

# Private Initiative, Entrepreneurship, and Business in the Teaching of Pius XII

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Studies of modern Catholic social doctrine commonly portray John Paul II's magisterial teaching, especially that contained in the encyclical *Centesimus Annus* (1991), as having expressed the Roman Magisterium's most affirmative reflections on the nature and ends of private initiative, entrepreneurship, and business. This article illustrates that a number of Pius XII's addresses and speeches contain very positive insights into free enterprise, business, and the process of exchange. In doing so, this article seeks to bring contemporary audiences' attention to these writings, most of which have remained relatively obscure since the 1960s.

## Introduction

On March 2, 1939, Cardinal Eugenio Pacelli was elected by the College of Cardinals as the successor of Saint Peter. Having taken a name, Pius XII, his pontificate was dominated by the context of war: first, World War II, during which the Roman Catholic Church was challenged by the pagan, racist, and anti-Christian ideology of Nazism, and then the Cold War, in which the Church confronted the specter of Marxism-Leninism. For many Catholics and other Christians, these were years of persecution and, in some instances, martyrdom at the hands of Communists, Nazis, and Fascists.

The great dramas of this period in the life of the Catholic Church may explain why Pius XII's contributions to the development of Catholic social teaching have not captured the attention of historians and theologians. This absence is somewhat strange, not least because the magisterial teachings of

his immediate successors—not to mention the Second Vatican Council—are replete with citations and footnotes from Pius’ numerous addresses and speeches. It is, for example, in Pius’ writings that we observe crucial developments in magisterial teaching on the subject of democracy and the emerging discourse of human rights.<sup>1</sup>

Even less recognized are Pius XII’s teachings on specifically economic issues, including the origin and nature of private initiative and business, and the rights and responsibilities of the entrepreneur.<sup>2</sup> The specific texts in which Pius considers these matters in some detail are:<sup>3</sup>

- *The Fiftieth Anniversary of Rerum Novarum*, June 1, 1941;
- *Social Function of Banking*, April 25, 1950;
- *Vocation of Businessmen*, April 27, 1950;
- *Function of Banking*, October 24, 1951;
- *The Catholic Employer*, June 5, 1955;<sup>4</sup>
- *The Small Business Manager*, January 20, 1956;<sup>5</sup>
- *Business and the Common Good*, February 17, 1956;
- *Economics and Man*, September 9, 1956; and
- *Small Business in Today’s Economy*, October 8, 1956.

Throughout these texts may be found some of the most positive commentaries on the nature of private initiative, entrepreneurship, and business ever expressed by the Roman Magisterium. The primary purpose of this article is to draw attention to key passages of these addresses, most of which are relatively unknown to contemporary audiences. To this extent, this article indirectly questions the widespread consensus that John Paul II’s encyclical letter *Centesimus Annus* (1991) articulates the Magisterium’s most favorable view of private enterprise to date.

### ***The Fiftieth Anniversary of Rerum Novarum (June 1, 1941)***

On June 1, 1941, Pius XII broadcast a radio message to commemorate the anniversary of Leo XIII’s encyclical letter *Rerum Novarum* (1891). The immediate context of Pius’ radio address was an Italy dominated by fascism, an economy directed (at least officially) according to corporatist principles, and a Europe in which Nazi Germany was temporarily regnant. Its immediate audience, however, was thousands of Italian workers gathered in Saint Peter’s Square.

Pius XII begins this address by placing the Church's teaching about the right to private property in the context of the use of material goods. He initially refers to the fundamental right to make use of the material goods of the earth. Only then (like the Second Vatican Council)<sup>6</sup> does Pius speak of the right to private property. The right to private property is, thus, based on this latter right and serves it. In Pius' words: "Every man, as a living being gifted with reason, has in fact from nature the fundamental right to make use of the material goods of the earth, while it is left to the will of man and to the juridical statutes of nations to regulate in greater detail the actuation of this right."<sup>7</sup> It is from this fundamental right to make use of the material goods of the earth that man derives his right to private property. As Pius states, it "demands also private property,"<sup>8</sup> but the right, Pius maintains, must be regulated by man himself precisely because the material goods of the earth belong to all.<sup>9</sup>

Significantly, it is within this fundamental right to make use of the material goods of the earth that Pius speaks of the need for "the free, reciprocal commerce of goods by interchange and gift."<sup>10</sup> This is important insofar as it illustrates that free trade flows directly, like private property, from man's prudential realization of the fundamental right that all people have to make use of the earth's material goods. Significantly, Pius sees this right of free exchange as fundamental because man is called to perfect and to fulfill his "material and spiritual life."<sup>11</sup> Orthodox Catholic moral doctrine affirms that one of the ways that man achieves this is through making free choices and actualizing them. We see, then, that Pius' words about private property and free trade have less to do with matters of economic efficiency and more to do with the ageless Catholic emphasis upon man's need to act and to develop moral and spiritual virtues.

### ***Social Function of Banking (April 25, 1950) and Vocation of Businessmen (April 27, 1950)***

A similar focus upon man's need to develop as "the being-he-ought-to-be" underlies two addresses given by Pius XII on economic themes in 1950. The context of these statements is rather different from Pius' 1941 speech. For one thing, fascism had been defeated, but in Italy, as in many Western European countries, the Communist party was a political force to be reckoned with. At the same time, Italy and other Western European countries were beginning to experience a period of considerable economic growth and a corresponding rise in living standards across society.

Pius' address to Italian bankers of April 25, 1950, is notable for its articulation of the deeper spiritual meaning of professional work. Pius teaches that professional work is a means of serving God and a means of sanctification of the person. Work, according to Pius, is both necessary and social.<sup>12</sup> Regarding work's social dimension, Pius observes that "one's work ought to contribute to the common good; it should testify to the sense of responsibility of each for the well-being of all."<sup>13</sup>

Of particular interest is the intimate connection that Pius makes between work as a service to God and to the common good. "Conscientiousness, honesty, exactitude," he writes, are qualities of work that become even "more inseparable from work when it is considered as the service of God, and become, in this way, profitable for the welfare of the community."<sup>14</sup> In these words, Pius appears to be developing a vision of work where there is in fact a profound unity between personal virtue, service of God, and love of neighbor. The human (personal and social) and divine dimensions of work are indeed inseparable in the mind of Pius.

Commenting further on work's social dimension, Pius anticipates certain insights of John Paul II. In *Laborem Exercens* and *Centesimus Annus*, John Paul II identifies the establishment of the communion of persons as a fundamental characteristic of work.<sup>15</sup> Even though forty-one years earlier, Pius had written: "How is it that an organization such as yours is a real community, and not a mere existence in common, unless it is that all of you, from the first to the last, are conscious of working with Christian loyalty for the good of all?"<sup>16</sup> Pius speaks of *Christian loyalty* as the means of achieving this real community. John Paul II, by contrast, refers to it as the gift of self.

In the same address, Pius makes an important distinction between avarice and the legitimate acquisition of wealth. He does so by means of the parable of the talents found in Luke's gospel (Luke 19:11–27). Contrasting the good and faithful servant with the lazy servant, Pius draws some conclusions for his audience of bankers on the nature of wealth acquisition, in a manner that reflects his acute awareness of the *value* of money. This appears to have been the first time that a pope directly acknowledged money's value.

From its beginning, the Catholic Church clearly defended private property and private action. This amounts to implicit acknowledgement of the value of money insofar as money is a form of property that can facilitate private economic activity. Pius, however, makes explicit this recognition when reflecting upon banking's social nature:

Does not the social function of the bank consist in making it possible for the individual to *render his money fruitful*, even if only in small degree, instead of dissipating it, or *leaving it sleep without any profit*, either to himself or to others? That is why the services that a bank can render are so numerous: to facilitate and encourage savings; to preserve savings for the future, at the same time rendering them productive in the present; to enable savings to share in *useful enterprises* that could not be launched without them; to make as simple and easy as possible the regulation of accounts, exchanges, commerce between the State and private organisms and, in a word, the entire economic life of the people.<sup>17</sup>

Two days after this speech to bankers, Pius addressed “representatives of the Chambers of Commerce from all over the world” on April 27, 1950.<sup>18</sup> Entitled “Vocation of Businessmen,” the intent of this address is to help business executives to recognize the importance of crowning their “technical and juridical work by a serious moral consideration of the role and responsibilities of commerce.”<sup>19</sup> Interestingly, Pius begins by speaking very positively about the technical dimension of business: “It is not without impressive significance that mythology gave wings to Mercury [the pagan god of commerce]. Should we not see in that the symbol of the liberty that commerce needs to go and come across the borders of its own country?”<sup>20</sup> Pius then proceeds to uphold the importance of private initiative in the economic sphere while simultaneously underlining the significance of the merchant.

Further, you will not obtain the goal you wish, which is the general prosperity, without putting into full effect the *individual exercise of commerce* for the service of society’s material well-being. The merchant, one will say, should be skilled without doubt. But he must add to these strictly professional qualities a high concept of the ideal of his profession. As a businessman, he must consider also himself a servant of the community.<sup>21</sup>

Pius thus emphasizes that there can be no general prosperity without the exercise of individual initiative. Furthermore, he stresses that this goal of material well-being is worthwhile precisely because it contributes to the common good. At the same time, Pius underlines something new: the important question of ideals in professional work. The sublime ideal that he places before executives is that of *service*. The calling of a businessman in his pursuit of material prosperity is to be a *servant* of the community.

This is not to suggest that Pius suffered from any illusions about the real difficulties encountered by those engaged in the vocation of business. In the same address to businessmen, Pius refers to the “difficult calling of a merchant” and warns his audience not “to betray” their “vocation” by focusing solely on profit. For theirs, Pius notes, is a vocation that “aims and strives to circulate worldly goods, destined by God for the advantage of all.”<sup>22</sup> Finally, he concludes his address by drawing upon the parable of the treasure (Matt. 13:45). Pius’ purpose here is to encourage executives to seek *true riches*—to buy the kingdom of heaven at the “price of all his goods”<sup>23</sup>—and to transmit this faith to their children.

### ***Function of Banking (October 24, 1951)***

Just over a year after addressing these audiences of executives and bankers, Pius spoke to another gathering from the world of commerce. On October 24, 1951, Pius addressed delegates attending the International Congress on Credit Questions.

Here Pius stresses that the work of bankers is crucial to the social question. “You mark the border,” he states, “or, to be more exact, the crossroads where capital, ideas, and labor encounter each other.”<sup>24</sup> He insists that bankers make it possible for capital and labor to encounter each other and thus to assist in resolving social problems.

After what We have said, it seems superfluous to speak of the immediate result of the meeting of capital and ideas. In proportion to the importance of the capital and the practical value of the idea, the labor crisis will be more or less slowed up. The conscientious and hard-working laborer will find employment more easily; the growth of production will progressively though, perhaps slowly, lead toward an economic balance; the many inconveniences and disorders, deplorably resulting from strikes, will be lessened for the greater good of a healthy domestic, social, and moral life.<sup>25</sup>

Such statements are far removed from those currents of thought on both the political left and the political right that traditionally view banking as a somehow intrinsically dubious activity and bankers, in particular, as objects worthy of suspicion.

Nor is Pius afraid to address the particular character of the work of bankers and its importance in promoting integral human development, which is the end of the common good. “A young inventor,” Pius writes, “a man with initiative, a benefactor of humanity comes to you for a loan. You must study him in

order not to put the trusting lender into the hands of a utopian or crook, in order to avoid the risk of sending away a deserving borrower capable of giving immense services but merely lacking the necessary funds for carrying them out.”<sup>26</sup>

It is, however, Pius’ appreciation of the value of money that is most striking about this address. One of the characteristics of the entrepreneurial personality is commercial focus, or as Christopher Golis puts it, an interest in money.<sup>27</sup> Pius appears to recognize the importance and validity of this quality. For this reason, his words are worth citing in full:

How much capital is lost through waste and luxury, through selfish and dull enjoyment, or accumulates and lies dormant without being turned to profit! There will always be egoists and self-seekers; there will always be misers and those who are short-sightedly timid. Their number could be considerably reduced if one could interest those who have money in using their funds wisely and profitably, be they great or small. It is largely due to this lack of interest that money lies dormant. You can remedy this to a great extent by making ordinary depositors collaborators, either as bond or shareholders, in undertakings whose launching and thriving would be of great benefit to the community, such as industrial activities, agricultural production, public works, or the construction of houses for workers, educational or cultural institutions, welfare or social service.<sup>28</sup>

The emphasis here is on money as a form of productive capital. This is, of course, the crucial insight that allowed Catholic theologians in the high Middle Ages to make evident the clear distinction between, on the one hand, usury (which remains condemned by the Catholic Church) and, on the other hand, one person’s payment to another person for the former’s use of the latter’s productive capital in the form of money.<sup>29</sup> What Pius does in this address is demonstrate just how productive money can be and the role that banking plays in facilitating this productivity.

### ***The Catholic Employer (June 5, 1955)***

Four years after his address on banking, Pius XII spoke to the Italian Association of Christian Employers. The subject matter of this association’s meeting was the role of business in addressing problems of poverty. This group of employers had gathered in Naples to discuss southern Italy’s continued impoverishment. What role could private enterprise play in overcoming poverty?

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Pius' address to these employers is significant insofar as it makes explicit a principle in Catholic social doctrine that underlies the importance of private initiative. Leo XIII and Pius XI had indeed previously noted the crucial role of private initiative in developing the common good: Leo XIII, under the guise of private property (possession), and Pius XI within the context of action.<sup>30</sup> Pius XII, however, focuses on a principle that gives rise to private initiative that is distinct from its necessary orientation to the common good. Pius XII stresses that private initiative is based upon the human person, the most important element in the economy:

One of the essential points of Christian social doctrine has always been the affirmation of the primary importance of private enterprise as compared to the subsidiary function of State enterprise. This is not to deny the usefulness and the necessity, in some cases, of government intervention but, rather, to bring out this truth: that the human person represents not only the purpose of the economy, *but is its most important element*.<sup>31</sup>

In the same address, Pius returns to reflecting upon that unity between personal and social virtue and the supernatural dimension of work that we observed above. Here, however, Pius deepens his previous statements and, in several respects, foreshadows Vatican II's teaching on lay spirituality.

Pius also used this address as an occasion to insist that the clergy should not usurp the laity's primary role in the secular domain.<sup>32</sup> Pius affirms that the Church's teaching on social matters is on the level of principles. In order for the teaching to be effective, it must find a welcome home among leaders of corporations. The task of the laity is to assimilate the truth taught by the Church and to put it into practice. Thus, it must be business executives, rather than clergy, who are the primary witnesses to the truth of the gospel in the world of business. Pius is very clear that the witness of businesspersons to Christ must occur in their workplace, and that it will be the fruit of an intense interior life fostered by word and sacrament.

The teaching of the Church, which gives a clear formula of Catholic principles, runs the risk of being neither well-understood nor applied unless it finds in the responsible head of a firm not a resigned and passive reception but the fullness of an intense, interior life, nourished by the sacramental sources of grace. It seems to Us that Christian social thought should be profoundly organic. Far from being built up solely by starting from abstract pronouncements, it ought to correspond with constant fidelity to the intentions of Divine Providence as they are manifested in the life of every Christian and in the life of the community to which he belongs.<sup>33</sup>



As with all Christians, this noble vocation and task calls for interior effort.

The creative act of God that has launched the world into space never ceases to kindly live with astonishing abundance and variety. In the individual as in society, the aspiration for betterment and for natural and supernatural perfection calls for a continuous overcoming of self and often also for a painful detachment. To follow this rising path and to guide others to it, calls for hard work.<sup>34</sup>

### ***The Small Business Manager (January 20, 1956)***

A year after addressing the Italian Association of Christian Employers, Pius XII spoke to the First National Congress of Small Industry. This address is notable insofar as it contains the Roman Magisterium's first explicit reference to the entrepreneur. Not only does Pius teach that the entrepreneur is indispensable to society, but he also delineates the qualities especially relevant for business leaders. Beginning by reflecting upon the nature of private initiative in the economic realm, Pius states that private initiative "[C]orresponds not only to the needs of our present situation, but likewise to the teachings of the Church, which thus puts into action in its social implications a higher and more fundamental doctrine; namely, of the transcendent vocation of the human being and his personal responsibility before God and his fellows."<sup>35</sup>

Having indicated that private initiative reflects man's unique dignity and transcendent destiny, Pius underlines the irreplaceable contribution of entrepreneurship to economic life and material prosperity:

Among the motives that justified the holding of your convention, you have given the first place to "a vindication of the indispensable functions of the private entrepreneur." The latter exhibits in an eminent degree the spirit of free enterprise to which we owe the remarkable progress that has been made especially during the past fifty years, and notably in the field of industry.<sup>36</sup>

Pius is not, however, content to focus on the entrepreneur's economic importance. He also specifically examines the meaning of true leadership in the business community. Pius emphasizes that the entrepreneur must possess "the most varied intellectual gifts" that should be "united to a strong and versatile character, and in whom, above all, there is a sense of morality that is sincere and magnanimous."<sup>37</sup> "An intense desire for true social progress"<sup>38</sup> should characterize the employer, as should a desire for unity with one's employees.

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He then underlines the central role that employers play in the business enterprise: “Let Us say at once that the employer himself is the deciding factor in this: He is the principal source of the spirit that animates his employees. If he is noticeably careful to place the interests of all concerned above his own private interests, he will have little difficulty in maintaining the same spirit among his subordinates.”<sup>39</sup> The employer is thus the principal source of unity and trust in a firm. When he places the interests of his employees above that of his own, he does not forfeit his authority. Rather, he reinforces it. For, Pius observes, in such circumstances, employees “will readily understand that their superior ... has no intention of profiting unjustly at their expense, or of exploiting their labor excessively.”<sup>40</sup> Instead, Pius believes that employees will recognize that

by providing them and their families with the means of livelihood, he [the employer] is likewise affording them an opportunity to perfect their own individual capacities, to engage in work that is useful and profitable, and to contribute according to their abilities to the service of the community as well as to their own economic and moral improvement.<sup>41</sup>

Once again, Pius XII links private initiative to the promotion of the common good inasmuch as he indicates that entrepreneurs and employers have unique opportunities to create conditions that help others to choose to pursue human flourishing.

### ***Business and the Common Good (February 17, 1956)***

Continuing his engagement with the world of business, Pius XII also addressed the Italian Federation of Commerce in 1956. In this text, we find no fewer than five crucial points that directly concern private enterprise and the entrepreneur.

#### **Business as an Avenue for Human Fulfillment**

Pius frankly acknowledges the suspicion that often surrounds the work of the businessman. “People,” he writes, “sometimes question his usefulness to the community; they attempt to do without his services; they suspect that he is trying to derive enormous profits from his economic function.”<sup>42</sup> By contrast, Pius does not regard the businessman as simply a middleman between producer and consumer. Rather, he is “a stimulating force in the economy.”<sup>43</sup>

Moreover, Pius maintains that the value of business activity is not just in its ability to satisfy wants and needs. Pius takes note of its ability to arouse within the human person energies and gifts that might not otherwise be realized. In other words, the economic and financial sphere is an avenue (one among many) whereby human persons can achieve integral fulfillment. In the following citation, Pius identifies four benefits of business activity (or what he calls the “exchange of products”): Needs are satisfied; new methods for satisfying these needs are discovered; hidden energies are aroused; and the spirit of enterprise is fostered.

Every exchange of products, in fact, quite apart from satisfying definite *needs and desires*, makes it possible to put *new means into operation*, *arouses latent and sometimes unexpected energies*, and *stimulates the spirit of enterprise and invention*. This instinct, which is innate in mankind, of creating, improving, and making progress explains commercial activities as much and more than the mere desire for gain. The businessman needs a thorough and well-balanced *professional training*; he must have a *mind always quick* to understand and follow up economic trends as they develop, in order to handle his business with success and *to foresee the reactions* of the masses of the people as well as their mental attitudes. These last considerations are frequently of great importance in the interplay of exchange.<sup>44</sup>

### **Moral Qualities**

The latter part of the above quotation touches upon the entrepreneurial personality and the question of its *alertness*. At the same time, Pius stresses specific “moral qualities” that are demanded of entrepreneurs:

He must have *courage* in a period of crisis; he must be *tenacious in overcoming public apathy and misunderstanding*; he must possess a *spirit of optimism* in revising his formulas and methods of action, and in estimating and making the best use of the probabilities of a successful outcome. These are the qualities that will enable you to be of service to the nation; with them you are entitled to the esteem and good opinion of the whole community.<sup>45</sup>

### **Subsidiarity**

Although Pius does not mention the term explicitly, the thrust of his comments with respect to the relationship between the State and the individual suggests strongly that he is concerned about the State’s potential to violate this

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principle in its dealings with business. He mentions that the activity of businessmen should “not be barred by too many obstacles” and that taxes should not be “too numerous and too heavy.”<sup>46</sup> He addresses the modern movement to provide social security in the form of employment, health, and medical coverage and workers’ compensation. Pius acknowledges the movement. He even says that it is “justified,” but Pius also expresses significant reservations.

It is important, however, that the anxious desire for security should not prevail over the businessman’s readiness to risk his resource to such an extent as to dry up every creative impulse; nor impose on enterprise operating conditions that are too burdensome; nor discourage those who devote their time and energy to commercial transactions. Unhappily, it is an all-too-human tendency to seek out the way of minimum effort, to avoid obligations, and to exempt oneself from the duty of self-reliance in order to fall back upon the support of society and to live at the expense of one’s fellows.<sup>47</sup>

Hence, Pius notes, the State “ought not to try to take the place of private enterprise, so long as the latter functions usefully and successfully.”<sup>48</sup> This is, of course, standard Catholic social doctrine. Pius is, however, willing to spell out precisely how the State’s violation of the subsidiarity principle can directly discourage key features of entrepreneurial activity (creativity, prudent risk-taking) and encourage anti-entrepreneurial habits (dependence, laziness). Significantly, Rodger Charles, S.J., points out that careful analysis of the corpus of Pius XII’s later writings illustrates that the pope was concerned that the welfare programs created by Western democracies were having the effect of reducing personal responsibility.<sup>49</sup>

### **Private Enterprise and the Common Good**

Pius states clearly the right to private initiative. Indeed, he insists, “you [businessmen] may claim with every right the liberty necessary to fulfill your function genuinely and effectively.”<sup>50</sup> This right, which Pius clearly associates with “freedom of action,”<sup>51</sup> serves not only the interests of the entrepreneur and, at times, a specific or definite class of society, but it helps “promote the advantage of the whole country.”<sup>52</sup> In short, the common good *demand*s that private enterprise and entrepreneurship enjoy a high degree of freedom in the economic realm.

## **Economic Liberty and Integral Freedom**

Finally, Pius situates freedom in the economic sphere within the wider context of man's freedom. He introduces this consideration with a reflection on the particular temptations facing entrepreneurs.

"Temptations," Pius teaches, "of course, are not wanting, if we consider the weakness of human nature; temptations to employ procedures that are not quite honest, to realize unlawful profits, to sacrifice moral dignity to the allurements of material goods."<sup>53</sup> These three temptations can be accentuated by the rapid technical progress of the world and an expanding economy.<sup>54</sup> Nevertheless, these allurements can be offset and "balanced by an even more lively desire for spiritual development."<sup>55</sup> In addition, "a compelling desire to alleviate the sufferings and miseries of one's neighbor" (the promotion of the common good) should accompany the desire of one's work and spiritual development.<sup>56</sup> It is, after these preliminary comments on the material and spiritual aspects of the entrepreneur's work, that Pius places man's economic liberty in the full context of the intrinsic link that Catholicism underlines between human freedom and man's acquisition of moral good. "Freedom of economic activity cannot be justified and maintained except on condition that it serves a higher freedom and has the ability, when need arises, to renounce a part of itself in order not to fall short of the moral imperative."<sup>57</sup>

Economic liberty is, thus, subservient and directed to man's integral freedom. The right to act with the spirit of enterprise in economic activity should not only serve the betterment of material conditions; it should also enable the entrepreneur to develop morally and spiritually: to become truly free by freely choosing to live in the truth. The corollary is that freedom to act in the economic order should be recognized as having the potential to help the entrepreneur reach human fulfillment through the exercise of his freedom.

## ***Economics and Man (September 9, 1956) and Small Business in Today's Economy (October 8, 1956)***

Two, other addresses delivered by Pius XII in 1956 directly touch upon the place and role of the entrepreneur and private initiative in society. While addressing the First Congress of the International Association of Economists, Pius once again meditated on the centrality of man as the primary initiator of economic activity.

Pius' initial comments critique the vision of man as understood by Marxism (and, by implication, any materialist philosophy). Marxism not only commits the error of socializing the means of production, he states, "but, by a no-less-fatal error, it pretends to see men only as an economic medium, and makes the whole structure of human society depend on production yield."<sup>58</sup> Man, thus, becomes a means to an end. Sight is lost of his transcendental value. Thus, Pius reminds his audience: "Beyond the physical needs of man and the interests that they govern, beyond his inclusion in social production reports, it is necessary to envisage the activity—a really free, personal, and communal activity—of man, the subject of economy."<sup>59</sup>

Pius took the opportunity to further reflect on the importance of business in making people the subject (i.e., initiators) of economic life when he addressed the Catholic Associations of Small- and Medium-Sized Businesses toward the end of 1956. He underlines the dignity of the worker (employee) but also suggests that certain benefits result from introducing employees to the spirit and responsibilities of entrepreneurship:

It is certain that the worker and the employee who know that they are directly involved in the successful operation of a business, because a part of their wealth is invested and fructifying therein, will feel themselves more intimately obliged to contribute to it through their efforts and even their sacrifices. In that way, they feel themselves more fully men, trustees of a greater share of responsibility; they will realize that others are beholden to them, and thus they will apply themselves with greater courage to their daily task, in spite of its often harsh and tedious character.<sup>60</sup>

Plainly, Pius believes that it would be a mistake for employees simply to turn up on time, work disinterestedly and become thereby a passive participant in their workplace. As noted, Pius speaks of workers' feeling themselves "more fully men," becoming "trustees" of a company and thereby working with more courage. Indeed, Pius holds that employers should strive to foster such attitudes among their employees by developing a spirit of initiative among them. In Pius' words:

Will the head of the business deny his subordinates what he esteems so highly himself? Will he limit the role of his daily cooperators to that of simple executants, who cannot turn their own experience to account as they would like, and who remain wholly passive with regard to the decisions which govern their own activity?<sup>61</sup>

Interestingly, Pius invokes the term *solidarity* to describe the type of actions that facilitate these circumstances. He speaks of the need for enterprises to practice solidarity not only within their organization but also among themselves.

May the principle of solidarity assert itself more positively, then, not only within each of your businesses but also between similar enterprises, so as to avoid a waste of energy, useless expenses, and particularly to bring together in a compact unit the scattered elements of a considerable economic potential which, by its present division, is deprived of an effective energy in proportion to its true value.<sup>62</sup>

## Conclusion

This survey of Pius XII's teachings on private initiative indicates that he contributed substantially to magisterial teaching on this subject. Beginning by reiterating that the right to private property flows from the principle of common use, Pius illustrates that this has positive implications for freedom of commercial exchange. He also makes explicit the value of money and the importance of banking. Also noteworthy is the manner in which Pius specifies a right to private initiative and places it within the context of man's capacity to achieve the integral liberty that comes from realizing and pursuing man's transcendental vocation.

Having affirmed these points, it was a logical step for Pius to address, directly, merchants, bankers, and business executives, and to become the first pope to use the term *entrepreneur*. In his teachings, we see the beginnings of a spirituality of work by suggesting that work should be viewed as a means of serving God and sanctifying man. This, in turn, enables Pius to articulate the professional and moral qualities that should characterize the activity of entrepreneurs and to challenge them to see their work as one of service to the community. Pius lays before them the ideals of leadership and speaks of the importance of unity with employees. At the same time, he highlights succinctly the temptations facing the businessmen.

It is unfortunate that these reflections are scattered here and there throughout Pius XII's magisterial teachings. In some cases, several years separate some of the texts considered in this essay. Moreover, they lack the impact and high drama often associated with the promulgation of an encyclical. Hence, while Pius' statements on entrepreneurship and the world of business are, if anything, even more affirmative than those contained in *Centesimus Annus*,

they are not laid out in the systematic form in which one finds similar observations explicated in John Paul II's third social encyclical. There always remains, however, opportunities in the future for the Roman Magisterium to revisit Pius XII's reflections on private initiative in economic life and to integrate them even more firmly into the heart of the Church's developing social teaching.

## Notes

1. The author wishes to thank Samuel Gregg for his assistance with revisions of this article.
2. A complete list of Pius XII's addresses, on all topics, can be found, in *The Major Addresses of Pope Pius XII*, vol. 2, *Christmas Messages*, ed. Vincent A. Yzermans (St. Paul: North Central Publishing, 1961) 262–300. Those Christmas addresses that deal with the social question (and not necessarily the issue of private initiative) are the 1941, 1942, 1952, 1955, and 1957 addresses. This article refers only to the 1952 and 1955 addresses. Pius XII wrote numerous other addresses, some of which were broadcast on radio. When referring to these addresses, I refer to the title and then to the date of the address. The title of the address used here is the commonly accepted one as found in Yzermans, *The Major Addresses*, vol. 2, 262–300.
3. There are a number of other addresses that touch on private initiative, but they add nothing new to the above references. These addresses are: *Common Interests of Employer and Employee*, May 7, 1949; *The Catholic Employer*, January 31, 1952; *Economics, the State and the Value of Man*, March 7, 1957; *To Italian Businessmen*, June 22, 1958. (Cf. Yzermans, *The Major Addresses*, vol. 2, 278, 295, 299.)
4. This address took place either on June 5 or June 7 of 1955. Different references give different dates, but the text is exactly the same.
5. This address took place either on January 20 or January 21. Once again, different references give different dates, but the text is exactly the same.
6. See Second Vatican Council, Pastoral Constitution on the Church in the Modern World *Gaudium et Spes* (1965), par. 63.
7. Vincent A. Yzermans, ed., *The Major Addresses of Pope Pius XII*, vol. 1, *Selected Addresses* (St. Paul: North Central Publishing, 1961), 30.
8. *Ibid.*, 31.
9. *Ibid.*



10. Ibid.
11. Ibid.
12. Vincent A. Yzermans, ed., *The Unwearied Advocate: Public Addresses of His Holiness Pope Pius XII*, vol. 3 (St. Cloud: Vincent A. Yzermans, 1954), 79.
13. Ibid.
14. Ibid.
15. See John Paul II, Encyclical Letter *Laborem Exercens* (1981), par. 20 and Encyclical Letter *Centesimus Annus* (1991), par. 41. Cf. Samuel Gregg, *Challenging the Modern World: Karol Wojtyla/John Paul II and the Development of Catholic Social Teaching* (Lanham, Md.: Lexington Books, 1999), 127–34.
16. Yzermans, *The Unwearied Advocate*, 3:79.
17. Ibid., 80. (Emphasis added.)
18. Ibid.
19. Ibid.
20. Ibid., 81.
21. Ibid. (Emphasis added.)
22. Ibid.
23. Ibid., 82.
24. Pius XII, “Function of Bankers,” *The Catholic Mind*, LII, no. 1094 (1951), 121. (Emphasis added.)
25. Ibid., 122.
26. Ibid.
27. Christopher C. Golis, *Enterprise and Venture Capital: A Business Builders’ and Investors’ Handbook*, 3d ed. (Sydney: Allen & Unwin, 1998), 3.
28. Pius XII, *Function of Bankers*, 121.
29. As J. T. Noonan states: “As far as dogma in the technical, Catholic sense of the word is concerned, there is only one dogma at stake ... that usury, the act of taking profit on a loan without just title is sinful.... This dogmatic teaching remains unchanged. What is a just title, what is technically to be treated as a loan, are matters of debate, positive law, and changing evaluation. The development on these points is great, but the pure and narrow dogma is the same today as in 1200.” J. T. Noonan, *The Scholastic Analysis of Usury* (Cambridge: Harvard University Press, 1957), 399. Commenting on this, Germain Grisez observes, “The teaching about usury is precisely that it is always wrong to charge people interest simply for

making them a loan, because that amounts to charging them for their need: for example, by lending a poor man facing a family crisis fifty dollars until pay day, on the condition that he then pay back a hundred dollars. In a modern economy, however, money serves many purposes—for example, as venture capital. Thus, lenders can rightly charge interest in proportion to what they give up by not putting their money to other use. So interest taking, within limits, can be morally acceptable.” Germain Grisez and Russell Shaw, *Fulfillment in Christ: A Summary of Christian Moral Principles* (Notre Dame: University of Notre Dame Press, 1991), 434.

30. See *Christian Social Witness and Teaching*, vol. 2, *The Modern Social Teaching* (Leominster: Gracewing, 1998), 17, 99.
31. Yzermans, *The Major Addresses*, 1:338. (Emphasis added.)
32. Cf. *Ibid.*
33. Yzermans, *The Major Addresses*, 1:340.
34. *Ibid.*
35. Pius XII, “The Small Business Manager,” *The Pope Speaks* 3, no. 1 (1956): 50.
36. *Ibid.*
37. *Ibid.*, 51.
38. *Ibid.*
39. *Ibid.*
40. *Ibid.*
41. *Ibid.*
42. Pius XII, “Business and the Common Good,” *The Pope Speaks* 3, no. 1 (1956): 45.
43. *Ibid.*, 46.
44. *Ibid.*, 46–47. (Emphasis added.)
45. *Ibid.*, 47.
46. *Ibid.*
47. *Ibid.*
48. *Ibid.*, 48.
49. See Charles, *Christian Social Teaching*, 2:138.
50. *Ibid.*

51. Ibid.
52. Ibid.
53. Ibid.
54. Ibid.
55. Ibid.
56. Ibid.
57. Ibid.
58. Pius XII, "Economics and Man," *The Pope Speaks* 3, no. 3 (1956): 243.
59. Ibid.
60. Pius XII, "Small Business in Today's Economy," *The Pope Speaks* 3, no. 4 (1957): 407.
61. Ibid., 407.
62. Ibid., 408.