



*ANTONI MAGDOŃ*

Uniwersytet Rzeszowski w Rzeszowie  
antoni.magdon@gmail.com  
ORCID: [orcid.org/0000-0002-2113-4628](http://orcid.org/0000-0002-2113-4628)

## THE HUMAN PERSON IN BUSINESS AND MODERN COOPERATIVE SOCIETY

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### Abstract

The human person is the subject and the goal of all social institutions because everyone is an image of God (Gen 1:27). The Encyclical Letter *Rerum Novarum* of Leo XIII as a defence of the inalienable dignity of workers strengthened the commitment to vitalize the Christian social life which was seen in the birth and consolidation of numerous initiatives: groups and centres for social studies, associations worker organizations, unions, cooperatives, rural banks, insurance groups and assistance organizations.

According to the Encyclical Letter *Laborem Exercens* of John Paul II which enhances the personalistic vision that characterised the previous social documents, work is the “essential key” to the whole social question and is the condition for economic development and for the cultural and moral development of persons, the family, society and the entire human race.

A significant example in this regard is found in the activity of so-called cooperative enterprises (Hrubieszow), a small and medium-sized businesses, commercial undertakings featuring hand-made products and family-sized agricultural ventures. The economy and finance do not exist for their own sake, they are only

an instrument or means. Their sole end is the human person and his or his or her total fulfilment in dignity.

**Keywords:** economics, personalism, private property, free market, human person, modern cooperative enterprise

*OSOBA LUDZKA  
W BIZNESIE I NOWOCZESNEJ SPÓŁDZIELCZOŚCI*

**Streszczenie**

Osoba ludzka jest podmiotem i celem wszystkich instytucji społecznych, ponieważ każda osoba jest obrazem Boga (Rdz 1,27). Encyklika *Rerum novarum* Leona XIII, jako obrona niezbywalnej godności pracowników, wzmocniła zaangażowanie Kościoła w ożywienie chrześcijańskiego życia społecznego, co przejawiało się w narodzinach i konsolidacji licznych inicjatyw: grup i ośrodków studiów społecznych, stowarzyszeń i organizacji pracowniczych, związków zawodowych, spółdzielni, banków wiejskich, grup ubezpieczeniowych i organizacji pomocowych. Zgodnie z encykliką *Laborem exercens* Jana Pawła II, która wzmacnia personalistyczną wizję charakteryzującą poprzednie dokumenty społeczne, praca jest „istotnym kluczem” do całej kwestii społecznej i jest warunkiem rozwoju gospodarczego oraz rozwoju kulturalnego, a także moralnego osób, rodziny, społeczeństwa i całego rodzaju ludzkiego. Znaczący przykład w tym względzie można znaleźć w działalności tzw. przedsiębiorstw spółdzielczych (Hrubieszów), małych i średnich spółdzielni, przedsiębiorstw handlowych z wyrobami rękodzielniczymi i rodzinnych przedsiębiorstw rolniczych. Gospodarka i finanse nie istnieją dla siebie, są tylko instrumentem lub środkiem. Ich jedynym celem jest osoba ludzka i jej pełny rozwój oraz godne spełnienie.

**Słowa kluczowe:** ekonomia, personalizm, własność prywatna, wolny rynek, osoba ludzka, nowoczesna spółdzielczość

The human person is the subject and goal of all social, economic and industrial institutions. In the era of global economy, it is important to *follow the clear principle of personalism* (Saint John Paul II)<sup>1</sup>. This means consciously taking into

<sup>1</sup> The economic order with the human person at its centre was presented by John Paul II in the encyclical *Centesimus annus* (1991), especially in the Chapter IV. “Private property and the universal destination of material goods”. See also: M. Novak, *The Catholic Ethic and the Spirit of Capitalism*, New York 1993.

account in every economic system or economic undertaking both the economic reality and the personal and moral dimension.

For a long time, in my research in the field of economics, I have been looking at *cooperative* forms of entrepreneurship. Over time, I became convinced that this was a form that corresponded to the postulates of a personalistic approach to economics or, in other words, personalistic economics. In the present work, I intend to provide a number of arguments in favour of the development of cooperatives within the market economy, including in the context of globalisation.

### 1. THE HUMAN PERSON IN BUSINESS

All means of production, from the most primitive to the most modern, were gradually developed by man: man's experience and mind. In this way, not only the simplest tools for farming were created, but also – with the appropriate advancement of science and technology – the most modern and complex machines and factories, laboratories and computers. Therefore, the *fruit of work is everything that is intended to serve work*, which is – given the current state of technology – its extensive “tool”.

It is necessary to emphasise and highlight the primacy of man in the production process – *the primacy of man over things*. Everything that falls under the concept of “capital” – in the narrow sense – is only a set of things. Man as a *subject of work* – regardless of what work he performs – man alone is a *person*<sup>2</sup>.

A characteristic feature of a cooperative enterprise is the specific *relationship between labour and ownership* within the enterprise<sup>3</sup>. It is clear that when we talk about the antinomy of labour and capital, we are not talking only about abstract concepts or “anonymous forces” operating in economic production. Behind both concepts there are *people*, real people: on the one hand, those who perform work without being owners of the means of production, and on the other, those who are entrepreneurs and owners of these means or are representatives of the owners. Thus, the *issue of ownership* is involved in this difficult historical process from the very beginning.

According to the Gospel of Jesus Christ, a minimum of *property* protects a *person's freedom*. The encyclical *Rerum Novarum* of Pope Leo XIII considers the social question from this very point of view, recalling and confirming the

<sup>2</sup> See: John Paul II, Encyclical letter *Laborem exercens*, Vatican City, 1981, 6 (“Work in the subjective sense. Man – the subject of work”).

<sup>3</sup> Cf. *Spółdzielcze formy gospodarowania*, red. J. Stolińska-Janic, Warszawa 1997.

Church's teaching on property, on the right of private property, also when it comes to the means of production<sup>4</sup>.

The above principle, which has been recalled and taught by the Church, *differs* radically from the programme of *collectivism* proclaimed by Marxism. At the same time, it differs from the *capitalist* programme used in practice by liberalism and the political systems built on it. In the latter case, the difference lies in the way of understanding the ownership right itself. The Christian tradition has never upheld this right as an absolute and inviolable principle. However, it had always understood it in the broadest context of the universal right of everyone to use the goods of all creation: the *right of personal possession* as subordinated to *the right of common use*—the universal destination of goods.

In this argument, which is primarily about showing the relationship between work and the means of production in *cooperative entrepreneurship*, it is necessary to confirm the entire effort of the science of property. This is sought to secure the primacy of work, and thus the *subjectivity* inherent in the social life of a person, especially in *the dynamic structure of the entire economic process*.

From this point of view, the unacceptable position of “rigid” capitalism, which defends the exclusive right of private ownership of the means of production as an inviolable “dogma” in economic life, remains a reality. The principle of respect for work demands that this law be subject to creative revision both in theory and in practice. For if it is true that capital, as a set of means of production, is also the result of the work of generations, it is also true that it is constantly produced thanks to the work carried out with the help of this set of means of production, as in a large workshop where the present generation of people work day after day.

We can only talk about socialisation when *the subjectivity of society* is secured, that is, when, on the basis of their work, people will be able to consider themselves at the same time as co-owners of a large workshop in which they work together with everyone else. The way to achieve such a goal could be to combine, if possible, work with capital ownership and to establish a wide range of intermediate organisms with economic, social and cultural goals that would enjoy real autonomy in relation to public authorities; they would pursue their proper ends through loyal mutual cooperation, subject to the requirements of the common good, and maintain the form and essence of a living community, that is, of such organisms in which the individual members would be recognised and treated as *people* and encouraged to actively participate in these organisms. These conditions are met by a *cooperative enterprise*.

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<sup>4</sup> Leo XIII, Encyclical letter *Rerum novarum*, Vatican City 1891, 3–8 (par. I “False solution: socialism”).

## 2. COOPERATIVE ENTERPRISE

This is where the *personalistic argument* comes to the fore as a necessary postulate in relation to economic life, and this postulate is especially implemented in cooperative entrepreneurship.

Thus, the *principle of the priority of labour* over capital is a postulate belonging to the order of social morality, which has its *key importance* both in a system built on the principle of private ownership of the means of production, and in a system in which private ownership of these means has been radically limited. Labour, in a sense, is inseparable from capital and does not assume in any form that antinomy, that is, the separation and opposition from the means of production, which has burdened human life in recent centuries as a result of purely economic assumptions. If a person works with a set of means of production, he also wants the fruits of his work to serve him or her and others, and to be able to act as a co-responsible co-creator of the workshop in which he works within the work process itself.

### a) Private property

This gives rise to certain detailed rights of employees that correspond to their work obligations. This will be discussed below. However here it must be generally emphasised that a working person wants *not only* proper *compensation* for his work, but also to include such opportunities in the production process itself so that *he can feel that even when working* in a shared workplace, he is also working “*on his own*”. This feeling is extinguished in the system of excessive bureaucratic centralisation, in which a working person feels like a cog in a large mechanism, operated from above, more like an ordinary production tool, than a real subject of work endowed with his own initiative. Hence the deepest belief that *human work* is not only related to economics, but also, and even above all, has *personal values*. The economic system and the production process itself benefit when these personal values are fully respected. This is the primary reason for private ownership of the means of production. If we assume that there may be exceptions to the principle of private property for various justified reasons – indeed, if in our era we are witnessing the implementation of a “socialised” property system – *the personalist argument does not lose its fundamental and practical force*. Everything should be done so that people can still feel that they are working “on their own” in such a system. This way of “socialising” the means of production is the basis of a cooperative enterprise.

Modern *business economics* includes a number of positive aspects, which are rooted in the *freedom of the person*, expressed in many areas, including economics. Economics is one of the fields of multiple human activities, and each of them, involves the right to freedom and the obligation to use it responsibly. In the past,

the decisive factor of production was *land*, and later *capital*, understood as equipment with machines and goods serving as tools, but today the decisive factor is increasingly the *personhimself*– the human person – that is, his cognitive abilities, expressed in scientific preparation, abilities to participate in a harmonious organisation, the ability to sense and meet the needs of other people<sup>5</sup>.

Indeed, the main wealth of a person lies not only with *his* land, but also with *the person himself*. It is *his* intelligence that allows us to discover the production possibilities of the earth and various ways of meeting human needs. It is *his* disciplined work and solidary cooperation with others that enables the creation of ever wider and more trustworthy *work communities* that are intended to transform the natural and social environment. This process requires the involvement of such important virtues as reliability, diligence, prudence in taking justified risks, credibility and fidelity in interpersonal relationships, and courage in implementing difficult and painful decisions, necessary for the joint work of the enterprise and aimed at preventing possible disasters.

#### b) Free market

It seems that both within individual nations and in international relations, the *free market* is the most effective tool for using resources and meeting needs. However, this applies only to those needs that can be met, i.e. those that have purchasing power, and those resources that are “saleable”, i.e. they can obtain an appropriate price. However, there are numerous human needs that in certain circumstances do not have access to the market (e.g. the needs of children, the elderly or the chronically ill). In the name of justice and truth, we must not allow basic human needs to remain unmet and human lives to be destroyed as a result.

The Italian philosopher Rocco Buttiglione, shortly after Poland and other countries in central Europe; regained state sovereignty, wrote: “Poles – can either simply enter the consumer society, taking the last place in it – if they succeed – before it permanently closes its gates to new arrivals, or contribute to the rediscovery of the great, deep, authentic tradition of Europe, at the same time offering it an alliance of free market and harmony”<sup>6</sup>.

The current version of the Cooperative Principles was adopted at the International Cooperative Union Alliance in Manchester in 1995 in a document known as the “Declaration of Cooperative Identity”. Among other things, it states that: “A cooperative is an autonomous association of people who have united voluntarily to meet their common economic, social and cultural aspirations and needs through a co-owned and democratically controlled enterprise. Cooperatives base

<sup>5</sup> Cf. John Paul II, Encyclical letter *Centesimus annus*, Vatican City, 32–36.

<sup>6</sup> R. Buttiglione, *Jan Paweł II a polska droga do wolności*, „Ethos”, nr 11–12 (1990).

their activities on the values of self-help, self-responsibility, democracy, equality, justice and solidarity.

In line with the traditions of the founders of the cooperative movement, cooperative members adhere to the ethical values of honesty, openness, social responsibility and care for others. Cooperative principles are the guidelines by which cooperatives put their values into practice. These are:

- 1) The principle of voluntary and open membership;
- 2) The principle of democratic member control;
- 3) The principle of economic participation of members;
- 4) The principle of autonomy and independence;
- 5) The principle of education, training and information;
- 6) The principle of cooperation between cooperatives;
- 7) The principle of caring for the local community.

Following J. Defoury, a researcher of social entrepreneurship, I would like to point out a number of arguments of economic and social nature regarding modern cooperatives.

According to the definition of the EMES<sup>7</sup> research group, the term social enterprise is defined as initiatives that meet the following economic and social criteria:

Economic criteria:

1. Permanent activities aimed directly at producing goods and/or selling services (they engage in advocacy or redistribution activities to a lesser extent than classic third sector organisations).
2. A high degree of operational autonomy: social enterprises are established on a voluntary basis by groups of citizens and managed by them (they are not managed directly or indirectly by public authorities or other institutions such as private companies or federations), although they may benefit from public subsidies. Their shareholders have the right to vote and the right to their own position and the right to leave the organisation.
3. Bearing significant economic risk in running a business (the financial basis for the operation of social enterprises depends on the efforts of their members and employees, who are responsible for ensuring adequate financial resources, unlike public institutions).
4. The operation of social enterprises requires the existence of minimal paid staff, although, as in the case of traditional social organisations, social enterprises may rely on both financial and non-financial resources in their activities and base their activities on paid and social work.

<sup>7</sup> Cf. J. Defourny, M. Nyssens, *Social Enterprise and Social Entrepreneurship*, EMES Roskilde Seminar 2007.



Social criteria:

1. The activities of social enterprises are explicitly aimed at supporting and developing the local community and promoting a sense of social responsibility at the local level. One of the main goals of social enterprises is to serve the development of local communities or selected communities and to produce goods and services that are not satisfied by the market or the state.
2. Social enterprises are also distinguished by the fact that their activities are local in nature and are the result of collective efforts involving citizens belonging to a given community or group united by common needs or goals.
3. Democratic management in social enterprises based on the principle of 1 place – 1 vote. The decision-making process is not subordinated to capital shares, although in these enterprises the owners of capital play an important role, decision-making rights are shared with other shareholders.
4. The participatory nature of social enterprises is characterised by the fact that users of their services are represented and participate in their structures. In many cases, one of the goals of companies is to strengthen democracy at the local level through economic activity.
5. Limited distribution of profits. The concept of social enterprises includes both organisations characterised by a complete ban on the distribution of profits, as well as organisations such as: cooperatives that can only distribute profits to a limited extent, thus avoiding actions aimed at maximising them.

c) Hrubieszów Agricultural Society – an example of cooperative activity in Poland

The Hrubieszów Agricultural Society<sup>8</sup>, also called the Agricultural Society for Common Rescue in Misfortunes, was a cooperative foundation established in 1816 by Stanisław Staszic in the borough of Hrubieszów. The Society was headed by a hereditary president (who also served as the mayor), his deputy was the mayor of Hrubieszów and an elected Economic Council (with six members elected by delegates from each village). Staszic appointed administrators to run the farms. Pursuant to the Society's act, the peasants living in its area were released from serfdom and received the right of hereditary ownership of settlements and land, but the size could not exceed 100 morgen (Approx 55.57 ha). All members of the community were also obliged to provide help to their co-members affected by natural disasters, in the amount appropriate to the usable area of the farm.

The views of the founder of the Society, Stanisław Staszic, were significantly influenced by his travels around Europe. During his stay in France, he came across the idea of physiocracy, which considered agriculture to be the most important branch of the economy. This determined Staszic's perception of the peasant issue.

<sup>8</sup> Cf. J. Duda, *Hrubieszowska Fundacja Stanisława Staszica*, w: *Dzieje Hrubieszowa*. Vol I. Od pradziejów do 1918 r., ed. R. Szczygieł, Hrubieszów 2006, p. 317–331.



A kind of earth cult appeared in his views. He began to consider peasants as the *most sacred and productive class*.

### CONCLUSIONS

The correct vision of society flows from the necessary personalistic conception of the person. The expression of human social nature is not only the *state*, but also various intermediate groups, starting from the *family* and ending with economic, social, political and cultural communities, which, as a manifestation of this human nature, have – always within the framework of the common good – their own autonomy. This is what Saint John Paul II called the “subjectivity” of society, which, together with the subjectivity of the individual, was annihilated by “real socialism” and is also annihilated by corporate global capitalism.

In opposition to socialism and communism, it should be recognised that the right to private property is natural and corresponds to the nature and dignity of the human person. The preservation of this fundamental right is necessary for the preservation of the autonomy and development of the *person*. At the same time, owning goods – including the means of production – is not an absolute right, but as a human right it is by its nature limited. The right to private property, the right to “use” goods, belonging to the sphere of freedom, is by its very nature subordinated to the universal destination of all created goods.

I agree with Ralph Tyler Flewelling, a promoter of personalistic democracy, who states that “the only lasting basis of democracy is respect for the sanctity of the person. This means respect for the possibilities of personal development that lie within every person. Personalities are unique in what they can offer to the common wealth. An organised and progressive society cannot afford to give up the possible contribution to progress of any of its members. For this reason, democracy will strive to provide such circumstances in education, freedom and work in which each person can best pursue his own and common good. This means that personality is recognised as an intrinsic value, the most valuable property of society and the greatest source of social “progress and well-being”<sup>9</sup>.

A company is a community of persons and therefore should respect the moral aspects of economics. An enterprise cannot be treated merely as a community of capital goods. It is also a *community of people* who participate in it in different ways and have specific responsibilities. Business owners cannot allow financial statements to be impeccable and people to be humiliated and their dignity insulted.

<sup>9</sup> R. T. Flewelling, *Personalism*, in: *Twentieth Century Philosophy. Living Schools of Thought*, ed. Dagobert D. Runes, New York 1943, p. 341.

The human person cannot therefore be subordinated solely to the pursuit of economic, political or social goals determined by any authority, even if they were to serve the alleged progress of all citizens: every human person is called by God to *eternal life*. As Saint Paul VI writes, “Economics and technology lose all meaning if they cease to be guided by the good of man, whom they should serve”<sup>10</sup>. The Holy Father called it technocracy – the rule of technology over the human person.

John Paul II he stated: ‘The decision to invest in one particular field of production rather than another is always a *moral and cultural choice*. Given certain economic conditions and political stability that are absolutely necessary, the decision to invest, that is, to give a community the opportunity to appreciate its work, also comes from an attitude of human sympathy and trust in Providence, which reveals the human qualities of the one who decides”<sup>11</sup>.

Benedict XVI, addressing economists, said: “economics and finance do not exist for themselves, they are only a tool, a means. Their one goal is the human person and his full realisation in dignity. This is the only capital that must be preserved.”

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<sup>10</sup> Paul VI, Encyclical letter *Populorum Progressio*, Vatican City 1967, no. 34.

<sup>11</sup> John Paul II, Encyclical letter *Centesimus annus*, Vatican City 1991, no. 36.