

WELCOME ADDRESS

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I am very happy to be able to welcome you at the Catholic university of Eichstaett, the only Catholic university in the German language area. After months of preparation we are most excited about this moment and look forward to our presentations and discussions. We are curious about what this most ingenious international and interdisciplinary group of people might bring forward in these days. However, it is not only our collective endeavor that is important; we also hope that many of you come to know each other a little better, exchange your work, and even start to work together.

The topic of our workshop – the area of the everyday’s work of many of us is business education which should be addressed from the perspective of Catholic Social Thought. In the days to come we will analyze our topic, the role of ‘Practical Wisdom’ for both elements from different disciplinary perspectives. However, at this point I would like to invite you to also keep in mind the larger horizon of these deliberations.

CST and business

Business and economic problems are more and more dominating our day to day political and cultural life. The current German election campaign – which we see culminating these days until general elections this Sunday – is more than ever dominated by economic arguments. We might - with Juergen Habermas – complain about economic imperialism as illegitimate invasion; but we will definitely not be able to invert or even retard the process by not paying any attention to it.

Over the centuries of Western history, it has always been the strength of the Catholic tradition to actively structure the life and the culture of people. Catholicism has never withdrawn from shaping its World, has never retreated into a shell of mere religious practice or on an intellectual island. The Catholic intellectual tradition has always preferred to remain in touch with the people and not to retreat to well elaborated but rather remote reflections: Nowhere else is this as visible as here at Eichstaett, which for more than 1200 years is saturated with Christian culture and traditions.

The 2nd Vatican council has coined the term ‘Inculturation’ as the Law of all Evangelization (GS 44) to describe the endeavor to culturally adapt the Christian an ever changing social environment. Even the recent tradition of Catholic Social Thought after (CST) ‘Rerum Novarum’ is itself a product of ‘Inculturation’ to the emerging living and working conditions of an industrialized society. Not only academics but also Christian labor priests, entrepreneurs – in Germany the Union of Catholic Entrepreneurs (BKU) have to be mentioned - , unionists, journalists, activists etc. who felt their faith being still relevant even in the new environment of the industrialized world have contributed to that achievement.

From my perspective *the current state of discussion of CST – academic as well as practical - is still lacking behind in that constant challenge of creative ‘Inculturation’*. There are neither cultural forms nor intellectual concepts that would address today’s challenges on a similar

level our ancestors did address theirs roughly a hundred years ago. *Is Christian social teaching and Christian social ethics still able to provide orientation in the ever more complex business world in times of Globalization?* If so CST must not exclusively limit itself to redistributory social policy, to cultural and educational issues or to the welfare sector. A CST that avoids or even neglects business and economic issues will be condemned to a slow but constant cultural retreat. Those who ignore business as the always more important gravity center of society in the age of Globalization have to pay the price of marginalization and cultural remoteness.

Many Catholics and even some church leaders seem prepared to pay that price because they feel business to be an alien world which is so notoriously guided by principles like profit-maximization, competition, exploitative behavior towards employees and the environment.

However, a 'due diligence' of the business world brings it to the surface that a categorical opposition to the principles of CST is far from obvious. Rather modern market economies are based on Christian intellectual traditions. Important financial and legal institutions flourished out of Christian soil in the late 12th and 13th century in Italy (Berman 1995, Bazzichi 2008); and even economics as an academic discipline developed as a part of political economy – which itself did belong to 'theologia naturalis' in Britain of the late 17th and 18th century. Max Weber in his very popular analysis of Protestant Ethics and the Spirit of Capitalism (1920) elaborated the role of Christian eschatology inside the Calvinist tradition for the emergence of modern business practices and the accumulation of investment stocks.

However, not only history but also current developments call for an intensified dialogue between Christian Social Ethics on the one hand and business economics on the other. What we observe today in business is not only the payment of enormous bonuses to investment bankers, the violation of Human rights in Southern sweat shops or the destruction of the rain forest by industrialization. We also observe Small and Medium companies engaging in their local environment, treating their employees with respect and engaging for the educational system on a local level; we observe the Chemical industry caring for responsible production standards worldwide within their CARE initiative; we observe pharmaceutical companies providing malaria drugs for free (or at least a substantially reduced price) in Africa or Latin America; volunteering activities in the IT industry that guide employees towards a more fulfilled personal life etc.

Even contributions to a new Global economic order have been brought up by business recently. For example we have witnessed the development of the Equator principles by large banks which oblige borrowers of project finance to secure basic standards of Human rights for their Southern employees and the protection of the natural environment at their Southern locations. We have seen the emergence of Principles of Responsible Investment (PRI) commonly issued by the Financial Initiative of the UN Environment Protection Agency (UNEP-FI) and the United Nations Global Compact that provide guidelines for responsible practices in the financial industry. Proponents of Catholic Social Thought should take into consideration those initiatives and the spirit of practical wisdom behind it if they want to identify the important drivers for the Common Good in the 21st century. Only in recent years we see this happen: with the Conferences on 'Catholic Social Thought and business Education' – for example the one in Rome 2006 and Notre Dame 2008 I had the pleasure to attend, with Helen Alford & Mike Naughtons' ground breaking management book on 'Taking Faith seriously' and the important efforts of Ken Goodpaster and Dean T. Maines at the SAIP institute on transforming Catholic Social Thought principles into operational tools for management practice. For the European context this is happening at the ALTIS institute at the Catholic Univ. of Milan –

and I am happy that my friend Mario Molteni as the founder and director of ALTIS is here with us.

Continuity in discontinuity

With a renewed focus on business and economy, the tradition of Catholic Social Thought would return to what once have been at the very heart of its emergence and only in the last decades have been somewhere left behind. Encyclicals as well as practical discussions in the decades after industrialization were tackling questions of economic order and the behavior of important economic groups like Employers, Unions, etc. In Germany the CST debate on co-determination laws in the 60ies and 70ies of the last century was very controversial; however it nevertheless manifested a high level of professional business reflection among opponents like Oswald von Nell-Breuning, Götz Briefs, Joseph Höffner and others. With the rise of the welfare state in the 70ies and 80ies, however, Catholic social thought increasingly lost contact with the business world; rather it increasingly fell under the influence of social and cultural problems like income inequality, generational justice, educational and cultural conflicts. The ‘dismal science’ economics has been dismissed as contradicting to Christian values. Even the problem of global poverty – so powerfully set on the CST agenda by Pope Paul VI with his Encyclical ‘Populorum Progressio’ – was tackled dominantly with instruments of cultural and sociological analysis that underlie Liberation theology. Looking back it remains an open question why the conceptual instruments and guidelines of CST generated in the first half of the 20th century for the European context (including its focus on business and economic analysis) were no longer employed for this International analysis as well. The low degree of institutionalization of CST in the Universities and the fragmentation into isolated national discussions might have been responsible for a lack of methodological consistence, here.

Today, if external observers occasionally come to hear something about CST at all – Eduard DeBerri lucidly qualified it as ‘Our best kept secret’ – they would probably identify it as a doctrine dominantly focusing on social and family policies, on educational and welfare issues, eventually also tackling questions of global poverty and redistribution. From all doctoral or habilitation themes collected by the Jahrbuch für Christliche Gesellschaftslehre, the main publication of CST in the German speaking countries in the years between 2003 to 2008, only 13 percent of the doctoral thesis and 19 percent of Habilitations were treating explicitly economic or business related issues. Even if numbers are increasing during the analyzed period, the majority of young Social Ethics Scholars today perceives business as an unknown world provoking rather unfriendly associations of opportunistic managers, violation of Human rights in the Developing World, destruction of the natural environment etc. CST scholars hardly distinguish themselves from large parts of the educational sector, from journalists and even many social and political scientists in that respect.

This unwillingness and inability to effectively shape or even actively participate in the debates on ‘good’ business practices is even more regrettable as with Globalization the need for appropriate ethical reflection has raised dramatically. This notion is not just an expression of wishful thinking; rather it finds itself explicitly formulated in a vast array of political documents. Probably less surprisingly International political organizations like the United Nations or the European Union call for more engagement but also the business community itself is becoming more self-critical. In 2005, the International Academy of Management as the most important professional body of management scholars around the World has started a debate about ‘Corporate Social Responsibility’ as a topic of management education (Goshal 2005).

As a first result the number of publications on CSR in leading business journals has considerably increased. Institutions such as the European Academy Business in Society (EABIS) - I am happy to welcome EABIS president Gilbert Lenssen as one of our participants – effectively coordinate the production of learning tools and research projects on CSR in important business schools. During our gathering we should also inquire ways to connect these strains of discussion in order to revitalize the potential of Catholic Social Thought in the secular search for new elements of global social order but also new business cultures. Catholic Social Thought has the potential to offer much more than a trendy CSR debate, here. In times of crisis, its principles lead us back to the origins and the originality of the specific Western Christian model of Civilization. It was that Christian anthropology and concept of the World to effectively shape today's market economy.

'Caritas in Veritate'

One document that may help us in that respect, is the recent Social Encyclical 'Caritas in Veritate', the first official document of CST for 18 years: allow me at the end of my opening address to at least elaborate some important indications of this document for our Workshop. Even if it has been the first social document of the German Pope Benedict XVI., acceptance in Germany was generally very reserved and critical. "Too self-centered, too spiritual, too much virtue-ethics": academic as well as journalistic critics have argued. This seems to be a very impulsive and superficial classification, however, which is probably more influenced by the title than by a careful analysis of the content of the Encyclical. What has not been appreciated by the audience is the fact that 'Caritas in Veritate' more than former documents is explicitly tackling the business World as field of challenge as well as probation of Christian values. This holds true for a fresh look on the relationship between state and civil society and the importance of participation of citizens for the future of the common good:

24. Today, as we take to heart the lessons of the current economic crisis, which sees the State's public authorities directly involved in correcting errors and malfunctions, it seems more realistic to re-evaluate their role and their powers ... one could foresee an increase in the new forms of political participation, nationally and internationally, that have come about through the activity of organizations operating in civil society; in this way it is to be hoped that the citizens' interest and participation in the res publica will become more deeply rooted.

The Encyclical breaks up fixed borders between For-Profit and Non-Profit Sector, here:

46. When we consider the issues involved in the relationship between business and ethics, as well as the evolution currently taking place in methods of production, it would appear that the traditionally valid distinction between profit-based companies and non-profit organizations can no longer do full justice to reality, or offer practical direction for the future. In recent decades a broad intermediate area has emerged between the two types of enterprise. It is made up of traditional companies which nonetheless subscribe to social aid agreements in support of underdeveloped countries, charitable foundations associated with individual companies, groups of companies oriented towards social welfare, and the diversified world of the so-called "civil economy" and the "economy of communion". This is not merely a matter of a "third sector", but of a broad new composite reality embracing the private and public spheres, one which does not exclude profit, but instead considers it a means for achieving human and social ends. Whether such companies distribute dividends or not, whether their juridical structure corresponds to one or other of the established forms, becomes secondary

in relation to their willingness to view profit as a means of achieving the goal of a more humane market and society ... Without prejudice to the importance and the economic and social benefits of the more traditional forms of business, they steer the system towards a clearer and more complete assumption of duties on the part of economic subjects. And not only that. The very plurality of institutional forms of business gives rise to a market which is not only more civilized but also more competitive.

More than older documents of CST that had addressed themselves primarily to the government as crucial actor of social ethics, CV is shifting our attention to social actors like Non Government Organizations, Companies themselves, networks or institutions of citizens. Their role of business activities for the realization of social or ethical goals is explicitly reflected.

Another aspect is of highest relevance for our program: CV explicitly reflects the importance of dialogue among disciplines and interdisciplinary research for a realistic concept of the development of societies as well as the whole wellbeing of man; this notion opens up perspectives not only for our conference but also for an integrated concept of management education:

31. This means that moral evaluation and scientific research must go hand in hand, and that charity must animate them in a harmonious interdisciplinary whole, marked by unity and distinction. The Church's social doctrine, which has "an important interdisciplinary dimension", can exercise, in this perspective, a function of extraordinary effectiveness. It allows faith, theology, metaphysics and science to come together in a collaborative effort in the service of humanity. It is here above all that the Church's social doctrine displays its dimension of wisdom. Paul VI had seen clearly that among the causes of underdevelopment there is a lack of wisdom and reflection, a lack of thinking capable of formulating a guiding synthesis, for which "a clear vision of all economic, social, cultural and spiritual aspects" is required. The excessive segmentation of knowledge, the rejection of metaphysics by the human sciences, the difficulties encountered by dialogue between science and theology are damaging not only to the development of knowledge, but also to the development of peoples, because these things make it harder to see the integral good of man in its various dimensions. The "broadening [of] our concept of reason and its application" is indispensable if we are to succeed in adequately weighing all the elements involved in the question of development and in the solution of socio-economic problems.

It seems rather revolutionary that the Encyclical employs not only an ethical but also an economic argument to underline its notion of the necessity of social justice and a minimum level of security:

32. Economic science tells us that structural insecurity generates anti-productive attitudes wasteful of human resources, inasmuch as workers tend to adapt passively to automatic mechanisms, rather than to release creativity. On this point too, there is a convergence between economic science and moral evaluation. Human costs always include economic costs, and economic dysfunctions always involve human costs.

This openness to genuinely economic arguments that strengthen the main ethical argument is more than remarkable for an Encyclical that traditionally restrict itself to a quite abstract level of normative reasoning. It delivers itself an example of that kind of interdisciplinary reasoning that it calls for at a theoretical level as well.

The recent business debate on Corporate Social Responsibility is inspired by strategic and/ or institutional research agendas. Questions of a new international governance structure are

tackled. Economic advantages - a business case - for ethical practices is stated but seldom proved by empirical evidence. Obviously these considerations are driven by operational problems of companies but rather lack a foundation in academic research as well as considerations of practical wisdom. Our Workshop should contribute to close that gap by linking current questions of ethical business practice with longer anthropological and social traditions represented by Catholic Social Thought. Let us finally once again listen to the words of the Encyclical:

45. Striving to meet the deepest moral needs of the person also has important and beneficial repercussions at the level of economics. The economy needs ethics in order to function correctly — not any ethics whatsoever, but an ethics which is people-centred. Today we hear much talk of ethics in the world of economy, finance and business. Research centres and seminars in business ethics are on the rise; the system of ethical certification is spreading throughout the developed world as part of the movement of ideas associated with the responsibilities of business towards society. Banks are proposing “ethical” accounts and investment funds. “Ethical financing” is being developed, especially through micro-credit and, more generally, micro-finance. These processes are praiseworthy and deserve much support. Their positive effects are also being felt in the less developed areas of the world. It would be advisable, however, to develop a sound criterion of discernment, since the adjective “ethical” can be abused. When the word is used generically, it can lend itself to any number of interpretations, even to the point where it includes decisions and choices contrary to justice and authentic human welfare.

Much in fact depends on the underlying system of morality. On this subject the Church's social doctrine can make a specific contribution, since it is based on man's creation “in the image of God” (Gen 1:27), a datum which gives rise to the inviolable dignity of the human person and the transcendent value of natural moral norms. When business ethics prescind from these two pillars, it inevitably risks losing its distinctive nature and it falls prey to forms of exploitation; more specifically, it risks becoming subservient to existing economic and financial systems rather than correcting their dysfunctional aspects. Among other things, it risks being used to justify the financing of projects that are in reality unethical. The word “ethical”, then, should not be used to make ideological distinctions, as if to suggest that initiatives not formally so designated would not be ethical. Efforts are needed — and it is essential to say this — not only to create “ethical” sectors or segments of the economy or the world of finance, but to ensure that the whole economy — the whole of finance — is ethical, not merely by virtue of an external label, but by its respect for requirements intrinsic to its very nature. The Church's social teaching is quite clear on the subject, recalling that the economy, in all its branches, constitutes a sector of human activity.

Let us resume: It is not only the strive for constant institutional reforms; it is not only an inflationary use of the qualification ‘ethical’: it is rather the constant and coherent emphasis of practical wisdom in all areas of society which is actually needed. Nothing else did illustrate that simple fact as clearly as the financial crisis, which arose because basic ordinary rules of practical wisdom have been violated in the financial sector.

In my perception our workshop should contribute in a substantial way to the explication of crucial indications of ‘Caritas in Veritate’. If we succeed in taking up again the dialogue between business economics and Catholic social Teaching – that has been seriously neglected for so many decades – it is worth the effort and may grant orientation to many other research endeavors. Let’s work together in these days for that ambitious task!

I must not finish my opening address without expressing already in that stage my deepest gratitude to the co-organizers of our Workshop: to Helen Alford for St. Tomaso, Dean Maines from St. Thomas, Domenec Mele from IESE but first of all my cherished colleague Michael Naughton from St. Thomas. If we are hands and feet of that Workshop, Mike is the brain who challenged us for month now to make that happen: I hope that I do not exaggerate if I say that we have become friends in that common effort. So if you should come to perceive these days as a contribution to our common effort – please credit him and not me for that event – together with Mary K. his relentless assistant. Mike I am happy to give you the floor.