise is organized on democratic one-person-one-vote principles.
4. A community enterprise must be registered either as a company or as a cooperative society using a model or other legal structure which is recognised as acceptable.
5. The assets of the community enterprise are owned on behalf of the community and are held in trust by the directors such that the assets may not be disposed of to benefit financially individual members or directors.
6. The membership of the community enterprise must be open to all persons within its agreed area of benefit. In some circumstances a “community of interest” or a “community of need” can be established.
7. The community enterprise is committed to being a good employer regarding wage

levels, terms and conditions, equal opportunities and employee participation.

8. The community enterprise is committed to evaluating and reporting annually on the effectiveness of its impact on the local community (Plunkett Foundation, 1992, 30).

A development organization called Community Business Scotland has settled upon the following as a definition:

A community business is a trading organization which is owned and controlled by the local community and which aims to create ultimately self-supporting and viable jobs for local people in its area of benefit, and to use profits made from its business activities either to create more employment or to provide local services, or to support local charitable works. A community business is likely to have a multi-purpose enterprise and it may be based on a geographical community or on a community of interest (Calouste Gulbenkian Foundation, 1982, 4).

Basic to the definition of such community business corporations is service to the local community where the business is located. The corporation must be democratic out of respect for the personhood of each employee. Of course, this concept is not completely new. It was part of St. Benedict's idea. His rule requires stability in one local community. And every member has a vote and the right to elect the abbot.

For me, the best example of a community business corporation is the Mondragon Co-operative Corporation in Spain (where 40,000 Spanish workers own their own industrial-commercial system), that has an outstanding record in global competition (MacLeod, 1997). The local pastor recruited several young men who became engineers and started a series of businesses based upon Christian social teaching. Employees collaborated co-operatively and the new businesses co-operated with each other. Today the complex includes a major bank, the largest food retail chain in Spain, and the largest producer of fridges and stoves in Spain; and it also has its own co-operative university. Mondragon is both socially successful in serving the local community and commercially successful (it received a prize for excellence from General Motors for its production of auto-parts). Another example is here in Italy. It is in the area of Emilia Romagna (ESRC, 2000; Federazione, 1989). The Emilian model has responded to global economic forces by reorganizing local businesses on the basis of social relationships. Instead of small businesses attempting to compete with each other, many small businesses form groups and compete very well. Strong communities and social relationships have allowed them to organize co-operatively so that they are now one of the richest areas in Italy. Local solidarity has allowed them to survive in the global game. These two industrial complexes constitute empirical evidence that theorists such as Friedman are wrong.

We can conceive of a worldwide movement to establish community business corporations that are built on local social relationships. The thinkers in the World Trade Organization will criticize and resist the idea of being tied to one local area. However, in the name of community survival and the priority of social relationships, we must resist the bias towards mobility. Being locally rooted does not exclude global trade. The

Benedictines follow the principle of stability and must remain always in one local community. This did not prevent them from becoming a worldwide network. Their unity is not based upon domination. Life within each monastery is based upon consensus and relationships with other monasteries in the world. Governance depends upon mutual agreement.

Fundamental change in the global corporate system will not be brought about by new technologies. Rather, serious change will depend upon visions and visionaries. That brings us into the domain of values. While religion cannot solve the problems of technology and economic systems, it can be the key source for our value systems.

I began this paper with the image of the international teenager shaped by values and styles received from the international television networks. The challenge for the Church is to provide an alternative set of values. The social encyclicals are a good beginning, but they are not enough. They are usually quite general. What we require are social economic missionaries to translate the encyclicals into concrete alternative realities. In the Middle Ages guilds were legally instituted to protect the local artisans. The Jesuits built a local corporate economy in seventeenth-century Uruguay. Rev. Jose Maria did it in Mondragon. Church ideals must become incarnate in the economic order if we wish to be really faithful to the Gospel injunctions to love one another. Following the example of St. Benedict, the Church should proclaim the priority of locally based corporate businesses as tools for the humanization of work.

Finally, I wish to say that I am neither an historian, nor canon lawyer, nor an economist. In this paper I am calling for more interdisciplinary study regarding the development of local corporate forms as a counterweight to the excesses of the global corporate system. I have provided a rough sketch about a general line of enquiry using the global system of religious congregations as a model. A more profound analysis will require collaboration among a variety of academic disciplines. In this vein, although I have used the terms "Christian" and "Catholic" in this paper, I really believe that the general principles used are common to the three major traditions that follow Abraham: the Jewish, the Islamic, and the Christian faiths.

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Mondragon Co-operative Corporation: <http://www.mondragon.mcc.es/>

Community Economic Development (Cape Breton): <http://www.ced.ns.ca/>