BUSINESS ETHICS AND WEALTH CREATION: IS THERE A CATHOLIC DEFICIT? *

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Introduction

"To be rich is glorious," a famous saying attributed to Deng Xiaoping in the mid 1980s,[1] marked a radical change of attitude towards wealth and prosperity that was going to constitute a core value of the moral foundation for China's economic reform and open-door policy. It has been embraced by millions and millions of Chinese and proved, overall, to be quite successful. I personally have been fortunate, since 1994, to observe and study the remarkable economic development in China and particularly in Shanghai, to ask for possible lessons to learn in other parts of the globe and to reconsider my own views with regard to poverty and wealth and business responsibility.

These Chinese challenges are in stark contrast to what I have experienced before my involvement with China and in other regions of the world. Highly motivated by an eye-opening trip to India in summer 1970, I wanted to complement my education in theology with studies in economics, especially on poverty and income inequality. My focus was clearly on the poor, not the rich. How could the rich be "glorious" when, as Jesus said, "it is easier for a camel to go through the eye of a needle than for someone who is rich to enter the kingdom of God" (Luke 18, 25)? Although living in Europe, I was strongly influenced by the Latin American theology of liberation, the preferential option for the poor, and the debate on the pastoral letter *Economic Justice for All* of the U.S. Catholic bishops. To fight against poverty made sense. Jesus' saying that "you always have the poor with you" never meant to me to accept the fact of poverty in resignation and to give up the hope to essentially eradicate poverty. Thus I wrote my "habilitation" (Enderle 1987) in business ethics on economic and ethical aspects of poverty in Switzerland and, by doing so, discovered how poverty research can open up a wide range of perspectives that are also of great relevance to business and economic ethics in general (see Enderle 1991). But at that time I didn't realize the importance of the creation of wealth.

In the 1990s I was increasingly exposed to two very different types of country experiences. I couldn't help comparing them on a continuous basis, although such comparisons are certainly incomplete and somewhat biased and unfair. My connections to and activities in Latin America and particularly my involvement in the long preparation of the World Congress of Business, Economics, and Ethics in Sao Paulo (2000) helped me to understand more deeply the ethical challenges of business ethics in this continent and the presence of Catholicism in its multiple forms. My trips to East Asian countries and my studies of some of their core ethical issues (including the "East Asian Miracle" and the development of business ethics in China) opened my Western eyes to a very new and highly complex reality with which I still have difficulty coming to grips (see Enderle 1995, Lu and Enderle forthcoming).

In juxtaposing and comparing those countries' experiences, I'm beginning to understand how important a proper concept of and a determined focus on wealth creation are precisely for addressing the issues of poverty and inequality of income and wealth. Furthermore, these vital problems cannot be dealt with in a purely technical and value-free manner. Culture and religion obviously matter and their impact, for the better or worse, needs to be investigated and evaluated. More specifically, in the second half of the 20th century, we can observe a striking gap of economic performance between the countries of the "East Asian miracle," followed by the People's Republic of China in the last two decades, on the one hand and many Latin American countries on the other (see Landes' succinct overview of the winners and losers since 1945; Landes 1998, 470-480 and 491-507). So I have asked myself time and again why, in economic terms, the Latin Americans are lagging behind the Asians? Why have Catholicism and particularly the Catholic social doctrine, the theology of liberation and the option for the poor not had a more positive influence on their countries' economic development (see Enderle forthcoming)? Is there a "Catholic deficit" in terms of wealth creation that, besides other political and economic factors, might explain that poor performance? And what should be done to overcome such a deficit? Can we conceive the creation of wealth as a "calling"?

In the following sections, I address these questions by exploring and clarifying the notion and significance of wealth creation, by discussing how business ethics can and should be related to wealth creation, and by investigating a possible "Catholic deficit."

What is the creation of wealth?

Wealth can be defined in several ways. As Robert Heilbroner states (1987, 880), "wealth is a fundamental concept in economics - indeed, perhaps the conceptual starting point for the discipline. Despite its centrality, however, the concept of wealth has never been a matter of general consensus." As for the term itself, it prominently features in Adam Smith's work *An Inquiry Into the Nature and Causes of the Wealth of Nations* (1776), but is conspicuously absent in Gunnar Myrdal's *Asian Drama: An Inquiry Into the Poverty of Nations* (1968) and is complemented with its opposite in David Landes' booktitle *The Wealth and Poverty of Nations. Why Some Are So Rich and Some So Poor* (1998). It is noteworthy to see how Smith's "wealth" is translated into other languages: as *Wohlstand* - prosperity (not as: *Reichtum* - riches, *Wohlfahrt* - welfare, *Vermögen* - wealth) in German, *richesse* - riches in French, *riqueza* - riches in Spanish and *fú* - rich in Chinese.

In order to discuss the concept of wealth we first may concentrate on what is meant by the wealth of a single nation. This approach, though, seems to be outmoded and inappropriate because of the "decline of the nation-state" in present times, the increasing amount of pressing international challenges and the extraordinary power of many transnational corporations. However, it also provides some advantages compared to other approaches. When we ask for the "wealth of a nation," it is difficult to deny that wealth should encompass both private and public goods or assets; that is endowments of two types: those that can be attributed to and controlled by individual actors, be they persons, groups or organizations, and those from which no actor - inside the nation - can be excluded (In technical economic terms, "public goods" are defined by the characteristics of non-rivalry and non-exclusive consumption; Enderle 2000.). For instance, a SARS-free environment is a "public good" and a SARS-threatened environment a "public bad" that has clearly a material component, although it might be difficult to put a price on it. It is obvious that the functioning of the markets and the production of private goods depend on such public good and public bads. In contrast, when speaking of the wealth of an individual or a company, we usually consider only the assets under their control while ignoring the public goods they also benefit (or suffer) from. In the international realm, public goods are only beginning to be discussed, although they are of increasing importance and often the driving force for transnational regimes and institutions.

We may define the wealth of a nation as the total amount of economically relevant private and public assets including physical, financial, human, and "social" capital. Consequently, the creation of wealth includes the production of public as well as private assets that indicates the important but limited role of the market and price mechanism. Wealth is primarily a stock (an economically relevant quantity at a certain point in time); but, in a broader sense, it also includes flows (increasing or decreasing quantities over a certain period of time). This basic distinction in economics is particularly relevant for our discussion on wealth because flows such as income per person, a commonly used indicator of the development of a country, express the economic situation of an economic actor only inadequately; the expected flows in the future are subject to a great deal of uncertainty and risk. Another fundamental issue, fraught with multiple difficulties, is the question how wealth as "economically relevant stocks and flows" can be properly expressed in monetary terms and added up to a total amount of money. From the recent experiences of the U. S. stock market, we all know that there might be huge gaps between the real economic and the monetary performances of companies, as the monetary indicators are only reliable if the markets function properly. Even then, this pertains only to private and not to public goods. In other words, sound economic thinking offers serious caveats against equalizing money with wealth. "Making money" can be destroying wealth while creating wealth can be losing money. It goes without saying that both should go hand in hand.

What do we mean by the "creation" of wealth? Obviously, wealth creation is more than possessing wealth and is only one form of increasing wealth. According to Jacob Viner, "Aristotle ... insisted that wealth was essential for nobility, but it must be inherited wealth. Wealth was also an essential need of the state, but it should be obtained by piracy or brigandage, and by war for the conquest of slaves, and should be maintained by slave works" (quotation in Novak 1993, 105.) In the course of history, the colonial powers acquired a great deal of wealth, usually regardless of legal and ethical concerns, which, by and large, amounted to a redistribution rather than a creation of wealth. In the capitalistic system the "acquisitive spirit," "the accumulation of capital" and the "acquisition of companies" do not necessarily entail the creation of wealth, properly speaking. It is, therefore, crucial to investigate what this concept of "creation" means more precisely.

To create is to make something new and better. Take the example of Medtronic Inc. that is proud to be “the world’s leading medical technology company, providing lifelong solutions to chronic disease” (www.medtronic.com). In its over 50-year history it has developed a wide range of medical devices, from implantable heart devices to neurological spinal and diabetes business, and continues to be in the forefront of the industry (see *Financial Times:* “Medtronic shows off future of healthcare.” February 8, 2002). Inspired to serve the customers, its innovative spirit has revolutionized not only its products and services but also its production processes, organization, culture, and identity, while yielding continuous financial success. As this company illustrates, wealth creation has a lot to do with technological innovation, but is more than that since the innovation is made feasible and successful in economic and financial terms. Aiming at material improvement for the benefit of human lives, wealth creation includes both a material and a spiritual side and goes beyond the mere acquisition and accumulation of wealth. It is a qualitative transformation of wealth.

On a national scale, the meaning of wealth creation can be easily understood against the backdrop of the debacle of a war. In the aftermath of the Second World War, Germany and Japan had to build up, to a large extent, new economies; and China, after the traumatic civil war of the Cultural Revolution (1966-1976), engaged in a transformation process from a centrally planned to a market-oriented economy. In those situations creating wealth is a national objective that mobilizes great many forces for a new and better future. In general, state and companies operate on a broad consensus regarding the need for the creation of both public and private wealth. Without doubt, the material side of these endeavors is essential; but the spiritual (or ideological) side is indispensable as well. As a good example for both the material and spiritual commitment of companies to participate in public wealth creation, we may recall Konosuke Matsushita’s determination in 1954 to continue, despite serious financial difficulties, the joint venture with Philips. “I definitely do not think that the tie-up has been a failure. ... I did not choose to form a technical tie-up with Philips in order to stimulate the growth of Matsushita Electric. I did not do it to gain personal publicity. I did it in order to bring the underdeveloped electronics industry in Japan up to world standards more quickly.” [2]

In further exploring the notion of wealth, we may question its purpose and use, first in economic terms and then in noneconomic terms as well. Besides the fact that wealth creation can have intrinsic value (for instance, the hard and diligent work and great enjoyment of producing life-saving medical equipment), wealth has instrumental value, being usable for consumption or investment. If consumption is the sole purpose, the road to poverty is predetermined. For an historic example, we may recall the decline of Spain in the 17th century. As Landes writes (1998, 175), “Spain ... became (or stayed) poor because it had too much money. The nations that did the work learned and kept good habits, while seeking new ways to do the job faster and better. The Spanish, on the other hand, indulged their penchant for status, leisure, and enjoyment - what Carlo Cipolla calls ‘the prevalent *hidalgo* mentality’.” And Landes offers a moral (relevant to the United States of today): “Easy money is bad for you. It represents short-run gain that will be paid for in immediate distortions and later regrets.” (173)

Investment is necessary for both wealth maintenance and the growth. Of course, if the investment rate is very high, the present generation may carry an undue burden of reduced consumption for the benefit of future generations. However, today’s consumer society tends to move in the opposite direction with a high preference of consumption to the detriment of investment. This trend becomes particularly clear when we seriously take into account not only “the nature of wealth” but also “the wealth of nature.” [3] One can reasonably argue that humankind at present is over-exploiting nature, the costs of which future generations will have to pay. It is therefore imperative to include the concept of sustainability in our notions of consumption, investment, and wealth. Wealth creation must be “sustainable,” that means to fulfill the demand “to meet the needs of the present generation without compromising the ability of future generations to meet their own needs” (as defined by the World Commission on Environment and Development, see WCED 1987).

In addition, it is easily ignored that wealth creation involves a distributive dimension permeating all of its stages from the preconditions to the generation process, the outcome, and the use for and allocation within consumption and investment. In fact, the productive and the distributive dimension of wealth creation are intrinsically interrelated. However, the separation between “producing the pie” and “sharing the pie” has marked for too long the ideological struggle between “the right” and “the left,” despite its flawed economic underpinning. The time has now come to overcome this misleading separation and to take the interrelations between the two dimensions (again) into account. As a consequence for our symposium, we should keep this in mind in our discussions on wealth creation, poverty, and income inequality.

Having clarified different aspects of the concept of wealth creation, we now turn to the question of motivation. What motivates people, companies, and countries to engage in wealth creation? Common answers in the economic and sociological literature are self-interest, greed, the will of survival, the desire of power aggrandizement, the enjoyment of riches, and the glory, honor, and well-being of nations. However, these motivations, taken individually or in mixed combinations, are rarely related specifically to the creation of wealth, driving economic activities in general and, most often, only for the acquisition and possession of wealth. When economic activities clearly focus on wealth creation, other motivations such as the entrepreneurial spirit, the service to others, and the *joie de trouver* (or the joy of finding that, in Landes' judgment (1998, 58), was the distinctive motivation in Medieval Europe as compared to Islamic countries and China) become more important. At the same time, the purpose of business and consequently its role in society gets elevated. Business is not any longer just about making money and acquiring wealth, being the ugly, yet indispensable servant to provide others with the material means to pursue higher, i.e., spiritual ends. Accordingly, it does not deserve a low reputation that is, unfortunately, even reinforced by those who stress the purely material and instrumental view. Rather, it is a creative and thus noble activity including both material and spiritual aspects, driven by a mix of motivations that are self- and other-regarding.

We may ask why, in history, wealth creation has often been ignored, disregarded or even treated with contempt? It seems to me that these attitudes depend on the valuation of the material world and the "bodiliness" of the human person as well as on the notion of creation. If the material world is considered inferior or even evil and if hostility towards the human body prevails, wealth cannot but share these qualities and is likely to be denigrated. It then is nonsensical to produce such wealth, were it not for another, really valuable purpose. Moreover, without being properly understood, the creation of wealth cannot be really appreciated and serve as a purpose of economic activity that matters more than the possession and acquisition of wealth. In sum, the determined affirmation that wealth creation is good and necessary makes up an essential prerequisite for thriving business in the long run. This necessarily includes, as mentioned above, a distributive dimension that permeates the entire creation process. It deeply affects the motivation for wealth creation as this motivation, in turn, strongly impacts wealth distribution.

Relevance of Wealth Creation for Business Ethics

After exploring the meaning of wealth creation, we now try to relate it to business ethics. But, by doing so, aren't we sending owls to Athens? Isn't this relationship so obvious that any thought would be superfluous? [4] After all, business is about producing wealth and ethics has to make sure that this is done properly. Nevertheless, I would like to argue that we need to pay serious attention to this relationship because, without this focus, business ethics becomes a superficial undertaking, evading the struggle with arguably the central issue of economic activity while expanding its reach far beyond what it can and should deliver.

In my view, a thorough understanding of wealth creation enables us to sharpen our economic critique of fashionable and short-sighted management receipes and to bring to bear the power of ethics where it matters most. From the conceptual analysis in the previous section we can draw a number of lessons for a sound, comprehensive, and differentiated conception of business ethics. To equalize business with just making money is not only questionable from the ethical perspective that asks for the ethical quality of both its means and its ends, but also from the economic perspective. Without adequate economic underpinning, making a lot of money can entail the destruction of much wealth as recent debacles of Enron and the like have demonstrated.[5]

It is relatively easy, though necessary as well, to criticize scandalous business behavior. But from the perspective of wealth creation, examples of an innovative spirit and best practices of "making things new and better" are more inspiring and should play a more prominent role in business ethics research and teaching. They would also highlight the fact that wealth creation forces the economic actor to look beyond the short term and definitively adopt a long-term perspective as well, in which "sustainability" is the key. As examples we may mention Medtronic Inc. (see above), Rohner Textil AG (www.climatex.com), and the Grameen Bank (www.grameen-info.org).

When exploring the concept of the wealth of nations, we concluded that it should encompass both private and public wealth and, as we know from economic theory, properly functioning markets are powerful instruments to create private wealth, but they fail in creating public wealth. This involves far-reaching implications for business ethics. Business ethics should not be limited to the creation of private wealth and truncated to corporate ethics, that is the ethics of business organizations, because the economy is bigger than the realm of markets and companies. Rather, business ethics should include the ethics of the economic system (and therefore go beyond "market morality"). It is only in this context that the creation of wealth and, we may add, the distribution of wealth, can be treated in a proper and comprehensive manner.

With regard to globalization, wealth creation provides a focus for business ethics whose importance cannot be overestimated. As long as globalization is the acquisition of wealth, most often by the rich from the poor, it does not create but only reshuffles and redistribute wealth, although accumulated wealth may pretend to be created wealth. The creation of sustainable wealth is a highly complex and demanding process and cannot be achieved without paying serious attention to its distributional preconditions and consequences. Moreover, if it is true at the national level that the creation of private wealth necessitates a certain amount of public wealth, the same is likely to hold at the international and global level. Given the difficulties in creating public wealth at the local and national level, one can easily imagine the almost unsurmountable problems to do so at the global level.

These difficulties in creating wealth call for a thorough examination of motivations. They should be strong and effective that they provide the necessary driving force not simply for acquiring and possessing wealth, but, more importantly, for creating wealth. Furthermore, they should aim not only at private, but also at public wealth at all levels, from the local to the global. Recalling the panoply of motivations indicated above, I suggest considering a mix of motivations that are self- and other-regarding. Certainly, self-interest and the honor of the country remain powerful driving forces and, properly understood, are ethically legitimate. But if they are purported as the sole important motivation (for economic activity), they are questionable on empirical grounds and imply grave inconsistencies (for instance, the self-interest of the manager may conflict with the self-interest of his company or the honor of the country may require the sacrifice of the individuals' interests). For the very creation of wealth, as mentioned above, other motivations such as the entrepreneurial spirit, the service to others and the joy of finding (that might be combined with the will to make a decent living for oneself and one's family) gain more importance and are indispensable to producing public wealth. Generally speaking, the enormous challenges of creating wealth requires a shift of motivations that shape the cultures of companies, countries and the world. But such a shift cannot take place, if it is not rooted in and advanced by individuals.

The motivation for wealth creation can be further strengthened to the extent that the production of economic wealth is intrinsically coupled with the production of non-economic, e.g., social and environmental, wealth designed "to hit two birds with one stone." No doubt, to achieve this is an even bigger challenge to the entrepreneurial spirit; but the gain is bigger as well. At the organizational level, companies fulfill, with the same strategies, not only economic but also social and environmental responsibilities, these different dimensions of corporate activities reinforcing, not weakening, each other. To give a few examples: Activities such as feeding workers in poor areas who come to work hungry will improve their productivity. Empowerment of workers on the shop floor will have a similar wealth-enhancing effect. Extending a plantation's water system into the local squatter community or investing in a hospital improves worker health and motivation with a resulting productivity and positive cash-flow impact. In the environmental realm, programs to reduce energy consumption can enhance wealth. In my view, such a "balanced" approach has a long way to go and is one of the top challenges for corporate ethics in the 21st century (see Enderle and Tavis 1998, Enderle 2003).

As alluded to at the beginning of this section, business currently faces a vast array of expectations, particularly in terms of "corporate social responsibility," that are often vague and almost limitless. Against this tendency of holding business responsible for nearly everything, the focus on wealth creation can be an important corrective. Since companies are primarily economic organizations, they have to prove their ethical commitment, first of all, in this regard. Unfortunately, we can observe too many businesses today that try to cover up their poor ethical performance in core activities by expanding lavishly into all kinds of "social responsibilities." With this criticism I do not join Milton Friedman's position that the sole responsibility of the executive is to maximize profit. The notion of wealth creation is much richer, relates to the company as such and can be combined, to a large extent, with the creation of social and environmental wealth without being "hypocritical."

However, there is a point at which further creation of social and environmental wealth can be achieved but at the costs of the company's further economic growth. When all means to reconcile those diverging paths are exhausted, the costs for needed social and environmental tasks have to be clearly stated and fairly shared with other social actors. Cost transparency, ability-to-pay and shared responsibility should be the principles for further corporate involvement in addressing societal challenges.

A Inquiry Into the Catholic Record

As indicated in the introduction, my recent interest in and dealing with "business ethics and wealth creation" has been motivated by the striking gap of economic performance between, simply speaking, East Asian and Latin American countries and by the intriguing question of the evolving role of Catholicism. What I can offer is not really an "inquiry" (to use Adam Smith's word) but rather a draft of an inquiry into the Catholic record with regard to business ethics and wealth creation.

Such an investigation may ask whether or not there is a deficit in the Catholic tradition with regard to the notion of wealth creation. This question certainly is of historical interest and can lead to a better understanding of how the Catholic faith tradition has influenced the purpose, reputation, and practice of business. However, more importantly in my view, we may examine ourselves in this light and want to know what should be done to enhance wealth creation and thus strengthen business ethics.

When speaking of a "deficit," we mean the lack of anything, be it money, people, understanding or commitment, related to some standard of completeness or adequacy and compared to others who might or might not incur that deficit. Accordingly, a "Catholic deficit" of wealth creation might be investigated in terms of the substantive features discussed in the first section and compared to other faith traditions and secular beliefs, focusing either on the history of ideas and doctrines or on their practical impact throughout history. Since such an undertaking, obviously, would exceed by far the scope of this paper, we may limit ourselves to the following considerations.

First of all, in line with Adam Smith, we started with defining wealth at the national level that encompasses both private and public wealth. To some extent, Catholic tradition has always upheld this comprehensive notion by stressing the "common good." As the human person is considered a social being, economic activity cannot be reduced to the sum of strictly individual behavior. Pursuing and ensuring the "common good" is both a prerequisite of the production of private goods and a central responsibility of the society at large. However, the "common good" doctrine, though including the economic dimension, does not directly articulate and promote public wealth and prosperity. It remains rather vague when it comes to relate the common good to the nation or an international body. If, for instance, kinship outweighs politics in a nation, as it tends to be the case in countries with strong Catholic traditions, it might be hard to ensure the national common good.

Second, there has been a long-lasting Catholic attitude deeply suspicious of making money. As a result, non-Catholics had to take care of this business, be they Jewish and Muslim minorities in Catholic countries (as long as they were not expulsed by the rulers) or the Calvinists in Geneva and the Netherlands. Over the centuries, the increasingly important role of money in the economy, not only as a general means of exchange and payment but also as a means of keeping assets, has been realized by Catholics only slowly. But, to be fair, even the classical economists maintained the "neutrality of money," which means that the existence of money doesn't influence relative prices. Indeed, until today, a suspicion of making money is still required not the least because money and wealth are *not* synonymous.

Third, in assessing the Catholic deficit, the distinction between possessing, acquiring, and creating wealth is crucial. Although wealth creation has occurred throughout history (recall, for instance, the invention of the wheel and its far-reaching economic and other consequences!), it took a decisive turn, according to Landes (see note 2), with the free enterprise in the Europe of the Middle Ages. Encouraged by division of labor and widening of the market, technological innovation did work and pay. Moreover, it was not prevented or discouraged because rulers and vested interests were limited in their ability to do so. Before this change the rich were those who merely possessed chiefly unearned wealth, acquired wealth through all kinds of redistribution and often used wealth ostentatiously. It therefore comes as no surprise that criticism and condemnation of the wealthy has been a recurrent theme in the

Catholic tradition (as in many other traditions). What is, however, surprising and unfortunate is the fact that the vital importance of the creation of wealth has been realized and recognized by the Catholic church only recently.

Fourth, as Bruce Malina points out in his article "Wealth and Poverty in the New Testament World" (1995, 88-93), words such as "poor" and "rich" or "wealthy" are rooted in social systems and take their meaning from them.[6] Given the common distinction of four basic social institutions, namely kinship, economics, politics, and religion, the meaning and role of wealth (and poverty as well) greatly depends on the relative importance of each of these four institutions.

> "Biblical literature developed exclusively within the contexts of kinship and politics. It comes from a world where there was domestic religion and political religion, as well as domestic economy and political economy. Thus biblical authors never spoke of economics purely and simply; their language was never used to express systems of meaning deriving from technology (or the means of production). ... The point is that ... the existing social systems simply did not have freestanding and formal religion and economics." (90)

Consequently, "wealth" did not have the same standing as "belonging" and "power" (i.e., the social dimensions rooted in kinship and politics) and was rather a derivative of them, possessing instrumental rather than intrinsic value in order to achieve ends in terms of kinship and politics. It was unthinkable to speak of "The Gospel of Wealth" as Andrew Carnegie did at the turn to the 20th century (Carnegie 1900). With the formation of freestanding and formal economics in modern times, the relative importance of the four basic social institutions, however, shifted. Wealth and its creation were "upgraded" and gained also intrinsic value and higher social standing. In my view, this change constitutes a positive move that doesn't justify, of course, the excesses of this historic development. Again, it seems to me that we have been slow in the Catholic tradition to fully recognize this achievement and draw the necessary consequences from it, having difficulty to "downgrade" the social importance of kinship and power.

Fifth, the Catholic record with regard to poverty and economic inequalities should be assessed not only in itself (which is the main focus of Sigmar Malvezzi's paper), but also from the perspective of wealth creation. As noted above, this creation necessarily involves pervasive distributive implications that are not easy to elucidated. On the ground of historical experiences, at least two extreme views can be discarded: that wealth creation needs a radical levelling down of all economic inequalities (i.e., a view that failed in many socialist experiments) and that wealth creation presupposes substantial economic inequalities and must generate, for a certain period of time, even more discrepancies (this view was disproved by the "East Asian miracle"). The real challenge lies in defining and controling the *extent* of inequality that is conducive to the creation of wealth and the eradication of poverty.

The traditional Catholic way of helping the poor and fighting against poverty has consisted of redistributive measures, be they voluntary charitable giving or state-ordered specific welfare policies. Those who "have" wealth are obliged to share with those who "have not." Usually the possession of wealth in itself is to the fore in contrast to Carnegie's view of acquiring wealth in order to share it. Beyond redistribution (that certainly remains necessary to a certain extent), the Catholic view has moved to the recognition that the poor should be allowed and enabled to participate in the market economy. This is a major step forwards. But the challenge of wealth creation is more formidable: to let the poor become creators of wealth.

Endnotes

* I am grateful to Pat Murphy for his thoughful suggestions.

(1) Actually, this saying ("zhi fù gu► ng róng") was neither directly uttered nor denied by Deng Xiaoping. A journalist asked the leader in an interview on September 2, 1986: "How would Mao Zedong see the current situation?" and proposed the answer that remained uncontested by Deng Xiaoping: "In such a way as the current leaders maintain that to be rich is glorious ... " (Deng Xiaoping's Selected Works in Chinese, vol. 3, Beijing: People's Publishing House, 1993, p. 174) I acknowledge my gratitude to Xiaohe Lu for this information.

(2) One might ask whether this innovative spirit leading to wealth creation is one or even the essential feature of capitalism? Different scholars offer a variety of answers. David Landes argues that it was already in the Europe of the Middle Ages when division of labor and widening of the market encouraged technological innovation (Landes 1998, 45). For the peculiarly European cultivation of invention, as distinct from the Chinese attitude, he stresses the importance of the market. “Enterprise was free in Europe. Innovation worked and paid, and rulers and vested interests were limited in their ability to prevent or discourage innovation. Success bred imitation and emulation; also a sense of power that would in the long run raise men almost to the level of gods.” (59)
For Michael Novak, the innovative spirit becomes the hallmark of capitalism. Criticizing Max Weber who holds “economic rationality” to be the essence of capitalism and drawing on Hayek, Schumpeter, Kirzner and others, Novak states: “The heart of capitalism ... lies in discovery, innovation, and invention. Its fundamental activity is insight into what needs to be done to provide a new good or service. The distinctive materials of capitalism are not numbers already assembled for calculation by the logic of the past. On the contrary, its distinctive materials are new possibilities glimpsed by surprise through enterprising imagination.” (Novak 1993, 10)
(3) An interesting attempt to take nature into account has been made in a recent report to the Club of Rome; see Van Dieren 1995.

(4) One might wonder if this is the reason why an entry on "wealth" (and on "poverty" as well) is missing in the *Encyclopedic Dictionary of Business Ethics* (Werhane and Freeman 1997).

(5) With the benefit of hindsight we wouldn’t qualify Enron as a company that created enormous wealth in the late 1990s despite its spectacular published financial results, its operating results, for instance, increasing from $515 million in 1997 to $698 million in 1998, $957 million in 1999 and $1.266 billion in 2000. The bankruptcy filing lists $31.2 billion of debt, later revised to $40 billion and the asset values estimated at $62 billion in the Chapter 11 filing were later revised to $38 billion (Tonge et al. 2003, 5).

(6) Malina summarizes the common features of the rich characterized by the New Testament as follows: "It would seem that they became rich as a result of their own covetousness, or greed, or that of their ancestors. For typical of the rich is the amassing of surplus, of having more than enough and more than others. Significantly, one was presumed to have become rich by depriving others, defrauding and eliminating others, prospering by having others become wretched, pitiable, ill, blind, and naked. Thus the rich rank with persons who wield power for their own aggrandizement, such as kings and generals, or with the haughty and others who overstep their proper social rank, such as merchants." (Malina 1995, 89) He also points to the changing meaning of the word "poor" according to the prevalent social institution: "Note how the meaning of the word "poor" changes when used of the *oppressed* (the *politically* unable: e.g., in the Exodus the empowerment of the poor; during the Israelite monarchy, the consolation of the poor), the *indigent* (the *economically* unable), the *sick* and *outcast* (the *kinship* unable: those who cannot maintain their honor by themselves), and the *unbelieving* - and therefore ignorant (the *religiously* unable: note that in Islam, unbelief is ignorance). Metaphorically speaking, all such "poor" people are marginal, at the margins of their social group." (Malina 1995, 91)

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