

The Common Good of the Firm in the Aristotelian-Thomistic Tradition

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I. What is the common good?

The renowned Austrian economist and social thinker Friedrich Augustus von Hayek wrote, “The ‘social goal’, or ‘common purpose’ for which society is to be organized is usually vaguely described as the ‘common good’, the ‘general welfare’ or the ‘general interest’. It does not need much reflection to see that these terms have no sufficiently definite meaning to determine a particular course of action” (Hayek 2001: 60). The rejection of the common good has been a characteristic not only of a particular strand of economic liberalism which Hayek represents, but also of the whole of post-Enlightenment philosophy (MacIntyre 1988). Purportedly, the notion of the “common good” has been employed by some as an ruse to advance a totalitarian agenda — however well-meaning— and trample on inalienable individual rights; while others have defended that, in an increasingly multicultural and global society, no such universal principle could exist (Keys 2006: 5-8). The term “common good” has ended up being some sort of code word, then, to refer to an ethics and a politics inspired in the Aristotelian-Thomistic tradition as well as to the moral and social teaching of the Catholic Church.

To a large degree, the difficulty in accepting the common good could be traced to an individualistic view of the human person. The human being is conceived to be already fully constituted as an individual, previous to his belonging to any particular group. In a hypothetical “state of nature”, he lacks an intrinsic social dimension, and only acquires this accidentally when, motivated by self-interest, he enters into the “social contract”. Insofar as interests are concerned, there is really nothing common which individuals share, since each one has his own version of his private utility or pleasure, usually in conflict with the rest. And whatever that interest, utility or pleasure might be, to call it a “good” would be a misnomer, since it entails no essential perfection whatsoever, but only the momentary satisfaction of a unique inclination or desire. In the absence of a common good, what politics should pursue, therefore, is the ideal of justice, understood as the observance of formal rules of collective engagement,

with no other basis than the individual rights to which we have freely expressed our consent as rational beings (Rawls 1976).

Even within the Aristotelian-Thomistic and Catholic tradition, the idea of the “common good” has not been spared controversy. In recent times, the most famous one revolves on the contested primacy between the common good and the individual, personal good, with De Konink adopting the former position and Eschmann — supposedly in representation of Maritain— assuming the latter (Walshe 1995: 83-121). Whereas for De Konink, the common good or the good shared by all is what most elevates human dignity, for Eschmann, it is the individual, personal good unique to each. In fact, there is no contradiction between both positions, but only a difference of emphasis. De Konink refers, above all, to the dignity of the human person’s finality, which is his relationship with God as the ultimate common good. Eschmann, on the other hand, dwells more on the dignity of each person’s human nature, as principle or starting point. Both positions are not only complementary, but also necessary. Human dignity rests on the fact that, as a point of departure, each and every one is a whole (Eschmann and Maritain), and that at the same time, as a term or point of arrival, we are all parts of something larger than ourselves (De Konink).

Let us now examine the origins of the concept of the common good.

Aristotle and the common good of the polis

What is the “good”? In the opening lines of the Nicomachean Ethics, Aristotle defines the good as “that at which everything aims” (NE 1094a), the end of a given appetite, desire, inclination or tendency. Basing himself on Aristotle, Aquinas explains that the good perfects being not only by way of knowledge, as with the truth, but also in reality, as the best state of being in itself (*De Veritate* q. 21, a. 1, c). Elsewhere he teaches that the good is an aspect of all being, insofar as it is an object of desire, is perfect and in act (*ST I*, q. 5, a. 1, c). We call something “good”, therefore, inasmuch as it is or exists and in the measure that it has reached its end or perfection, being able to transmit this perfection to others.

And what about the “common good”? For Aristotle, the common good has to do with the *polis*: “the good of the *polis* is apparently greater and more complete good to acquire and preserve. For while it is satisfactory to acquire and preserve the good even for an individual, it is finer and more divine to preserve it for a people and for *poleis* [the plural form of *polis*]” (NE 1094b). The common good, the good of the *polis*, is thus explained in contrast to the exclusive good of the individual, which is inferior. Aquinas is even more explicit in his commentary: the common good as a cause is “more divine because it shows greater likeness to God, who is the ultimate cause of all good” (Comm. NE I, 2, 30).

Apart from the common good and the good exclusive to an individual, we find in the Nicomachean Ethics yet another classification of goods: those pursued in themselves and those pursued because of another. Aristotle indicates that a good pursued in itself is always better because it is complete (NE 1097a). Among the different possible goods pursued in themselves, *eudaimonia* or “happiness”, a flourishing human life, stands out as most choiceworthy, complete and self-sufficient (NE 1097b). This self-sufficiency, however, needs clarification: “not what suffices for a solitary person by himself, living an isolated life, but what suffices also for parents, children, wife and in general for friends and fellow-citizens, since a human being is a naturally political [animal]” (NE 1097b). Thus, *eudaimonia* consists in a good life in common, shared with one’s family, friends and fellow-citizens in the *polis*. Not only is this the supreme human good but it is also the common good.

By and large, Aristotle’s Politics is nothing else but a treatise on how full human flourishing can be achieved within the *polis* (Pltcs 1252a). This depends on the manner in which the *polis* is governed. The plurality of political regimes is a function of the number of people who govern and, more importantly, for whose good, advantage or interest they govern. In this respect, “governments which have a regard to the common interest [*sumpheron koinon*] are constituted in accordance with strict principles of justice, and are therefore true forms; but those which regard only the interest of the rulers are all defective and perverted forms, for they are despotic, whereas a *polis* is a community of freemen” (Pltcs 1279a). Further specifications are made, such that true forms of government are divided into “monarchies”, “aristocracies” and “constitutional rules”, when only one, a few and many rule, respectively (Pltcs 1279a-b). In a similar

way, with the defective forms of government, one can distinguish among “tyrannies”, “oligarchies” and “democracies”, depending on the number of rulers: “For tyranny is a kind of monarchy which has in view the interest of the monarch only; oligarchy has in view the interest of the wealthy; and democracy, of the needy: none of them the common good [*agathon koinon*] of all” (Pltcs 1279b). The regard for the common good, therefore, serves as criterion for determining whether a *polis* is properly governed and achieves its goal of *eudaimonia*.

A few explanations are in order concerning the expression *sumpheron koinon*, “common interest or advantage”, which Aristotle prefers, and *agathon koinon*, “common good”, which he uses rather sparingly. (Aquinas, for his part, also speaks of *utilitas communis*, “common utility”, and *bonum commune*, “common good”, quite indistinctly.) Unlike their translations into modern English and most other European languages contaminated by utilitarian thinking, nothing in the original texts deters us from understanding both terms as synonymous. Michael A. Smith, in an excellent monograph, suggests that Aristotle employed *sumpheron koinon*, “common interest or advantage”, to distance himself from the Platonic Idea of the Good: “the good, for Aristotle, is the good of someone or something. The common good is the good of all members of a political community once these members have actualized their disposition to live in common. They organize themselves in view of the good which political life can provide them, they enjoy the advantages of life in common. And these advantages can vary from one period of time to another, and also from one place to another” (Smith 1995: 63).

The common good which Aristotle proposes is concrete, contingent in time and place, and specific to a *polis*. That’s why he declares, in allusion to Platonic doctrine, that “even if the good predicated in common is some single thing, or something separated, itself in itself, clearly it is not the sort of good a human being can pursue in action or possess” (NE 1096b). Knowing fully well that such notion of the good would have been unconscionable for Plato, nonetheless Aristotle as a philosopher insists that “it presumably seems better, indeed only right, to destroy even what is close to us if that is the way to preserve the truth” (NE 1096a).

How do individuals in the *polis* relate to the common good? They share or take part in the common good through citizenship. In the *Politics*, Aristotle introduces the institution of citizenship upon observing that the “*polis* is composite, [and] like any other whole [is] made up of many parts —these are the citizens, who compose it” (Pltcs 1274b). He then proceeds to establish the identity of the citizen and the meaning of the term by explaining what the citizen does. Next, Aristotle differentiates citizens from other social classes and distinguishes various kinds of citizens. Only then does he respond to the query “what makes a citizen a good citizen?”.

According to Aristotle, “a citizen in the strictest sense” is he who “shares in the administration of justice, and in offices” (Pltcs 1275a). The essential task of the citizen is to participate in deciding what is good and just in the *polis* and in putting this into effect. A citizen is a “juryman and member of the assembly”, to whom “is reserved the right of deliberating or judging about some things or about all things” (Pltcs 1275b). Although many people in a *polis* may actually participate in the process of deliberating and deciding on the common good, only citizens do so by right. What characterizes a citizen, therefore, is “the power to take part in the deliberative or judicial administration of any *polis*” (Pltcs 1275b). This does not mean, however, that a citizen always has to hold public office. It suffices that he at least have the power to occupy such a post, for citizenship requires “sharing in governing and being governed” (Pltcs 1283b). The common good is the product of the joint deliberation, decision and action of the citizens of a *polis*.

Aristotle is aware that the *polis* needs other kinds of people apart from citizens (cf Pltcs 1278a). Take for example children, who still cannot exercise sufficient deliberation and judgment. Neither are the members of the artisan class, composed in the majority by slaves and foreigners, citizens. Citizens do not refer to free men as such, but only to those who are freed from menial services. Citizenship requires having overcome the uncertainty of satisfying one’s daily needs, because participating in the discussion about the common good demands leisure.

Resident aliens and slaves share with citizens the same living space, although not the same rights (Pltcs 1274a). To be a citizen, it is not enough to have the right to sue or be sued before a tribunal, since legal representation could also be obtained by

resident aliens through treaties between home and host *poleis*. Citizens have more and farther-reaching rights. Insofar as resident aliens are normally obliged to have a citizen-patron, they could only participate in the community very imperfectly, never in their own name and always under this citizen-patron's tutelage. They are like children, the old or the feeble who could only be considered citizens in a very limited sense.

To the extent that citizens are involved in deciding the common good and in dispensing justice, they are like the soul, the most important element in the *polis*. Aristotle states that "as the soul may be said to be more truly part of an animal than the body, so the higher parts of the *polis*, that is to say, the warrior class, the class engaged in the administration of justice, and that engaged in deliberation, which is the special business of political understanding—these are more essential to the *polis* than the parts which minister to the necessities of life" (Pltcs 1291a).

How does one become a citizen? Excluding accidental citizenship, "in practice a citizen is defined to be one of whom both the parents are citizens" (Pltcs 1275b). To become a citizen, it is not sufficient for one to reside in a particular *polis* nor to enjoy just a few rights; one would also have to be an adult possessing more than adequate wealth and the offspring of citizens. Nature matters for citizenship (cf Pltcs 1254a) because parents guarantee children a favorable position—in wealth and education—to be able to comply with the duties of citizenship later on. However, this condition is tempered by the difficulty of determining how far back in generations one should inquire: "'born of a father or mother who is a citizen', cannot possibly apply to the first inhabitants or founders of a *polis*" (Pltcs 1275b).

Aristotle implies that there are as many kinds of citizenship as forms of government, for "he who is a citizen in democracy will often not be a citizen in an oligarchy" (Pltcs 1275a). His own definition, in fact, is best suited to a democracy. It does not apply, for instance, to regimes where people—the *demes*—are not acknowledged, do not hold regular assemblies, nor decide on lawsuits (Pltcs 1275b). Neither does it apply to aristocracies, where citizenship is granted on the basis of excellence and merit, nor to oligarchies, where it is given on the basis of wealth (Pltcs 1278a).

Despite variances in citizenship in accordance with regimes, Aristotle admits that the excellence of a good citizen may coincide with that of a good man. That happens in the best *polis*; although not in the case of all citizens, but only in those who take part, alone or in conjunction with others, in the conduct of public affairs (Pltcs 1278b). Certainly, citizenship affords one the possibility to participate in the common good, preeminently, in government, by deliberating and administering justice; but it does not in fact guarantee an equal share for all.

In summary, for Aristotle, the common good is the good of the *polis* and of each and every citizen. Another name for it is *eudaimonia*, which is also man's highest good because of his social nature. In the study of politics, the common good of the *polis* is the criterion for distinguishing true, just or constitutional regimes from false, perverse or despotic rules. By virtue of their citizenship, human beings are able to participate in the common good, primarily —though not exclusively— by sharing in government or the administration of justice.

Aquinas on God as the common good

What modifications does Aquinas introduce to the Aristotelian understanding of the common good? Being a Christian philosopher, Aquinas could no longer accept the earthly *polis* as the highest community to which human beings belong and in which they achieve their ultimate perfection. Because of this, he was somewhat forced to elaborate a richer conception of the common good that could, above all, accommodate God and communion with him. He was able to do this through the use of analogy, although he himself did not elaborate an analogy of the common good, properly speaking. However, in every one of the terms to which he applies the “common good”, its fundamental nature as the good of the whole and of each of its parts remains unchanged (Froelich 1989: 42).

In a short theological treatise describing the perfection of the spiritual life, Aquinas writes: “in this community by which all people agree on happiness as an end, each and every man is considered as a certain part: but the common good of the whole is God himself, in whom consists the happiness of all” (*De perfectione vitae spiritualis*, c. 13, n. 634). For Aquinas, God is not only the common end or perfection of every

human being and of the whole human species, but He is also the ultimate cause of all good. Such an affirmation, of course, concurs with Aquinas' idea of God as the supreme being.

What's the relation between God and other common goods, such as *eudaimonia* in the earthly *polis*? Among the different terms to which the expression "common good" applies in Aquinas, one could establish an analogy of proportionality (Smith 1995: 72-74). "Common good" refers more properly to a final cause than to a mere logical predicate. There are at least two ways in which the "common good" acts as a final cause or common end of the whole human species and of every human being: first, in the case of God, as an extrinsic, ontological and speculative common good, and second, in the case of *eudaimonia* in the earthly *polis*, as an intrinsic, social and practical common good. The first fulfills the nature of the common good better and on it depends the second, as we shall later on see. To the second, *eudaimonia* as the political common good, are subordinated the *bona communia* (Comm. NE I, 7, 95), the means or instruments for its preservation. As for the common good in predication, it does not, in fact, refer to a good of the whole, but only to a good common to several members. Take for example the characteristic of having black hair. Not all human beings have black hair, although there are many who do. "Black hair", then, is a good that is common and as such may be predicated, but only to each and every one of those belonging to the group of "people with black hair" and not to the whole human race.

Another way of explaining the "common good" derives from the different meanings associated with the word "whole" (Walshe 2006: 215-234, Comm. Pltcs I, 1, 11). There is a "universal whole" to which a good may be applied in common, as "black hair" may be predicated to a group of people with that hair color. In reality, we have a particular or private good, the quality of "having black hair", attributed in common to the logical entity or "universal" that these people form. Secondly, there is a "potential whole" with regard to some other things, whose effects it produces or contains. In the first sense, all creatures, including human beings, stand as parts to God as a "potential whole" (being perfectly simple, God cannot have actual parts), because God alone can produce the effects of all creatures. In the second sense, God once more is a "potential whole" because God alone, as the efficient and final cause of the whole person (*ST* I, q. 90, a. 2, c) contains that whole person's being in his power.

In third place is the “integral whole” which, in turn, could be divided into formal or material parts, and subsequently, into act or potency. For example, water in a public reservoir is an “integral whole” divisible into material parts as a common good in potency. It never really is a good unless it has already been divided and distributed among many different persons who use it for drinking or washing. Insofar as the quantity of water diminishes as it is divided and distributed, this “integral whole” is composed of material parts. And in the measure that the water one uses for drinking or washing cannot be used by another, this “integral whole” cannot be a common good in act, but only in potency. In this sense, water is one of the *bona communia*, the material and potential common goods that are to be distributed as means or instruments in accordance with distributive justice among the members of the *polis*. A different “integral whole” is that instantiated by a well-functioning *polis*, characterized by the rule of justice and law, where each citizen is a formal-rational part that cannot be replaced by another (unlike material parts). Inasmuch as each human being already is a substantial unity, together they could only form unities of order as the family or the *polis*. And to the extent that a flourishing life in common or *eudaimonia* is the good sought in the *polis*, it never is simply a potential common good, but always an actual one.

Notice that *eudaimonia* does not diminish as the number of citizens who participate in it increases; on the contrary, it becomes even greater. *Eudaimonia* is an example of what has come to be known in modern economic theory as a “public good” or a “collective consumption good”, characterized by nonrivalrous and nonexcludable consumption (Samuelson 1954).

Since all intrinsic orders —such as the family, the *polis* or the whole universe, for that matter— necessitate an extrinsic cause, they cannot but point to a separate being as their final cause and ultimate end. This separate being which, in a sense, is its own cause and explains and causes all other intrinsic orders in the universe is God himself; he is their common good, end and perfection. From the viewpoint of human beings as rational creatures, God alone is the extrinsic, ontological and speculative common good: “extrinsic” because he is separate from the whole universe as its primary cause, “ontological” because he is a being unto himself rather than a mere unity of order, and

“speculative” because he is not produced by human action but is instead the object of contemplation. For Aquinas this contemplation of God is the supreme human good, the only true *eudaimonia* and common good *par excellence*.

In Aquinas’ teaching, therefore, we find a correspondence between the common good in predication and the common good which refers to a “universal whole”, between the common good as an extrinsic cause and God as the common good referred to as a “potential whole”, and between the common good as an intrinsic cause and *eudaimonia* as the common good referred to as a “integral whole” in which citizens themselves participate as the formal and actual parts by means of the *bona communia* as the material and potential parts.

The analogy of the common good developed in Aquinas’ teaching allows for the usage of the term in other contexts aside from the *polis*. The common good could be employed in reference to God or to the order in the universe, for example. God as the common good becomes the highest object of contemplation not only for a privileged few, as in the Aristotelian *polis*, but for every human being, at least, potentially. The common good could also be used with regard to the family, specifically, to the children as the common good of both spouses (Smith 1995: 76, Walshe 2006: 242). Husband and wife come together for the purpose of begetting children and educating them. Each child is a good of the father only insofar as it is also a good of the mother, and a child’s being a good for each parent is inseparable from its being a good for both spouses. Neither parent can beget a child alone; yet that it has been begotten by both does not diminish each parent’s participation in the child’s generation: the “mine” and the “yours” of each spouse are inextricably fused into the “ours” of both parents. In the family as in the *polis*, the dynamics of the common good is the same.

Catholic Social Teaching and the historically attainable common good

A third source for the knowledge of the common good is the Social Doctrine of the Catholic Church, of which it constitutes one of the core principles, together with subsidiarity, solidarity and the dignity of the human being as *imago Dei* (Compendium of the Social Doctrine of the Church, henceforth CSDC, 160). These principles are

tightly articulated and interrelated forming a doctrinal unity that orients human action in politics, economics and law, indeed, in all aspects of social life.

After stating that the principle of the common good “stems from the dignity, unity and equality of all people”, Church Social Doctrine defines it as “the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily” (CSDC 164). To which analogue of the common good in Aquinas does this definition correspond?

Surely, it does not refer to God as the extrinsic, ontological and speculative common good of human beings in causality, because God cannot be the “sum total of social conditions”. The Compendium seems to make an allusion to God when it affirms that the “common good of society is not an end in itself; it has value only in reference to attaining the ultimate ends of the person and the universal common good of the whole creation” (CSDC 170). From this one may infer that God is the ultimate end of the human person and the universal common good of the whole of creation. From the definition of CSDC 164, therefore, God cannot be the common good but only its “transcendent dimension” (CSDC 170) beyond the historical and material conditions of human life. However, such openness to God as the transcendent dimension is an absolutely necessary element of the common good, because the “knowledge of the truth about God” (*ST* I-II, q. 94, a. 2) is by nature one of man’s highest aspirations (CSDC 167).

Could this definition then be about *eudaimonia*, a flourishing political life, as the intrinsic, social and practical common good of human beings according to causality? We think not, because it deals with “conditions” ordained toward the fulfilment of people, whereas the political common good represents the actual fulfilment of the people themselves. “Conditions” are always in potency with respect to human fulfilment, which is their end, act and perfection. The good applies primarily to the end rather than to the means or instruments. At most, what is offered is a “potential” or “material” common good directed toward *eudaimonia* or human flourishing in the *polis*.

In this regard, an even better account of the common good is the parenthetical remark in the Compendium (CSDC 165), citing the Catechism of the Catholic Church

(1912): “the good of all people and of the whole person”. There is no room for equivocation in this passage that the common good refers to the end state or perfection of the whole human being and of all people, rather than just the conditions that permit its occurrence. It may be interpreted “aggregatively” —a member of society could only reach full flourishing to the extent that every other member also does so— until the state of affairs or activity is reached in which the entire political community is fully flourishing (Murphy 2006: 63-4). Once achieved, however, the common good in act becomes indivisible. This version is further supported by the indication that the common good is none other than the “social and community dimension of the moral good” (CSDC 164); in other words, it is the inseparable social dimension of all morally worthy acts performed by human beings individually or collectively. The common good is not only indivisible, objectively speaking, but, from the viewpoint of agents or subjects, it is also something that they could only achieve together, that is, through their combined efforts. Hence, the responsibility over the common good falls on all members of society: each is expected to contribute according to his possibilities and no one is exempt (CSDC 167). What’s more, everyone is supposed to seek the good of others as one’s own good.

Let us now return to the account of the common good in CSDC 164, with its insistence on “the sum total of conditions”, later on clarified as not “the simple sum of the particular goods of each subject of a social entity”, but a “sum” nonetheless. This definition could only make sense with regard to the “integral whole” composed of “potential parts” or “material conditions” that allow the attainment of full human flourishing in political life. They are known as “potential parts” because, strictly speaking, they are not yet the common good, but simply allow it to be reached. Having an adequate amount of material goods and comfort for all members of the political community, for example, does not by itself guarantee the obtention of the common good, although it certainly is a necessary prerequisite. And the notion of “an adequate amount of material goods and comfort” corresponds to the sum total of factors such as enough food and drink, sufficient clothing, acceptable shelter and so forth.

Likewise, the aforementioned definition pertains to “material conditions” of the common good, not so much because these are physically tangible, but because they are historically, socially and culturally determined (CSDC 166). For instance, respect for

the dignity of the human person and his fundamental rights —to cite just one of these social conditions— is never to be confused with a physical object, although it certainly has material manifestations, both on the part of an individual as of an institution. It is evident, however, that rights are historically, socially and culturally determined. Besides, the Compendium is also clear in that the common good cannot be reduced to mere socioeconomic well-being, as a purely historical and materialistic worldview, oblivious to the transcendent dimension of human existence, would suggest (CSDC 170). But without relative socioeconomic well-being, it would be impossible to attain the political common good.

In a lucid commentary Millán Puelles (1971) speaks of the political common good in Church Social Teaching in terms of a hierarchical structure composed of three different levels. These levels are, from the lowest to the highest, that of material well-being, that of peace and concord, and that of cultural values widely construed. Material well-being should not be confused with the material goods necessary for it. Rather, it is the satisfaction that one derives participating in such goods. Material goods —earlier referred to as *bona communia*— are external means or instruments that lead to a sense of satisfaction or well-being. Surprisingly, satisfaction or well-being in itself is not material. This is, of course, consistent with the view of the human being as a substantial unity composed of body and soul. Material well-being forms part of the common good because it is necessary that each and every member of society have sufficient means for a decent life. It is not simply a matter of meeting the biological requirements for survival, but of making social life and acts of virtue possible (*Rerum novarum* 25).

The next level represented by peace and concord does not depend exclusively on material goods, although it demands a minimum of them. At the same time, there could even be an abundance of material goods without achieving material well-being due to an unjust distribution. A just distribution of material resources among the members of society is a requisite for there to be peace and concord. St. Augustine defines peace as the “tranquillity in order” (*De civitate* l. 19, c. 13) experienced not by individuals alone but by the entire political community. Aquinas, for his part, describes concord as the condition obtained when two men freely agree to something that is good for both, resulting in true peace (*ST* II-II, q. 29, a. 3, ad 1). Concord cannot come about by fear, coercion or imposition. This is not to say that there is no room for the use of force or

violence in a society that adheres to the common good; only that force and violence are the sole prerogatives of the legitimate ruler in his role as the guardian of justice (*ST II-II*, q. 66, a.8). In the same way that material well-being is a condition for peace and concord, peace and concord are indispensable for human beings to be able to share and participate in superior cultural values.

Cultural values include a broad variety of technical, artistic, intellectual, ethical and spiritual goods. They may not present themselves with the same urgency as the two previous levels, but they are even more important for authentic human flourishing and perfection as they belong to a superior order. The reason we seek peace and concord is that they facilitate participation in these cultural values catering to the higher aspirations of human beings. And this should be the case for all of members of society, not only for the elite.

Each of these levels is to be integrated into an organic, living whole, such that if any one were lacking, the other two would be unable to fulfil their function properly. There is a positive feedback loop among all three. Material well-being for all promotes peace and concord, but so do peace and concord promote material well-being for everyone. Peace and concord facilitate the realization of cultural values, but so do cultural values facilitate peace and concord. And the same relationship holds between material well-being and cultural values. Nonetheless, a hierarchical order still ought to be observed, such that the lower level is put at the service of the higher. Peace and concord certainly requires the just distribution of material means among the population. However, this should be done not simply to increase their material well-being but, above all, to further their spiritual and moral perfection.

Perhaps the greatest contribution of Church Social Doctrine to the teaching on the common good rests on the unique historical awareness it affords. This feature could be detected in many ways. Firstly, in the recognition of the different expressions of social life human beings have developed, “from the family to intermediate social groups, associations, enterprises of an economic nature, cities, regions, States, up to the community of peoples and nations” (CSDC 165). Aristotle focused almost exclusively on the *polis* understood as a city-state, while Aquinas directed his efforts primarily to justify God as the ultimate common good for the whole of creation, and particularly, for

man. Though neither Aristotle nor Aquinas would probably reject the dense web of communities that — since their own times— human beings have formed, it was left to Church Social Doctrine to finally acknowledge the place that each group should occupy within a proper hierarchy. Every one of these communities has its own common good, “a constitutive element of its significance and the authentic reason for its very existence” (CSDC 165); and the common good of the lower levels find their proper orientation and meaning in the common good of superior ones, and in the final instance, in God.

Among these levels, a place of honor is reserved for the state, as the highest political authority. As a political institution, the state is needed in order to render the necessary material, cultural, moral and spiritual goods available to the human beings who are its citizens (CSDC 168). Through the government of each country, the state is entrusted with the task of harmonizing different particular interests within the framework of justice (CSDC 169). Justice, in certain respects, is merely another name for the common good. In a democratic state where decisions are made by the majority, extra care must be taken such that majority interests do not trump the common good of all members, which necessarily includes minority groups. Yet the state itself is nothing more than a historical expression of underlying civil society, and its goal must be limited to the “historically attainable common good” (CSDC 168). Thus the role of the state is duly relativized by a correct understanding of the common good.

Another way in which a historical awareness of the common good is promoted by Church Social Doctrine is through its explicit statement that “the demands of the common good are dependent on the social conditions of each historical period” (CSDC 166). This holds true not only for the fundamental rights of the human person but also for the provision of basic goods and services, such as food, housing, work, education and so forth. In truth, it cannot be otherwise, since the promotion and protection of these rights will always depend on the resources available. These resources, in turn, vary greatly in accordance with the level of development reached by a given community in a concrete historical period. Inasmuch as the levels of development can never be absolute nor resources unlimited, no human right could be fully guaranteed. But even if absolute levels of development were attained and resources were superabundant, we should not neglect the role that the moral integrity of human agents plays in upholding rights.

Virtue makes up for what rights are unable to achieve. Rather than an excuse for complacency, however, this limitation should be seen as a constant invitation to improve the conditions for the common good for “the whole of humanity and for future generations also” (CSDC 166).

In hindsight, one realizes that the acute historical awareness attributed to the notion of the common good in Church Social Doctrine essentially results from the development of some intuitions already found in the writings of both Aristotle and Aquinas. For Aristotle, insofar as the common good is different from the Platonic idea or form, not only is it something concrete, but it also changes with time and place. That the common good cannot be definitively determined once and for all requires that it be the object of constant dialogue, deliberation and joint action among human beings. Moreover, as Aquinas observed, the unity of the human race and the intrinsic order of the universe—including all other intermediate orders— could only find their ultimate cause and explanation in God as the supreme being and final end. Only to the extent that each and every human being is created in the image and likeness of God does he become possessor of a dignity that even the most powerful political authority or state should preserve and respect.

II. What is the common good of the firm? How can the firm contribute to the common good of the *polis* or state?

According to the dominant view, the firm is a nexus of contracts between principals, contributing capital, and agents, contributing labor, for the purpose of producing goods and services at costs lower than the open market (Roberts 2004). The end of the firm is to create profit through efficient production and to distribute this among all interested parties, although with the capital providers or shareholders having priority, in accordance with agreed upon corporate governance mechanisms. An alternative conception slowly gaining ground sees the firm as the coming together of various interest groups or stakeholders beyond capital and labor (Freeman 1984). Each of these stakeholder groups, however, pursues its own interest which the firm somehow serves: investment returns for shareholders, salaries for workers, goods and services for consumers, taxes for the government and so forth. In this case, management’s main

objective is no longer to maximize profits but to balance often conflicting interests. Unfortunately, no clear criterion is offered for this task.

It is quite plain that neither in the shareholder nor in the stakeholder conception is there a common good of the firm to speak about. In the shareholder view, there is a common end, profit. But it is not the kind of good in which each and everyone can actually participate. In the distribution of profits, the principal's gain is necessarily the agent's loss and viceversa. As for the stakeholder theory, there is only a common instrument, the firm, put at the service of divergent or rival interests. The different stakeholders simply use the firm to further their own exclusive interests.

A theory of the firm based on the common good would seem to require at least three conditions. Firstly, it should provide an account of the proper locus and purpose of the firm within the overall context of society, the integral whole, where the intrinsic, social and practical common good of human beings is primarily to be found. Secondly, it should put forward an explanation of a common good proper to the firm itself as a whole and to each of its constituents. And thirdly, it should propose ways in which the particular common good of the firm could be integrated or subordinated to the wider common good of the political community.

In present day business ethics literature, it is difficult to find works that comply with this three-fold criterion, even among those of an Aristotelian, Thomistic or Catholic inspiration. Koslowski, for instance, speaks of the common good of the firm, but only from a very limited and unilateral dimension, as the fiduciary obligations of managers, broken down into the duty to good faith, the duty to loyalty toward the firm, the duty of care and prudence, and the duty of disclosure (Koslowski 2006: 72-75). Kennedy, on the other hand, refers to the contributions of the firm to the common good, such as augmenting the wealth-producing capacity of society and offering better goods and services to address our material needs, but never of the common good of the firm *per se* (Kennedy 2007: 180-181). He simply states that, in order to be “morally legitimate”, the common goods of “specialized associations” such as business firms “must be true human goods (and not merely apparent goods, such as revenge or pornography) and they must be pursued by morally sound means (so a criminal

organization might pursue real goods but do so by immoral means)” (Kennedy 2007: 177).

Kennedy’s distinction between real and apparent goods echoes the one established by Alford and Naughton (2001: 60-64). Together with the distinction between excellent (human development) and foundational goods (profits, capital, technology), distributed through participation and allocation, respectively (Alford and Naughton 2001: 42-51), and the explanation on the relationships among the various meanings of private, individual or particular goods and public or common goods (Alford and Naughton 2001: 51-59), it proffers a clue to what the purpose of the firm ought to be: the production of real (as opposed to apparent) goods, wherein excellent goods, which are shared, are prioritized over foundational goods, which are allocated. We cannot agree more with the hierarchy of goods and relationships that Alford and Naughton propose. We think, however, that apart from being a context within which to practice or promote the cardinal virtues there are also other distinctive virtues associated with work itself that allow one to participate even more fully in the common good of the firm. Work well done in the firm should not be that far removed from the good of contemplation.

Let us now proceed with our exposition of the common good of the firm.

The firm as an artificial and imperfect society

Let us begin by situating the firm within the *polis* or state. On account of their end or purpose, *poleis* are considered by Aristotle to be “natural” and “perfect” societies, whereas present-day corporations by contrast would figure as “artificial” and “imperfect” associations.

Like the family and the village, the *polis* is a “natural” society, because it stems from an innate tendency in human beings (Pltcs 1252b). The social instinct in human beings can be completely developed and perfected only in the *polis* through the institutions of law and justice. Thus, the *polis* is “a community of families and aggregations of families [i.e. villages] in well-being, for the sake of a perfect and self-

sufficing life” (Pltcs 1280b). Among “natural” societies only the *polis* is “perfect” because it alone is “self-sufficing”, satisfying the needs of an entire human life.

Although Aristotle does not mention business firms and corporations in the Politics, we could find allusions to them in the “family connections, brotherhoods, common sacrifices and amusements” (Pltcs 1280b) that draw human beings together. The firm may be considered an “artificial” society because it arises neither directly nor organically from human nature. Rather, the firm is based on voluntary bonds of “friendship” or free association among citizens. It is an “imperfect” society because it is not self-sufficing for the good life and depends on families, other groups and the *polis*. Therefore, a business corporation is an example of an “intermediate body or association” situated between individuals and their families, on the one hand, and the *polis*, on the other. It is not meant to replace the family in the provision of daily needs, nor the *polis* as the proper locus of full human flourishing. Rather, like other intermediate bodies, its purpose is to supply some of the necessary means for the good life (Pltcs 1280b).

The firm as an intermediate body seeking an economic end

Among intermediate bodies, there are some that seek economic ends. This economic focus distinguishes businesses from other intermediate groups such as churches, professional colleges, sports associations, neighborhood councils, cultural clubs and the like. Business firms and corporations are intermediate bodies that primarily pursue economic goals.

In his discussion of the economy, Aristotle distinguishes between the art of household management in itself and the art of getting wealth or chrematistics, which some consider identical and others, a principal part of the former (Pltcs 1253b). In both arts, however, Aristotle acknowledges the difference between a natural and a non-natural form.

Natural chrematistics pertains to the provision of “such things necessary to life, and useful for the community of the family or state, as can be stored” (Pltcs 1256b), whereas non-natural chrematistics, of “riches and property [which] have no limit” (Pltcs

1267a). Natural wealth-getting is based on the premise that true riches, the kind and amount of property needed for a good life has a limit. There is a level beyond which the accumulation of material things becomes an obstacle or impediment for human flourishing.

Non-natural wealth-getting, on the other hand, believes that “more is always better”. By non-natural wealth-getting Aristotle referred primarily to retail trade and exchange, which allowed one to accumulate riches in money or coin, practically without limit (Pltcs 1257b).

The art of household management or economy refers more to the use of property rather than to its acquisition or chrematistics. Once again, in the use of property we ought to differentiate between the natural or proper and the non-natural or improper. Take the case of a shoe: if used for wear, one makes a proper use, while if used for exchange, one makes an improper use (Pltcs 1257a). The proper use of any material possession acknowledges a limit or end that makes the activity honorable, whereas its improper use is without limit and censurable. To illustrate this unnatural use of wealth Aristotle points to “usury, which makes a gain out of money itself [...] For money was intended to be used in exchange, but not to increase at interest” (Pltcs 1258b).

The difference between the natural and the non-natural in the acquisition and the use of wealth depends more on the dispositions of human beings than on the material things in themselves (Pltcs 1257b-1258a). Unbridled desires of wealth, pleasure or enjoyment lead human beings to non-natural forms of getting and using material possessions. This way, their search for happiness becomes self-defeating; not because of the material things but because of their avarice.

Within this framework, the purpose of business firms and corporations becomes the non-natural acquisition or provision of material goods, that is, beyond the capabilities of the family. The limits to the firm’s production efforts come from the conditions its members establish with a view to a good life as co-workers. For example, a factory could perhaps produce more cars if workers were not given days of rest, or create greater profits if no care were taken to protect the environment. But since health and a sustainable environment are values the firm wishes to preserve, they themselves

act as limits to its own activities. Resulting from the art of wealth-getting or chrematistics, businesses are subject to the art of the economy itself or the administration and use of material goods. This latter function is better left to clients and consumers, to families, states and society as a whole. (Although the firm likewise has to administer and use resources, production is its end, not consumption.) Economic activity, in turn, is to be carried out under the guidance of ethics, the art of virtue. The economy ought to facilitate the practice of virtue by establishing favorable material conditions for citizens. And virtue, for its part, should help ensure the internal and subjective conditions for human flourishing, which is the object of politics.

Although intermediate groups are founded on voluntary—and to that extent, contingent—associations and are neither “natural” nor necessary in the sense of families and *poleis*, they are nevertheless vital to achieving the overall political purpose of a good life. A flourishing life for citizens would not be possible by counting on families and the *polis* alone. A thick web of intermediate associations is essential, if the *polis* is to achieve its goal. This is not to say that the existence of any particular representative of an intermediate group—take for granted, “Acme & Co.”—is itself necessary. The point is that the bread-making function, for instance, that Acme & Co. performs may be deemed indispensable. It is not any specific intermediate body or representative that matters for the *polis*, but intermediate bodies as a whole.

Only within this hierarchy of institutions and disciplines, each with its proper object, can the true role of business firms and corporations be ascertained. Because “the end of the state is the good life, and these [i.e., family connections, brotherhoods, common sacrifices and amusements, and by extension, firms] are the means towards it” (Pltcs 1280b). The economic ends that corporations seek are means to the political end that *poleis* propose. The production of goods and services by business corporations and firms is not self-justifying. It is desirable only insofar as it contributes to a flourishing life in the state.

The common good of the firm

Having located the firm within the state and designated its function, we can now identify its generic common good as the production of goods and services in which

human beings participate through their work. From the Aristotelian viewpoint, this is the good of the firm as an intermediate association and of each of its constituents as members of such an association; collectively, it is also their highest good. In the measure that the firm achieves this goal, it fulfils its purpose or function: it is a “good firm”, well-governed and makes its members good. And in the same way that citizens participate in the common good of the *polis* or state by exercising their citizenship, that is, by engaging in joint political deliberation, decision and action, workers participate in the common good of the firm by carrying out their productive activity in common.

From the Thomistic perspective, this common good of the firm may be described as intrinsic, social and practical. It is “practical” because it refers to productive work, the activity realized by the members of the firm; “social” because it cannot be achieved by any single member but depends on the coordinated effort of a community of persons; and “intrinsic” because it is internal to the firm and cannot exist independently of it. This common good of the firm could also be described as an “integral whole” wherein workers are “formal” and “actual” parts. Workers are “actual” parts because, strictly speaking, they realize the common good of the firm only when they carry out their productive activity on its behalf and not in their other endeavors. And they are “formal” parts because they engage in their work as free, intelligent and unique agents which could never really be replaced or substituted by others. The “material” and “potential” parts of the common good of the firm as an “integral whole” would analogously refer to the sum total of nonpersonal conditions, resources, instruments and means that make work and production possible.

Notice that our definition of the common good of the firm does not relate, at first hand, to the goods and services in themselves, as material, tangible or objective realities. The common good of the firm lies not primarily in these material things, but in their production as the joint effort or work of a group of human beings. That production, joint activity or work in common, then, is the reason people come together and constitute the firm as an intermediate community. Certainly their activity does not take place in a void as if they were pure spirits. Material resources and conditions are needed, but they share more directly in the work that produces the goods and services than in the resulting goods and services as such. For example, maintenance personnel at a university do not deliver lectures, but they participate in the collective effort that

allows the university as an institution to teach. In a direct manner, teaching is incumbent only upon professors.

The emphasis on production instead of the goods and services produced is because the common good of the firm is first and foremost a network of activities, a host of practices; it is work in common. To be sure, work consists in a purposive and free human act (NE 1111a), although not all purposive and free human acts qualify as work. Rather, work is normally reserved to designate productive actions exclusively (NE 1139a-b). Productive actions are those which focus on concrete, individual objects, with a view to changing or transforming them. They differ from pure theory or abstract thought, which simply aims at uncovering or reflecting what is universal and necessary in reality.

Work is a form of activity, and activities themselves are of two kinds: making (*poiesis*) or doing (*praxis*) (Pltcs 1254a). Each time a human beings acts on previously existing matter, two different results can be expected. The first is an objective result, usually something capable of independent existence from the human agent, or at least, something that manifests itself externally and is observable by others. The second is a subjective result that inheres in the agent himself and is inseparable from him; it need not show itself directly to the outside, although it would have consequences in his actions.

Examples of making would be the crafts and the fine arts (NE 1174a). What is important in making is the external object itself, considered as a work of art or craft, with the skill of the artist or artisan taking second place. How does one differentiate between the work of an artisan and that of an artist? Whereas the rule or norm for craftsmanship is external to production itself, in the fine arts, it is internal. In the crafts, the procedure or steps to be taken could, in principle, be externally observed and expressed in instructions or guidelines. In theory, by following a craft instructions manual, anyone could obtain guaranteed results. In the fine arts, however, no such set of instructions nor guarantee exists. Instead, the rule is heuristic and idiosyncratic to each work of art. That's why objects belonging to the crafts could be mass-produced, while those belonging to the fine arts are unique.

The other kind of activity that centers on the subjective result is what we normally call doing. As an activity, it is more immanent or reflexive than transient or transitive; it proceeds from the agent and ends in himself, not in an external object. The human being is, at the same time, agent and patient of the production process. In a remarkable sense, we are before a process of “self-production”, where man is maker (*homo faber*) of himself. The main result of doing is not an artifact, but an operative moral habit or virtue. Through the acquisition of virtues, the process of “self-production” becomes, at the same time, a process of self-perfection. While making is guided by the skills either of craftsmanship or of a fine art, doing is guided above all by the habit of prudence, practical reasoning or practical wisdom.

Making and doing are two inseparable dimensions present in any form of work or productive human activity. In theory, one could choose to put a greater emphasis on the external result (making) than on the internal result (doing). For Aristotle, this would be the case with the productive or working class. Not being citizens, they participate very limitedly in the political common good. This alternative, however, would be inconsistent with the principle of Church Social Teaching that grants primacy to the internal or subjective dimension of work over its external or objective dimension (*Laborem exercens* 6, CSDC 270-271). Again for Aristotle, this would be the case only for the elite, made up of citizens engaged in leisure, democratic deliberation and contemplation. Work is not a mere commodity for economic exchange or a simple factor for productivity. Human beings are always more important than the things they produce. And although in the course of their work, they have a chance to develop the skills of craftsmanship and the fine arts, these are secondary in importance to the moral virtues they could acquire.

The common good of the firm is the work in common that allows human beings not only to produce goods and services (the objective dimension), but more importantly, to develop technical, artistic and moral virtues (the subjective dimension). Among the latter, entrepreneurial initiative, creativity and cooperation deserve special mention (CSDC 336).

Aside from the productive activity *per se*, working in a firm also serves as an occasion for meaningful exchange, relationship and encounter among human beings.

Because of its intrinsic social dimension (CSDC 273), work is, at the same time, the manner in which human beings participate in the firm. Participation through work is simultaneously a duty and a right. It is a duty insofar as every human being is expected to contribute to the development of economic, cultural, political and social life (CSDC 189). And it is a right because work enables human beings to share not only in a firm's profits, but also, to the extent possible, in its management and ownership (CSDC 281).

Participation in the common good of the firm is, therefore, not limited to the shareholders only, as the dominant financial theory of the firm suggests (Friedman 1970), but it is also open to other stakeholders or interest groups (Freeman 1984). Shareholders participate in the measure that the financial resources they contribute represent their accumulated or capitalized work, put at the service of the firm. We could proceed analogously with each and every stakeholder group, tracing their participation through the work they perform: employees, customers, suppliers, competitors and so forth (Sison 2008: 86-93). There is a hierarchy, however, to be observed among them, such that persons take precedence over non-persons such as the environment, and direct stakeholders over indirect stakeholders. Management workers who, at the same time, have equity stakes in the firm are the best positioned to contribute, achieve and benefit from the common good of the firm.

Effective participation in the common good of the firm is never automatic. It requires the virtue of justice, both in its distributive and legal forms. Distributive justice refers to the duties and obligations of the whole—in this case, the firm—to its parts, while legal justice spells out the duties and obligations of the parts—primarily, workers and other stakeholders—to the whole. Distributive justice demands, for instance, paying a just wage, while legal justice requires that workers dedicate their best efforts to the firm and that they take care of its resources. In a relationship, duties and obligations of one party always correspond to the rights of another. So to insist on the fulfilment of duties and obligations necessarily entails the respect and observance of rights, both in the personal as well as in the institutional levels. Yet to conceive the whole gamut of personal and institutional relationships taking place in the firm exclusively in terms of rights and responsibilities would be an impoverished view. For justice and law can only prescribe minimum conditions, not the states of excellence or perfection in virtue that should be pursued.

Moreover, for a firm to fulfil its common good, it is necessary that the goods and services produced in common be truly useful, that is, that they satisfy the legitimate needs and wants of people in the market. Production or work in common must also seek to make the best use of the limited resources available; in other words, it should strive to be efficient. Only then would businesses be able to comply with their social function of contributing to the wider common good, by observing economic discipline while at the same time upholding superior values (CSDC 338).

The structure of the common good of the firm and subsidiarity

At this point, it would be good to recall the three-level synthesis proposed by Millán Puelles (1971) regarding the structure of the common good and apply it to the firm. In the case of the firm, material well-being refers to the group of factors or conditions that affect its economic viability and sustainability, such as profits. Profits are an indicator of how well the firm is doing, but their generation *per se* cannot be the purpose of the firm nor exhaust its common good (*Centessimus annus* 43). Next, peace and concord would correspond to good governance or management practices, in establishing the right rules, procedures and structures. And finally, cultural values in a broad sense would encompass not only technical know-how but also artistic, ethical and spiritual values, including an openness to God as the absolute and transcendent common good that one can develop through the course of his work in the firm. Managers should constantly keep an eye on all three levels, instead of mistakenly thinking that enlightened governance practices would only matter once certain profit levels have been attained or that concerns for the further cultural development of workers must only be taken into account when labor relations are in smooth sailing. Oftentimes, solutions to problems in one level are to be found in the superior one, given the positive feedback loop among all three.

Furthermore, we need to bear in mind that the common good of the firm is a particular good with regard to the common good of the larger society. The appropriate relationship between the state or *polis* and an intermediate group such as the firm is one of “subsidiarity” (CSDC 186-7). Given that both the state and firms have their own legitimate objectives and spheres of action, they owe each other mutual respect,

notwithstanding the proper hierarchy between them which acknowledges the superiority of the state. There is a double dimension to the state's role with regard to business firms as intermediate associations. It is incumbent upon the state as the superior-order society to *positively* help, support and assist—even to promote and develop— lesser order intermediate bodies. Put *negatively* or in the converse, the state should refrain from replacing or absorbing intermediate bodies such as firms and misappropriating their functions.

By encouraging the growth of firms as private initiatives, the state contributes to a healthy pluralism and diversity in society. The state should delegate to these groups tasks that they would carry out better by themselves, being in closer contact with the needs and desires of the people. Furthermore, by fostering the legitimate initiatives of intermediate groups, the state makes a more rational and efficient use of its limited resources, focusing instead on matters that are of its exclusive competence, such as defense, foreign relations or the administration of justice. Subsidiarity guards against statism in its many forms, from excessive centralization or the usurpation of decision-making powers from the people most concerned, involved and affected, through bureaucratization or the shirking of personal responsibility by government personnel over their own actions, to welfarism or a paternalist demeanor on the part of the state regarding the welfare of its citizens. The principle of subsidiarity provides the most effective protection against a self-serving state, ensuring instead that the state serve its citizens and people and the institutions—such as business firms and corporations—they form.

We are confronted, therefore, by two different communities, each with its own common good. Business firms are artificial and imperfect intermediate associations seeking an economic goal, particularly, the non-natural acquisition or provision of material means for human flourishing. They are subordinated to the political community, the natural and perfect society which provides the context wherein human flourishing takes place. The common good of the firm, the production of goods and services in which human beings participate through work, becomes a particular good with respect to the common good of the political community, *eudaimonia* or human flourishing. However, the subordination of the firm to the state ought to be governed by the principle of subsidiarity.

Business firms contribute to the political common good in two ways. One is through the goods and services (the objective dimension of the work in common) that satisfy human needs and wants, and the other, through the joint production effort itself (the subjective dimension), inasmuch as it provides an opportunity for workers to develop technical, artistic, moral and intellectual virtues. In consonance with the Aristotelian-Thomistic tradition, as well as with Church Social Teachings, the second contribution is superior to the first, although the first is a necessary condition to obtain the second.

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