

Business Ethics and Catholic Social Thought

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AT THE JESUIT UNIVERSITY where I work there is a business school. At the suburban satellite campus of the business school there are no religious symbols inside the classrooms. The rationale is well known to many readers: Because graduate programs serve a diverse business community, reasons the administration, the classrooms should be a place of welcome and comfort. There is one symbolic nod to Christ allowed at the building. Drivers passing the building on the freeway see a tall oblong structure with a large square cross superimposed of the face of the oblong. Now, superimposed upon the cross are two short straight lines that move: the hands of a clock. This is the humiliation of the Cross in a sense different from that understood by Christians and theologians. You don't need to have been at the planning meeting of that decision to know how it went. A consultant who has set up many such campuses for secular and Catholic institutions alike thought it would be a really cool symbol of the infusion of Christian life into business: the Cross regulating the time by which labor, commerce and production are ordered. It is easy to shake one's head at such folly but this symbolic effort raises the profound issue of how to conceive the integration of business and Christian norms of action and social order.

It is often assumed that the flashpoint of evangelization at universities is in medical schools, that science is the great competitor in matters of faith and morals. After all there is a President's Committee on Bioethics which includes prominent Christian intellectuals that garners enormous attention, and rightly: It grapples in a serious, intellectual way with the life and death issues that arise from medical technology and basic science. It is undeniable that Christian combat is required in medicine to convert hearts

away from abortion, euthanasia, and the instrumentalization of the human. But when religious intellectuals say that science is “the only game in town”—meaning that religion has been marginalized by the prowess and progress of science—are they right? It is easy to forget to what degree business is an engine driving biotechnology forward. *The Wall Street Journal* is a remarkable illustration of this. A superb newspaper, it is the only conservative newspaper with national reach. Because it is conservative, much column space is given to intelligent writers on the positive role of religion in America today and it is the only national newspaper that has pro-life commentary. Nevertheless, there is a constant drumbeat of articles about the business potential of embryonic stem-cell research. This is responsible journalism, of course, for there is enormous business interest in the profits to be made from such research. So, whilst there are journals of Catholic bioethics and Catholic institutions devoted to those issues, there is no journal of Catholic business ethics and no special Catholic foundations devoted to business ethics. Not only has a vital field of evangelization been largely overlooked, but this fact perhaps illustrates that the enormity of the task of evangelization of business is radically underestimated.

This is all the more strange in that John Paul II provided thorough leadership in this matter. Known to the public as someone with strong views about sex and fertility it is seldom realized that he probably wrote more frequently on business ethics than sexual ethics. This leadership perhaps fell on rocky ground because many American Catholic intellectuals are not especially business friendly.¹ Much of this has to do with old political alliances that are probably now shifting, though sadly that shift will not come quickly in Catholic universities since the faculties are strongly opposed to business. At my own university, until very recently no permanent member of the faculty had taught business ethics in over a decade. This is not merely because of indifference, it is rather more a matter of contempt. Intellectuals believe themselves above business and the business faculty and their students. The lack of justice and charity demonstrated by this contempt is disturbing but far worse is the complete underestimation of the intellectual power and allure of thinkers like Adam Smith or the combination of philosophical imagination and technical virtuosity of thinkers like Donaldson, Dunphy, and Frederick in the contemporary American business school.

¹ In no way do I mean to belittle the work of Catholic thinkers like Michael Novak or Richard John Neuhaus. My point is rather that these business-friendly thinkers are a minority and are often sneered at themselves. About this, I merely ask readers to think back to various comments they may have heard about them in theology departments, faculty lounges, and religious houses.

To establish what the task of evangelization is for business ethics, and of the students who take courses through business schools at Catholic universities, a consideration of the powerful intellectual vision of Adam Smith is necessary. Smith has a special claim to attention not only because of his foundational role in economic theory but because he is the author of one of the greatest masterpieces in ethics, his 1759 *Theory of Moral Sentiments*.² Moreover, he was not only observing commercial life at the very moment of its modern birth but making observations in a thoroughly modern manner. Catholic social thought needs to be able to match its observational talent or phenomenology of commercial life to that of Smith's and this, I insist, would be no small achievement. After a discussion of Smith, I want to argue, and somewhat darkly, I suppose, that two common ways Catholic social thought aims to introduce norms into business are not straightforwardly equal to the task. Concluding more positively, however, I argue that the moral realism of the Church is certainly equal to the task rightly understood.

Catholic response to Smith is of two types: Smith is a utilitarian and a theorist of inequality. These critical responses³ to Smith can be found respectively in Joseph Pieper's defense of leisure as the basis of culture and in a rather typical use of the idea of dignity in Christian discussions of business. At the heart of Adam Smith's ethics of commercial life is his Platonism, a conviction that human imagination is governed by beauty.⁴ For Smith moral approbation is understood in terms of what is becoming and well-formed and moral disapprobation in terms of the unseemly and ill-formed. It is very important to appreciate that for Smith utility is not basic to commercial life, it is secondary to the pursuit of beauty.⁵ As one of his most famous passages has it, it is because of beauty that people wish to live close to palaces and avoid living near prisons. The utility of the prison is obvious but it is ugly whilst palaces are largely useless but because they are becoming they attract.⁶ Of course, Smith is here giving an analysis of desire and the property market *and it is completely true*: Academics and theologians can sneer all they like at business types but whom

² Adam Smith, *Theory of Moral Sentiments* (Indianapolis, IN: Liberty Fund, 1982).

³ There is a third Catholic response to Smith that is positive. It is principally associated with Michael Novak. I shall not be discussing Novak in part because something like his approach must be right: The conclusion of this essay is that accommodation for Smith inside Catholic social thought is necessary. However, I shall not be discussing Novak partly because I am as yet unsure what to make of the "Catholic Whig" position.

⁴ Smith, *Theory of Moral Sentiments*, 11; 35–37; 117; 179–87.

⁵ *Ibid.*, 179–80.

⁶ *Ibid.*, 35.

among us lives near the local prison? Smith gives dozens of similar examples—and a large part of why his writing is so convincing is the clarity and aptness of his examples—and they rather confound one of the classic Catholic responses to Smith.

Basic to recent Catholic social thought is Scheler's axiological hierarchy in which utility values stand lower than vital, personal, and spiritual values. Reversing this order of preference is immoral, a sign of value delusion or *ressentiment*. If commercial life is not an ordering of desire around utility values, however, but around beauty, then it is far from clear that Catholic social thought has a ready handle on Smith and his promotion of commercial life. Smith, as much as Scheler, thinks that values exist in the world distinct from the comprehension of values⁷ and, after all, a theologian of the stature of Bonaventure observed that beauty is a basic category by which God makes himself present to us. Which is to say, that if the mark of a contemplative is *response* to high value, then Smith's ethics is contemplative.⁸ Pieper's critique of work in the modern world assumes that work is done for its own sake and that the discipline and sacrifice required by work are purposeless.⁹ By contrast, Pieper quotes Thomas's *Summa* that, "the end and norm of discipline is happiness."¹⁰ Thomas's insight, he thinks, is completely lost in the modern valorization of work. Yet, were Smith to paraphrase Thomas, he would write "the end and norm of discipline is beauty." Commercial life, as understood by Smith, revolves around beauty, a high-ranking value on the axiological hierarchy. The Catholic critique of "economism"—the reduction of persons to utility values—has a genuine target, certainly, but in reading Smith it is not perhaps a target that is as pervasive in business as is commonly thought.

The approach of Pieper—a major influence on the work of Michael Naughton, for example¹¹—has limited potential, I fear. For Smith, leisure is the engine of ambition. However, that leisure provokes the sacrifice and production of ambition is more apparent than real. Underwriting leisure—and this is why it matters little that Pieper is interested in leisure that gives opportunity for contemplation—is the desire to complete a

⁷ Max Scheler, *Formalism in Ethics and Non-Formal Ethics of Values* (Evanston, IL: Northwestern University Press, 1973), 266–67.

⁸ Josef Pieper, *Leisure: The Basis of Culture* (Indianapolis, IN: Liberty Fund, 1999), 7–11.

⁹ Pieper, *Leisure: The Basis of Culture*, 23.

¹⁰ *Ibid.*, 17.

¹¹ For the best book of American Catholic business ethics, see Naughton's co-authored work with Helen Alford, *Managing As If Faith Mattered* (South Bend, IN: University of Notre Dame Press, 2001).

system or order of beauty.¹² Smith's portrait of the ambitious young man¹³—and just how evocative it is for today's students will readily be seen by anyone who teaches it—describes a youth whose life is given over to work and production in service of a leisure that forever escapes him: That is because leisure is not the real object of pursuit but rather is the completion of a beautiful arrangement, a harmony and flow of objects. It is a matter of "enchantment," says Smith. Ordering the active or contemplative life is beauty and the pursuit of its regularities. The Platonism of such a conception of human desire is obvious—and perhaps a recommendation—but its damage to Pieper's concern about modernity is evident. The active life, argues Smith, is as thoroughly Platonic as the contemplative life *and has the same object in view*. In other words, it is not merely that Smith valorizes the active life—his horror of the contemplative life of monks is famous—it is rather that he thinks the tradition has misunderstood what is the *object* of the active life. The *ordo amoris* of the active life is the affirmation of a hierarchy and ranking of objects imposed by beauty. The "value-ception," as Scheler would put it, is the same for both Pieper and Smith—contemplation, albeit in a different mode and with a narrower range of objects in the case of Smith. That is, Smith did not believe in a personal God. Pieper, of course, thinks contemplation that does not ultimately acknowledge God as the highest object truncated. Pieper is correct, but formally commercial life is contemplative, at least as compellingly described by Smith. And if this is so, then Pieper's argument is not powerful against Smith and may well mischaracterize the modern world as well.

A more fruitful Catholic approach to Smith is found in John Paul II's use of dignity. But the idea of dignity as a norm of business ethics is not straightforward either. Relying on ideas of dignity and the person will require Catholic social thought to make a place for Smith *even as an advocate of inequality*. Thinkers like Novak argue that Catholic social thought has already allied itself to Smith. I think this is true when we look at John Paul II's use of dignity as a norm, but his "concessions" to Smith, if I may put it that way, bring Catholic social thought into a high state of tension with itself. In fact, since Paul VI employed the same notion of dignity this tension has been present for nigh on forty years. I will argue that this tension is only really able to be resolved by a deepening alliance with Smith. John Paul II's business ethics rests on an understanding of the active life as a participation in the work of Creation itself, work happens within

¹² Smith, *Theory of Moral Sentiment*, 180–81.

¹³ *Ibid.*, 181–82.

the “original ordering.”¹⁴ John Paul II is thoroughly modern, to be provocative, thoroughly Smithian, in seeing the issues of commercial life as directly issues of the active life. Eschewing stoicism, John Paul II has focused on the ethics of business organization as a support for virtue in the work place. Commercial life requires a management order that fosters human dignity. I think it thoroughly remarkable that John Paul in *Laborem Exercens* focuses upon dignity as a quality rather than as a fixture of the ontological order.¹⁵ It is a commonplace in discussions with Christians about commercial life that since man is made in the image of God, man’s dignity must be fostered. There can be no dispute about this, of course, but as a matter of explanation it is lacking in power. We run into almost complete silence as soon we ask what we mean by dignity.¹⁶ What is the content of this notion? For John Paul II work is intrinsically linked to dignity for in work, man “confirms his dominion over the visible world”¹⁷ but only so long as work affirms human dignity by affirming man as a person. For this “subjective meaning of work” to be realized, work, in its objective content, that is, the “strategic” organization of a successful business, must do three things: It must engage the intellect of its workers, require their self-management, and have a “tendency” to encourage human flourishing.¹⁸ Work that does these things affirms man as a person. What is striking here is not that dignity is cast as the actualization of various human powers—the intellect, the will, and the appetites more broadly—for this is what one would expect of any Aristotelian or Thomist. It is rather that dignity is not cast as an ontological object but as a set of qualities to be attained and achieved in the workplace.

It is because dignity is a quality that business ethics is so imperative: Business must be organized to help man attain these qualities of dignity. Sometimes one’s role in business affirms these qualities. Workers in the “knowledge economy” use their intellects, are expected to manage themselves, and can well expect that their work environment and their salaries will permit human flourishing for them and their families. However, some jobs are simply not like this. Being a member of a team working at

¹⁴ Pope John Paul II, *Laborem Exercens* (1981), no. 15; hereafter.

¹⁵ For a brilliant treatment of dignity as quality, see Aurel Kolnai, “Dignity,” *Philosophy* 51 (1976): 251–71.

¹⁶ An interesting account of dignity as an ontological object can be found in Josef Seifert, *What is Life?* (Amsterdam: Rodopi, 1997), chapter 4. Seifert’s theory of dignity contrasts significantly with that of Kolnai, but, as will become clear, I think John Paul II’s business ethics rather favors Kolnai’s approach.

¹⁷ *Laborem Exercens*, no. 15; Paul VI, *Populorum Progressio*, no. 28.

¹⁸ *Laborem Exercens*, no. 23.

a fast food restaurant requires little to no initiative, is highly regularized, and one's *function* is completely managed. This work as such cannot affirm human dignity. It is not enough just to say, "But the workers still have their human dignity for dignity is an ontological object!" John Paul II was concerned about the ethics of business organization because dignity—as the English language makes quite clear—can be impaired, destroyed, and willfully thrown away.¹⁹ For this reason, Catholic social thought has argued that workers who perform a *function* will then require a role in the overall management order if their intellects and wills are to be engaged.²⁰ In an extremely interesting article, David Herrera describes how this requirement of Catholic social thought is met in the business organization of the Spanish cooperative Mondragón.²¹ At Mondragón the workers own the various businesses that make up the cooperative, all major management decisions are vetted by the workers, and management cannot gain more than an 8:1 advantage in pay over the least paid member of the cooperative. He describes a dramatic contrast between the democratic equality of Mondragón's business organization and the hierarchy and inequality of the contemporary "neo-American" corporation. Obviously, John Paul II must have found the move to a "knowledge economy" very satisfying, but the basic business environment in the United States, whether family-run businesses or corporations, is hostile to ideas of worker participation in management or the democratic equality of Mondragón's ownership and pay structure.

However, it is crucial to recognize that the inequalities of the contemporary "neo-American" corporation are not merely a matter of thoughtlessness or heartlessness. To use Scheler's language, it is a matter of an *ethos* and "an order of preference" that is not merely a cultural phenomenon but has a remarkable philosophical and ethical basis that aspires to affirm some values central to Catholic social thought, namely, liberty, pluralism, justice, and even constitutional order. From a comparison of Mondragón and the typical American corporation we can see that two streams within Catholic social thought are in tension: the need for business organization to serve both equality and dignity. It is typically assumed that these two easily map the one onto the other. Yet this is very far from clear. A democratic organizational model is inevitably one that relies on the idea of function whilst

¹⁹ Cf. St. Thomas Aquinas, *Summa theologiae*, II–II, q. 64, a. 2, ad 3.

²⁰ *Laborem Exercens*, no. 14.

²¹ D. Herrera, "Laborem Exercens, 'Traditional' Organizations and the Democratic Mondragón Model," *Work as Key to the Social Question: The Great Social and Economic Transformations and the Subjective Dimension of Work* (Vatican City: Libreria Editrice Vaticana, 2002), 235–53.

the “neo-American” is a promotion of privilege and the idea of roles: But it is the latter that fosters dignity, not the former. In fact, here there is more than a simple tension between values—which is a real enough problem!—there is also an *exclusion* built into the idea of dignity that prohibits the equality provided by the idea of function. In a fascinating reflection on the difference between role and function, Chantal Delsol argues that not everyone is equal to the same role and that these inequalities are essential to the very idea of what it is to be a person.²² In the idea of a role, comments Delsol, there is the original notion of person, the playing of a part in theatre with its irreducible particularity. As a rather critical friend of the Enlightenment, Delsol argues that there is real value in the idea of the function and its creation of individuals as opposed to persons: The idea did liberate whole classes, especially women, from confined, invariant roles in the social world. As a Catholic theorist and mother of five, however, she is equally eloquent that the abolition of roles is not only absurd (when your mother needs to go to the hospital can you really just call a cab?) but pernicious to ideas of personal uniqueness. A fundamental threat to Catholic values is subjectivism, but the idea of function and the equality it brings in its wake is a formal equivalent to subjectivism: It includes the elimination of the social fabric that otherwise emerges from the idea that not everyone can do the same tasks, that not everyone is equal to every task. Indeed, as Delsol points out, moral obligation is attached to roles whilst the essential substitutability of individuals in any function destroys any sense duty. One recent contributor to the voluminous literature on leadership has recently argued that business managers need to model themselves on the early Jesuits. If there is to be moral management of business, Chris Lowney argues,²³ then a disciplining similar to that taught to the Jesuits is necessary. It is an implication of this use of early Jesuit *priests* as exemplars that managers are to be bearers of roles not functions. If Catholic social thought must be understood in the egalitarian way that Herrera believes, and there are elements within the tradition that point in this direction, then the mission of the Church to protect persons will be impaired.

Evangelization of business requires the inequality of roles and power that typifies “neo-American” hierarchical corporate structure. Such business organization is required, I would argue, if the tradition of the Church’s moral realism is to be maintained. Rejecting hierarchy one

²² Chantal Delsol, *Icarus Fallen: The Search for Meaning in an Uncertain World* (Wilmington, DE: ISI Books, 2003), chapter 13.

²³ An ex-Jesuit and former high-ranking manager of J. P. Morgan, Lowney’s book is *Heroic Leadership: Best Practices from a 450-Year-Old Company that Changed the World* (Chicago: Loyola Press, 2003).

necessarily rejects the vantage point needed if the priorities within the field of values and reality are to be properly appreciated. In a wonderful example, phenomenologist Aurel Kolnai (1900–1973) describes what happens when one climbs from a plain up a mountain and comes by a commanding vision of the landscape in which one had previously moved around with little understanding of its true contours. The phenomenon of “height” and its realization in the social order—whether this be elevation to the bench or high management—is really to inculcate structurally a discrimination in which order and the relationship between values can be observed. The social distinction that separates people—a basic phenomenon in commercial society, according to Smith²⁴—enables distinctions amongst values to be clearly recognized; the diversity that issues from this is essential to Catholic social thought. Supporting hierarchy in business is not separable, I would argue, from the imperative of maintaining diversity within authority in the broader social order. The cultural crisis of our times, the culture of death, has occurred because “progressive democracy” (Kolnai) has increasingly rejected the distinction between public and private authority. In matters respecting abortion and euthanasia, it is now dogma amongst progressives that private individuals are free to exercise lethal authority that was once the provenance of constitutional government. It is because the diversity and hierarchy amongst authorities is rejected that the same people who insist upon the private authority to exercise lethal force against others also believe that government does not have the authority (“not in my name,” as the slogan goes) to kill in matters of war and capital punishment. Aquinas insisted upon these distinctions in his treatise on homicide in the *Summa* II–II, q. 64, and John Paul II in *Evangelium Vitae* reaffirmed Thomas’s teaching. Although John Paul II made the argument there that capital punishment was no longer *applicable*—technology restrains its use—there is no suggestion that constitutional government no longer has the authority to hand down capital punishment for certain crimes. The social philosophy of the Church will need to acknowledge, I think, that the principles that lead to the hierarchy between public and private authority are also those that make hierarchy and roles in business necessary.

In conclusion, whilst certain kinds of labor in America sustain human dignity, other kinds do not and, if I can put it this way, and hopefully not too enigmatically, not without reason. Smith, of course, is a theorist of inequality, just as Plato, Aristotle, Aquinas, Burke, Nietzsche, and Scheler are, all in their different ways. An implication of Smith’s work is that

²⁴ Smith, *Theory of Moral Sentiments*, 50–58.

inequality is constitutive of dignity *as a quality*.²⁵ In suggesting the need for a fresh appropriation of Smith, I do not mean to imply that there is a contradiction at the heart of Catholic social thought—not at all. The argument presented here is to recall a moral realism (appreciated by John Paul II) that unless dignity be understood as a quality there is no purchase for business ethics. Business ethics is an attempt to bring about as much dignity in the workplace as there can be. And here one cannot be utopian. Evangelization must have an Augustinian tone:²⁶ The Church must seek to moderate the diminishment of dignity that can occur and does occur in commercial life, but realism requires that the Church think in terms of moderation and not extirpation. And, of course, by realism, I am not talking of the knee-jerk realism of the person who says, “Ethics is not about the real world. It’s nice in theory but won’t work in practice.” Moral realism is the insight that reality and value stand intimately linked albeit in tension, that there is a landscape and a geology of values throughout reality with certain constants, gradations, emphases, and limitations. The Christian love of persons cannot ignore the Smithian love of beauty, nor expect to supplant its inequalities. Evangelization must happen within this “manifold” wherein values of beauty and person both limit and illuminate one another. The manifold includes liberty, cleanliness, justice, utility, loyalty, equality, efficiency, integrity, and many other values, and only excludes evil. It might be an unhappy fact, but surely not an immorality, that some jobs do not affirm human dignity as a quality: Such jobs are not thereby evil jobs. The moral and the dignified are part of the manifold of value but do not absolutely overlap, or overlay, one another. I draw this point from Aurel Kolnai, and it is one, I think, of the utmost importance.²⁷ It is a point that draws much from Augustine and Aquinas, as well as Scheler, and it is a point found in Adam Smith and one in continuity with basic insights of John Paul II’s business ethics, as well. John Paul II has expressed reservations about Scheler’s ethics,²⁸ but his business ethics remains thoroughly rooted in Catholic realism: An ethics of business organization only makes sense if dignity is thought of

²⁵ Ibid., 50–58.

²⁶ For why this must be so, please see my *Ecstatic Morality and Sexual Politics: A Catholic and Antitotalitarian Theory of the Body* (New York: Fordham University Press, 2005).

²⁷ Please see *Early Ethical Writings of Aurel Kolnai*, trans. F. Dunlop (Aldershot, UK: Ashgate, 2002), 59–60.

²⁸ Karol Wojtyła, “On the Metaphysical and Phenomenological Basis of the Moral Norm in the Philosophy of Thomas Aquinas and Max Scheler,” in *Person and Community* (New York: Peter Lang, 1993), 73–94.

as a quality and not an invariant ontological object. Yet, if this is so, it is necessary for all of us interested in the Church's new evangelization to live up to the standards imposed by this moral realism. If personal values are served by the concept of role then inequality will have to be acknowledged as part of the social order, including business organization. A lot of work is required in Catholic business ethics, and some of it might be discomforting, but resources abound in the Catholic tradition, and the basic moral tenor of Catholic social thought is thoroughly sound and equal to the task. **N-V**

