

The Contrasting Visions of Jack Welch and John Paul II

Phillip Thompson

May the eyes of [your] hearts be enlightened, that you may know what is the hope that belongs to his call...and what is the surpassing greatness of his power for us who believe, in accord with the exercise of his great might, which he worked in Christ raising him from the dead and seating him at his right hand in the heavens, far above every principality, authority, power and dominion.

Ephesians, I:18-21

The Business Ethics Crisis

On July 9, 2002, President George W. Bush announced in the wake of a series of business scandals that America's "greatest economic need" was "higher ethical standards" to be "upheld by responsible business leaders."¹ This unprecedented presidential plea for a renewal of business ethics as a key to economic renewal directly challenged the business leadership of the United States.

After the President's speech, there were mixed responses to the challenge. Chris Galvin, the president of Motorola immediately sent a forceful memorandum on the importance of ethics to his employees around the globe. Everyone at Motorola was reminded that "the highest ethics" was expected of them and that each employee should take "pride and confidence in this part of our culture." There were also some initial indications that the President's plea might not have traction. A Wall Street Journal and Harris interactive survey of corporate recruiters indicated in September of 2002 that a sense of corporate citizenship and responsibility rated dead last among a list of twenty-four attributes that they sought in potential employees.²

The corporate recruiter survey suggests that the problem may have deep roots. Similarly, a national survey in 1999 of MBA students discovered that 73% would acquire a patent from an opposing company by hiring a competitor if asked by their boss. Interestingly, 73% of the students said yes, while only 60% of convicts asked the same question responded in the affirmative. A national business ethics survey in 2000 of employees at all levels in companies across the United States disclosed that 26% had observed lying by their business to customers, vendors, or the public with another 24% witnessing abusive or intimidating behavior towards employees.

¹ "Transcript of President's Address Calling for New Era of Corporate Integrity" New York Times (July 10, 2002), C4.

² Marianne M. Jennings, "What's Happening in Business Schools?" 137 The Public Interest (Fall, 1999), 31; Ethics Resources Center, 2000 National Business Ethics Survey (Washington, D.C., 2000), vol.1, 14. See Addendum "A", Memorandum of Chris Galvin, (July 12, 2002); "To Recruiters, Virtue is no Virtue" Wall Street Journal (September 9, 2002), R11.

In addition to some discouraging surveys, the regnant models of business leadership seem to have been insufficient to prevent the ethics crisis. Perhaps, it is an appropriate moment for Christian scholars to contribute their insights and assistance in the shaping of a new management paradigm. This paper engages such a project by applying a critique and offering an alternative model that draw heavily on the resources of Catholic social thought. Specifically, I will examine the leadership of Jack Welch as the former Chief Executive Officer (CEO) and Chairman of the General Electric Corporation (G.E.) through the teachings of John Paul II. Welch was a prominent model of business leadership in the resurgent United States economy of the 1990's. This "global legend" was described by Business Week as "the gold standard against which other CEOs are measured."³

When I started to research Jack Welch a few years ago, the "gold standard" had largely avoided any tarnish of scandal, and had achieved spectacular results for his stockholders. The stock price of G.E. shares rose 1,155 percent from 1982 to 1997.⁴ To achieve such success, he espoused a very uncompromising and narrowly focused business leadership model. While his recent divorce raises some troubling issues about the use of corporate assets, my analysis will primarily concentrate on his tenure as CEO and Chairman of the Board of G.E. and his vaunted corporate strategies that continue to influence the current generation of business leaders. The hagiography often bestowed upon Welch's managerial prowess often obscures some ethical deficiencies.⁵ Another Catholic, John Paul II, offers an alternative and I would argue more humane vision for pursuing a vocation in business. The different visions of these two Catholics follow from their very different assumptions about human nature and ends.

The Vision Problem

Jack Welch remains a positive icon in the business world because of his phenomenal "success" in making G.E. the most profitable company in the United States.⁶ Within a decade, he achieved his boast upon taking over the reins at G.E. that the company and its subsidiaries would be ranked number 1 or 2 worldwide in every field. Welch ruthlessly and, it must be conceded, effectively pursued the ultimate end of "success" as measured by profitability, market share, etc., through a relentless push for

³ Janet Lowe, Jack Welch Speaks (John Wiley & Sons, 1998), xi; Tim Smart, "Jack Welch's Encore" Business Week (October 28, 1996), 158. For an example of how influential Welch remains around the globe see Caroline Merrell, "Young People Embrace the U.S. Style of Business Culture" The Times (April 12, 2003), 49.

⁴ Thomas F. O'Boyle, At Any Cost Jack Welch, General Electric, and the Pursuit of Profit (New York: Alfred A. Knopf, 1998), 11.

⁵For a tongue in cheek exploration of the comparisons of the canonization process and the recent favorable treatment of Jack Welch in the business press, see James Martin, S.J., "St. Jack Pray for Us" America (November 12, 2001), 24,25.

⁶ For a comparison of G.E. stock against the S&P 500 from 1981 to 1998 see Slater, The GE Way, 8.

more productivity, a massive dismissal of employees in less profitable portions of the company, the removal of layers of bureaucracy, and the rewarding of those who improved the bottom line. There are certainly some worthwhile dimensions of Welch's approach such as improved communication and openness between departments. There is an understandable appeal in his transformative mantra.

We took a bureaucracy and we shook it. We created a world-class organization, whose excellence is accepted on every continent. I believe the G.E. I'm leaving is a true meritocracy, a place filled with involved and excited people, with good values and high integrity.⁷

As his words attest, Welch is a driven and "successful" executive. He is also a Catholic although the faith in which he was reared, and has never completely rejected, failed to significantly alter his moral trajectory. Hence, it is worth pondering to what extent his actions and model of business leadership are consonant with Catholic social teaching. Unprepared to resist and perhaps naturally disposed to preference economic success to any other concern, he adopted as virtually unqualified idols certain business goals.⁸ After he assumed control at G.E., he announced that his prime directive was to make the company "the most competitive enterprise on earth" in "brutally competitive times."⁹ The values that would guide this quest are expressed in the adjectives that he finds positive in an explanation of his success in the "Prologue" to his autobiography. These include the following¹⁰ :

creative	earthy	competitive	honest
adaptability	loud	hard working	smartest
agility	informal	committed	
high spirited	smart	outspoken	

These words and phrases suggest some of the keys to a macho, tough, efficient, and profitable corporate culture. They also suggest a circumscribed set of human qualities and goals. Hence, the self-description never employs words like compassion, mercy, grace, faith, empathy, ethics, humility, hubris, or morality.

Causes and Effects

Why does Jack Welch seem indifferent to the negative impacts from his actions? The answer can be discovered, at least in part, in his understanding of human nature. CEOs are persons of action and not speculative philosophers, but this does not mean that they does not make certain implicit assumptions about human beings and their

⁷Jack Welch with John A. Byrne, Jack Straight from the Gut (New York: Warner Books, 1989), 430.

⁸ Idol in this context means making something a final end that should not be a final end.

⁹Welch, Jack, xv; Lowe, Jack Welch Speaks, 39.

¹⁰Welch, Jack, xi-xvi.

fundamental purposes, traits, and goals. Such implicit assumptions are often revealed in both their actions and their explanations for those actions.

The roots of Welch's views of human nature and purposes seem to have arisen early. In his autobiography, he observes that, "I've never really changed that much from the boy my mother raised in Salem, Massachusetts," Welch was raised by a devout Irish mother who had visions of her son becoming a priest as she sent him regularly to Church to be an altar boy. Mrs. Welch went to mass every day, hung crucifixes in her house, regularly prayed the rosary, and considered the priest of her parish a saint.¹¹ From his pious but formidable mother, young Jack learned "good values" such as toughness, aggressiveness, realism, perseverance, and a very strong work ethic. The most important gift from his mother may have been self-confidence. In response to a stuttering problem, his mother constantly stroked his ego. It is not an accident that self-confidence became the most essential quality of a Welch era G.E. executive.¹²

These key values such as competitiveness, determination, and self confidence are also traits essential to winning. Life for Welch is always about competition whether in the board room or on the golf course. The value of competition was permanently ingrained at the "Pit." The "Pit" was a dusty lot in Salem that was the venue for basketball, football, and hockey pickup games. Here, young men learned how to be "scrappy" and to compete in a struggle that valued the survival of the fittest. Welch was one of the organizers of the games. This experience taught fundamental lessons in how to manage competition and motivate performance that he incorporated into his management techniques.¹³

From my days in the Pit, I learned that the game is all about fielding the best athletes. Whoever fielded the best team there won. ... it was no different in business. Winning teams come from differentiation, rewarding the best and removing the weakest, always fighting to raise the bar.¹⁴

The survival values learned from his mother and the "Pit" are not inherently problematic. After all, many of these values were cherished by St. Paul and Abraham Lincoln.¹⁵ Such values are problematic, however, if they are raised to the status of final ends and not guided by a more expansive and just moral vision. This error locks him into what the social thinker, Jean Bethke Elshtain, has called "a dense wall of immanence where every reference point is anthropocentric."¹⁶ This wall restricts Welch to certain

¹¹Welch, Jack, 12.

¹²Welch, Jack, 3-8.

¹³ Welch, Jack, 9.

¹⁴Welch, Jack, 25. It is no coincidence that the auditorium at G.E.'s Crotonville Management Development Institute where Welch held court is also nicknamed the "pit".
Lowe, Jack Welch Speaks, 58-61.

¹⁵ On Lincoln, see William Lee Miller, Lincoln's Virtues, An Ethical Biography (New York: Vintage Books, 2002).

¹⁶Jean Bethke Elshtain, Augustine and the Limits of Politics (Notre Dame: Notre Dame University Press, 1995), 6; See also Robert Coles, The Secular Mind (Princeton:

material objectives such as production, efficiency, and profitability. There is a terrible irony in a man who is relentlessly promoting “great ideas” and “better ways” being oblivious to the limits of his own vision. New ideas are fine, but only if they do not challenge the fundamental assumptions or framework guiding the G.E. model.

A study of Welch fails to reveal why he did not develop a more comprehensive perspective or any contrapuntal values such as mercy and compassion from his experiences such as stuttering or the model of his mother. Religion as a source for a broader moral horizon was largely ignored. There are only two references to God in his autobiography. In one instance, he declares that his success in the plastics division of G.E. was like “God coming down and saying, ‘Jack, this is your moment. Take it.’” The other reference was upon the passing of his mother from congenital heart problems. A man who was until her death an “incredibly serious, believing Catholic” felt “cheated, angry, and mad at God for taking my mother from me.” In both instances, God is judged by what he did to promote or aid Jack Welch. After his mother’s death, God’s is dismissed from the realm of Welch for this key failure. No person or entity is beyond judgment for a failure to assist the boss.¹⁷

In these pivotal moments of personal challenge and loss, Welch in his autobiography can only reflect on how these events impact his life. A sense of grieving for a beloved parent is of course very normal. What is less clear is why such a loss forces an abandonment of any serious devotion to one’s faith. Was he supposed to be immune from a fate suffered by almost every human being? The answer may be that not since Rousseau has an autobiography displayed such an unalloyed vein of narcissism. For example, an invalid mother’s gratitude for a washing of her back is only recalled because the action prompts an expression of pride in her son. Why not learn instead the value of caring for those in need? Once again, at her funeral, he ruminates on the stories of his mother’s friends that focus on how she bragged about her son.¹⁸ The focus of these stories confirms a constant tendency to stare in the mirror upon a world that is relentlessly all Jack all the time. Human beings are only useful and worthy to the extent that they further his ends or stroke his ego.

The hypercompetitive nature and myopia of the young boy who played at the “Pit” were complimented by a chip on the shoulder about being from the poor side of the tracks. He attributes his failure to get into an Ivy League school to his father’s lack of connections and relishes the story of how as a caddie he told a wealthy patron to go to hell and tossed his golf bag into a pond when the man told him to wade into the pond to retrieve a ball. Upon entering the corporate world, the self-absorbed and confident young man with the chip on his shoulder devoted himself completely to G.E. becoming in his own words the “ultimate workaholic”, who seems oblivious to how a devotion to work might impact his domestic life. He mentions his first wife of twenty-eight years and

Princeton University Press, 1999).

¹⁷Stratford P. Sherman, “The Mind of Jack Welch” Fortune (March 27, 1989), 41; Welch, Jack, 35, 38.

¹⁸Welch, Jack, 35, 38.

children from that marriage only in a few passing references in the autobiography. Apparently, he has developed only one hobby-golf.¹⁹

Still, defenders of Welch might object to any suggestion that he is all work and no ethics. After all, he regularly proclaims the importance of values at G.E.. It is not readily apparent, however, what he means by such a term beyond those technical skills such as efficiency, flexibility, creativity, etc. that make an employee more productive, and profitable. G.E.'s value statement that Welch carried in his pocket emphasizes "aggressive targets", "excellence", "team building", "competitive advantage", "customer focus", "change", and "energy". Some other terms like "integrity", "global sensitivity", and "accountability" might suggest a significant mitigation of Welch's laser-like competitive focus, but they are ambiguous or morally neutral terms in a system so dominated by the goals of quality, productivity, and profitability. It is also not clear what is meant by words often associated with moral weight such as "integrity" and "honesty". When attending a Fairfield University Business School Forum, a student asked Welch how to be both a good Catholic and businessman. The answer was simple: integrity in the form of honesty- say what you mean and mean what you say, even if you have to be "brutally honest".²⁰

While toughness and candor can be attractive qualities, much of his moral lexicon such as integrity demonstrate a superficial understanding of such terms. Stephen Carter, in his book, Integrity, notes that personal integrity. It begins with a difficult introspective process that seeks to discern the core values for living a fully human life.²¹ Based on his own comments, Welch appears to have failed to undergo any serious process of discernment regarding ultimate concerns or purposes. Such a process of discernment of values might suggest that honesty is normally, but not always, the best policy. Kant and Augustine notwithstanding, honesty has to be balanced by considerations of mercy, love, and caring for other persons or it can be destructive of human dignity.

In addition, a number of personal actions cast some doubt on the constant refrain of total honesty and integrity. Divorce papers claim the former CEO received a host of lavish perks from G.E. after his retirement that were not revealed to company stockholders. Subsequently, Welch has also been chastised for the fact that he received preferential treatment in receiving back his investment of 1.87 million dollars when he exercised stock options in Ideallab, an internet start up. Forty eight other investors lost all of their \$725 million.²²

Welch's definition of integrity and honesty also suffers from an inability to tap into a larger and more humane vision, because he suffers from what the business ethicist, Kenneth Goodpaster, refers to as "teleopathy." Teleopathy is an "unbalanced pursuit of

¹⁹Welch, Jack, 13,14, 38, 146.

²⁰ Lowe, Jack Welch Speaks, 86, 87; Welch, Jack, xiv, 381.

²¹Stephen Carter, Integrity (New York: HarperCollins, 1996), 10.

²² "Court Papers Detail Perks Given to Former GE Chief" Austin American-Statesman (September 7, 2002), G3. Peter Robinson, "Welch Didn't Feel Their Pain, Investors Say" Austin American-Statesman (May 12, 2003), D2.

business in either individuals or organizations” in which normal business goals start to own the business person. Such a “fixation” rejects the normal business virtues of “determination” and “perseverance” and often devolves into excess. Welch observed that a business leader should not be a “moderate, balanced, thoughtful, articulator of policy. You’ve got to be on the lunatic fringe.”²³ For example, G.E. corporate meetings were legendary for their severity and his demeaning, ridiculing, and humiliating of the corporate leadership. Goodpaster asserts that such excessive behaviors are often rationalized by a loyalty to the company, the need to preserve stock price, and the difficulty of competition. After all, the G.E. chief declared that, “We come to work every day on the razor’s edge of a competitive battle” and admitted to being demanding on his employees, because there were “six companies going after every order out there.”²⁴

According to Goodpaster, the repetition of such fixation and rationalization eventually leads to a detachment from certain ethical norms such as “compassion” and “generosity.”²⁵ With detachment, competition can devolve into brutish behavior. Welch was vaguely concerned about this type of behavior, but he does not accept responsibility for promoting the pressures of relentless competition that can foster such behaviors. One executive noted that, “You can’t even say hello to Jack without being confrontational” while another described meetings as “brawls”. A monomania to reach business goals also abetted callousness about the means. Employee reductions, including the release of 100,000 people or one quarter of the G.E. workforce, led to the common perception that workers were “expendable” and the only regret from the mastermind of such measures was that he “took too long to act”, and did not go “far enough or move fast enough”.²⁶

The teleopathy of Welch was certainly based on a fixation, annealed by rationalization, and produced moral detachment. The fixation seems to have its justification and origin, at least in part, in his understanding or misunderstanding of human nature. Human beings are comparable to commodities and Welch notes the pride his mother had in her “product” [son].²⁷ The reduction of his self to a “product” is telling. If human beings are like products, they are one more object to be manipulated, marketed, and discarded. Such products can be developed to preference techniques and attitudes essential for competition. All other values and human traits are largely extraneous to the main reason for living- the competition of work. Hence, an adherence to values such as mercy, loyalty, compassion, or equity was marginalized in G.E.

²³ Lowe, Jack Welch Talks, 73.

²⁴ Tim Smart, “G.E.’s Welch: Fighting Like Hell To Be No. 1” Business Week (July 8, 1996), 48; Steven Flax, “The Toughest Boss in America” Fortune (August 6, 1984), 18, 19.

²⁵ “Teleopathy” in Patricia Werhane and R. Edward Freeman, eds., Blackwell Encyclopedic Dictionary of Business Ethics (Malden, Mass: Blackwell, 1998), 627.

²⁶ Mitchell and Dobryzynski, “G.E.’s Jack Welch”, 92; Janet Guyon, “GE Chairman Though Much Praised, Starts to Draw Critics” Wall Street Journal (August 4, 1988), A1. A8. Russell Mitchell and Judith Dobryzynski, “GE’s Jack Welch, How Good a Manager is He?” Business Week (December 14, 1987), 94; Welch, Jack, 130-132.

²⁷ Welch, Jack, 38.

The marginalization of humane values had serious consequences. The following vignettes reveal the harsh culture resulting from the crusade for success at G.E.

- ❖ At a question and answer session at G.E. headquarters a senior finance executive interrupted a young, female manager, who was relating how much G.E. expected from their employees, by shouting, “I *know* what your question is. Your question is what does G.E. owe *me*? Well, get this straight: G.E. doesn’t owe you a damn *thing!*”
- ❖ A G.E. human resources manager was approached by a manager in another department who wanted to fire a fifteen year employee who had no problems on his record and had just received an incentive reward for good performance. When the human resources manager suggested compassion because of the employee’s years with the company, the impact on his family, and his good performance, the blunt retort was, “Fuck compassion.”
- ❖ A young woman in accounting was required to not go home during crunch time at the closing of the accounting year and was placed in a dangerous hotel near her place of employment although safer, but more expensive, lodgings were available nearby. She was accosted in her room and tied to a chair. She escaped, but when she sought counseling and missed time from work because of the incident, she was fired for being “unbalanced” and not a “team” player.
- ❖ There was a high level of fear and uncertainty at G.E. from the top to the bottom in the Welch years. The impact on employees from being fired or witnessing the massive layoffs in the 1980’s is incalculable.
- ❖ In the midst of the layoffs, G.E.’s public relations campaign still touted a loyalty to its employees in its “G.E. is me” publicity campaign. The reality was that to survive and thrive at the new G.E., an employees had to be “tough”, “short tempered”, “almost impervious to criticism”, “able to triumph in Machiavellian maneuverings”, and “completely wedded to your job.” One executive confided that going off to work in the morning at G.E. was like “going off to war”.²⁸

During his most destructive period, Welch remained largely impervious to the carnage resulting from his actions. In one of the less sensitive actions by a business executive, he lavishly refurbished a perfectly good office in Manhattan as scores of G.E. employees were emptying their desks in the same building. Even when the impact of his decisions came literally to his home, he displays no sympathy for the suffering of his employees. A young boy whose father was fired by Welch took a swing at his son on a school bus. While he is sympathetic to his son, there is no recognition of the suffering of the other family that caused the incident.²⁹

²⁸ James Martin, S.J., In Good Company (Franklin, Wisconsin: Sheed and Ward, 1999), 32, 51-54, 59; A yearly survey of four hundred large U.S. corporations between 1979 and 1997 revealed that fears of layoffs increased from 24% to 46% in those years. O’Boyle, At Any Cost, 15,19.

²⁹ Welch, Jack, 60.

In addition to employee difficulties, there were also negative institutional consequences from the maximum pressure exerted in executing the corporate game plan. These examples suggest that perhaps success and not integrity was the dominant principle guiding G.E. The push for success bred a climate where there was a temptation to fudge numbers and pursue actions of dubious legality. Consider the following examples.

- ❖ One employee has recounted the tendency in the Financial Management Program of the International Division of G.E. to cook the books in order to reflect the expectations of the corporate office rather than the financial reality. G.E.'s accounting practices came under general scrutiny with the publishing of articles in business journals at the end of Welch's reign questioning G.E.'s accounting practices that shifted company assets to maintain the vaunted consistency of G.E. profits.
- ❖ There were credible allegations that G.E. abused and paid its maquiladora employees in the Rio Grande Valley about half of what Ford Motor company pays in the same area.
- ❖ A rush to get a new refrigerator on line with an insufficiently tested rotary compressor resulted in corporate losses of \$450 million dollars and the closing of a plant.
- ❖ In the Welch era, G.E. and its subsidiaries were involved in a number of regulatory and legal actions in which they were accused of skirting the law. For example, the G.E. owned Kidder Peabody securities firm lost one billion dollars and several executives, including a Welch crony, were sanctioned in 1994 for accounting and records violations by the Security and Exchange Commission. G.E. was also involved in several scandals with the Pentagon resulting in fifteen criminal and civil convictions between 1985 and 1992. Other major lawsuits involved age discrimination, retaliation against whistle blowers, price fixing, OSHA violations, and fraud. One of the most hands on executives in the history of any major corporation refused to take any responsibility for the rash of lawsuits. Contented investors and directors also remained mute.³⁰

The Critique of John Paul II

The human cost in the Welch era at G.E. was enormous. While there were financial winners, the fundamental violations of human dignity imposed by an excessive idolatry of profits and productivity resulted in massive layoffs, demoralized and nervous employees, rushed products, accusations of fraud, and a general indifference to ethical concerns. These violations occur in a corporate culture where the achieving of greater market share, efficiency, and productivity is the prime directive. Welch sought such an objective because human beings are like products designed for competition and competition is about winning, and winning is about scores- whether it is points in football

³⁰ Martin, In Good Company, 31-33; Jennifer Schu, "The Shadow Behind Jack Welch's Glory" Business Ethics (Nov.-December 2001), 5; O'Boyle, At Any Price, 12-14, 359-360.

or stock prices and market share. Those employees who are not stars are dismissed and those who through toughness, devotion, creativity, guile, etc. meet the prime directive are richly rewarded. A former G.E. executive noted that Welch's theory was that ""those who do, get; those who don't, go."³¹ All other human values or attributes including family, faith, sociability, solidarity, etc. are simply irrelevant if not harmful because they dilute the ability to effectively compete.

The crass utilitarianism and materialism providing the framework of Welch's understanding of human nature has been confronted by the Catholic Church over the centuries in many forms. For example, St. Augustine denounced his fellow Romans for turning a blind eye to "the utter corruption of their country" so long as they enjoy "material prosperity." The bishop of Hippo concluded that his fellow Romans were often "more disgusted by a bad house than by a bad life, as if man's highest good was to have all his possessions good-except himself."³²

The questionable telos of acquisition confronting Augustine is combined with a utilitarian calculus in Welch. The utilitarian calculus promotes economic well being for those employees who survive the purges, stockholders who provide the capital, and for consumers who get a good product at a cheap price. The utilitarian calculus thus turns employees into sources of pleasure and rationalizes an egoistic drive to succeed at all costs. Any damage to individual human beings in these economic processes is more than offset by wealth creation

In his life's work and writings, John Paul II has stood squarely against a devotion to such a crude utilitarianism. In Love and Responsibility, he observes that utilitarianism errs in assuming that pain or the foregoing of pleasure is not a rational choice in following the moral life. In addition, pain and pleasure are difficult to predict since the actual production of pleasure and pain can not be precisely planned. Most importantly, a calculus of utility allows a moral agent to treat people as merely means to selfish ends. If a person ceases to be a source of pleasure, then we can discard them and owe them no further obligations. Hence, utility easily leads to a form of egoism.³³ Welch's adoption of certain management decisions proceeds from a utility calculus that justifies his means by the ends of productivity and profitability.

John Paul II opposes how the utilitarian and egoist anthropology common in Welch and many others reduces an employee to "an instrument of production". Such a view is fundamentally misguided, because the "subjective" dimension of our human natures requires much more than "objective" material goods. Drawing on an exegesis of Genesis in the encyclical, Laborem Exercens, he contends that life is the special gift of a

³¹ Richard Tanner Pascale, Managing on the Edge (New York: Simon & Schuster, 1990), 211.

³² Augustine, City of God, (New York: Penguin, 1984), 71, 89.

³³ Karol Wojtyla, Love and Responsibility (San Francisco: Ignatius Press, 1981), 36.

divine creation, a creation in which humanity is the only object made in the image and likeness of God and destined for a divine unification.³⁴

Human life and the products of that life, including economic goods, are thus gifts of God's creation. A fully humanizing economy should, therefore, recognize certain principles such as the "universal destination of material goods". John Paul II cites St. Thomas Aquinas for the proposition that, "Man should not consider his outward possessions as his own, but as common to all, so as to share them without difficulty when others are in need." In pursuing this moral requirement, business leaders and the wealthy will be subject to "a most strict account" by the "Supreme Judge". Leaders, such as Jack Welch, must consider their corporations and their wealth, therefore, as not merely personal fiefdoms or a locus to produce profits for shareholders, but as "common to all" and subject to the "judgment of Christ."³⁵ Welch's enormous salary and perks and those of his minions suggest an inability to see the role of executive in the light of the gift of such goods. Moreover, the workers in the Maquiladora or the young woman attacked in a cheap hotel might wonder whether G.E. was really willing to share with them an appropriate amount of financial and other goods.

The "absolutizing" of immediate economic ends can have other destructive tendencies.³⁶ For example, God's gift of the world should not be subject to the arbitrary whims of a human will that seeks to place personal needs above any obligation to the source of the gift. G.E.'s environmental lawsuits, including the long standing issue of PCB's on the Hudson, posits a certain indifference to this moral claim. PCB's or polychlorinated biphenyls are a family of synthetic chemicals used in industrial processes that kill fish and have been linked to increased rates of cancer. G.E. was one of the main entities discharging PCB's into the Hudson and Hopusatonic rivers. Welch, since the 1960's, has been one of the main architects of a G.E. policy of minimizing the danger, strategic delay, persistent lobbying for looser regulations, and attempting to pay only a minimal amount for any damage. In the end, G.E. lost to the EPA and has paid \$250 million dollars in 1999 to clean up the Hopusatonic River in Connecticut and the EPA has ordered G.E. to expend almost \$500 million dollars to dredge PCBs from the Hudson River. In the end, Welch's tactics did nothing but add expense and delay, infuriated environmentalists, irritated G.E. stockholders who were increasingly demanding a resolution of these issues, and brought the full weight of various state and federal regulatory agencies against the company.³⁷

³⁴ John Paul II, Laborem Exercens in David J. O'Brien and Thomas A. Shannon, Catholic Social Thought The Documentary Heritage (Marknoll: Orbis Books, 2002), 356-360.

³⁵ John Paul II, Centesimus Annus, in O'Brien and Shannon, eds., Catholic Social Thought 461; Leo XIII, Rerum Novarum in O'Brien and Shannon, eds., Catholic Social Thought, 22.

³⁶ John Paul II, Centesimus Annus, 467.

³⁷ G.E.'s latest court defeat was a challenge to the constitutionality of the Superfund law that was dismissed by a federal district judge on April 1, 2003. Bruce Geiselman, "G.E. Loses Its Challenge to Superfund Law" Waste News (4/14/2003), p.12-14; O'Boyle, At Any Cost, 183-209; United States Department of Justice, "General Electric Agrees to

John Paul II also defends the central importance of family as another divine gift that can suffer from a commoditization. The raising of children has ceased to be a gift and has become just another “thing” which is no more important than any other thing and certainly has no priority over the demands of work.³⁸ Jack Welch in his own life as well as in the new G.E. that he helped to develop makes no mention of the value of family. Ironically, he praises the Salem of his youth for being a place where family and faith were central.³⁹ He is subsequently oblivious, however, as to how his own policies at G.E. made a similar balance unlikely for his employees.

Another gift in human life is that we are made in the “image of God”. This likeness includes the subjective human desire to share in the activity of the creator, and, within the limits of his or her own human capabilities, each person operates as a co-creator who “advances further in the discovery of the resources and values contained in the whole of creation.” The human participation in creation is also complimented by a human nature that intrinsically desires to act in a planned and rational way in order to achieve a full “self realization” of the body and spirit. The inner spirit is guided by faith, hope and charity to an understanding of the ultimate meaning of work in the salvation process. These core dimensions of our subjective humanity are innate in our form of being and must not be stymied, but affirmed by the objective processes of work.⁴⁰

For John Paul II, “self realization” as an intrinsic human objective is also an inherently social project because of the common destiny of all human beings who share in a divine likeness and destination. From the broader moral horizon of this Catholic perspective, human institutions such as corporations have an obligation and destiny greater than the needs and desires of shareholders, executives, and directors. Each person in the economy should pursue a “total vocation” that preferences the dignity of every person and the common good.⁴¹ Work, if properly oriented, operates within a larger ethical framework on behalf of the total vocation.

It is possible for the financial accounts to be in order, and yet for the people-who make up the firm’s most valuable asset-to be humiliated and their dignity offended... In fact the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of society as a whole. Profit is the regulator of the life of a business, but it is not the only one; other human and moral factors must also be considered which, in the

\$250 million Settlement To Clean Up PCBs in Housatonic River” (October 7, 1999) @ www.usdoj.gov/opa/pr/1999/October/4/renr.htm.

³⁸John Paul II, Centesimus Annus, 468.

³⁹Welch, Jack, 9.

⁴⁰John Paul II, Laborem Exercens , 365,385,386.

⁴¹John Paul II, Laborem Exercens, 385-388.

long term, are at least equally important for the life of a business.⁴²

These regulating human and moral factors derive in part from our intrinsic social impulse and duty to fulfill the fully human needs, goals and objectives essential to the dignity of the children of God. Thus, we are interconnected to other persons in all of our activity including work. This ideal of solidarity is not some “vague compassion or shallow distress”, but a “*firm and persevering determination* to commit oneself to the *common good*; that is to say to the good of all and of each individual, because we are *all* really responsible for *all*.” Thus, each person must not exploit or oppress any other person even if there is great utility resulting from such an action. Those in power or with great resources have a heightened duty, because of their capacities, to be stewards of the human dignity of each employee.⁴³ Solidarity would thus implicitly extend to G.E.’s corporate decisions on downsizing or the releasing of chemicals into water systems if “we are all really responsible for all.”

Selecting his targets with discrimination, John Paul II also focuses on the danger of a materialist reductionism in modern economic structures that disfigures our essential nature as human beings. This disfigurement relies on a reversal of the proper relationship of man and object.

Man is treated as an instrument of production, whereas he-he alone, independent of the work, he does--ought to be treated as the effective subject of the work and its true maker and creator.... the error of early capitalism can be repeated wherever man is in a way treated on the same level as the whole complex of the material means of production, as an instrument and not in accordance with the true dignity of his work-that is to say, where he is not treated as a subject and a maker, and for that very reason as the true purpose of the whole process of production.⁴⁴

The turning of an employee into a means of production breaks the solidarity of the persons in such a system. The employee is merely a means to profitability and market share as the teleopathy of the business leadership turns instrumental objectives into a source of oppression. Thus, Welch’s mistake is to turn reasonable intermediate ends--such as profitability and market share into final ends, into idols to which all other values and ends must be subjugated. The error of misplaced ends justifies the alienation, commoditization, and oppression that were common features at G.E.⁴⁵

⁴²John Paul II, Centesimus Annus, 465.

⁴³John Paul II, Solicitudo Rei Socialis in O’Brien and Shannon, eds., Catholic Social Thought, 422.

⁴⁴John Paul II, Laborem Exercens, 360,361.

⁴⁵John Paul II, Centesimus Annus, 444,469.

So, if Welch is wrong, what is the obligation of the employer? The specific moral obligation of the employer in the workplace is to humanize each person. In this task, the employer operates within a broader cultural objective. The complete human person is affirmed in their inherent dignity through their culture's recognition of how they relate to the mystery of God in their "history", "language" and "approach to the fundamental events of life" such as "work". Hence, work as a cultural artifact requires that employment address their imaginative, material, familial, and social aspects in a truly just economic and social system.⁴⁶

The economic duty of a Catholic business leader thus requires a broader understanding of human nature than Welch's assumption that human beings are merely instruments of technical productivity and creativity driven by a quest for utility maximization. Instead, John Paul II posits that work should be integrated into a fully human culture that recognizes and promotes family, social, and religious duties and connections. Certain obligations follow from this assumption. For example, an economic system must provide the "adequate free time" that is essential for "every individual's dignity and creativity, as well as his capacity to respond to his personal vocation, and thus to God's call."⁴⁷ Welch's categorical demand for rapid and unrelenting advances in profitability grants primacy to economic activity and marginalizes the humanizing project. His values are geared towards this end as well. Honesty is championed as a value, but such honesty fails to address the moral demands of Catholic social thought such as solidarity and respect for the gift of creation. Honesty, by itself, is not a complete moral vision. After all, honesty in pursuing false, distorted, or incomplete ends still promotes a cramped view of human life instead of the flourishing contribution to culture envisioned by the current pontiff.

New Directions

One of the roles of Catholic social teaching is to challenge its faithful and the broader culture to reject the reductionism in Welch's worldview that operates from a false anthropology and aims at distorted or partial ends. Christians, as well as those of other faith traditions, should utilize their critical capacities to assess the moral anthropology and ends illustrated in the management techniques of Jack Welch. This is no small issue. The narrowness and destructiveness of his teleopathy continues to be shared by many of his peers, although his image has suffered a bit in the past two years. Some business commentators have questioned the source of G.E.'s vaunted profitability while others observe that G.E. post-Welch has not done as well as before. In addition, many of his epigones are not producing the anticipated results when they have directed other corporations.⁴⁸

⁴⁶John Paul II, *Centesimus Annus*, 456.

⁴⁷John Paul II, *Centesimus Annus*, 450,460.

⁴⁸George Anders, "General Electric Alumni Find It Harder to Shine" *Wall Street Journal* (May 15, 2003), A1.A14; Andy Serwer, "A Rare Skeptic Takes on the Cult of G.E." *Fortune* (February 19, 2001), 237-238.

Still, Welch's continuing popularity should prompt a reflection on how Catholics can contribute to breaching such dense walls of immanence in order to offer a more luminous and humane moral anthropology and vision for the business world. We can do better. After all, the goal of sanctifying all of life, including the business life, is at the heart of the mission of the Church. As part of this effort, there must be new forms of ministry and a reconsideration of the crucial role of higher education. The Church's training of instructors, teachers, professors, religious, and the laity regarding economics and business has been spotty at best and at worst non-existent. The training, when it has been available, has too often opted for facile and indiscriminate condemnations of capitalism as a system and business as a vocation.

John Paul II provides us with a subtle and balanced moral analysis of economic life. He denounces consumerism, materialism, and a host of other false idols that specifically operate in business, but emanate from the general culture. Yet, he is perhaps more aware than any previous pontiff of the complexities of leading a moral business life. For example, the pontiff concedes that a business person must demonstrate "diligence, industriousness, prudence in taking reasonable risks... as well as courage in carrying out decisions which are difficult and painful, but necessary..." Profits are necessary in such a system as they indicate the proper use of capital in the meeting of human needs.⁴⁹ John Paul II's recognition of the moral challenges and the peculiar structures of the business life, however, do not mitigate his recognition of the duty to obey key moral principles that are essential to the fully human life.

The balance and nuance demonstrated in John Paul II's economic encyclicals provide a viable alternative model for Catholic educational institutions. Such a Christian humanism is timely, because the insufficient and/or misdirected training in Catholic educational systems has often produced business leaders who are woefully trained on how to connect their moral and professional lives. This is partly due to an assumption in business schools that technical skills and serious moral training are not to be mixed even at religious colleges and universities.⁵⁰ The resulting bifurcation of moral training and professional education produces either cynicism or a "split personality" that divides professional and private moralities.⁵¹

John Paul II's moral anthropology seeks to balance and incorporate the spiritual and the material, the imaginative and the technical dimensions of the human person in pursuing our temporal and eternal destinies. In developing and inculcating this project within our diverse institutions, Catholic higher education could provide a unique alternative to the current paradigms. A great deal of work has already been done in the

⁴⁹ John Paul II, Centesimus Annus, 463,465.

⁵⁰ Jennifer Merrit, "Why Ethics Is Also B-School Business?" Business Week, (January 21, 2003), 105.; Michael Naughton, Thomas Bausch and Ernest Pierucci, "Mission and Identity in Catholic Business Schools" Current Issues in Catholic Higher Education (Summer, 1996), 29-48.

⁵¹ Helen J. Alford, O.P. and Michael Naughton, Managing As If Faith Matters (Notre Dame University Press, 2001), 7-10.

United States on how to close the gap between the Church and the business worlds thanks to the pioneering labors of John Houck, Oliver Williams, Dennis McCann, Michael Novak, Michael Naughton, and many others. Still, the general neglect of the connection of business and religion by Catholics is still producing damaged fruit and it is far from certain whether any fundamental changes in business school pedagogy or Church ministry is on the horizon to prevent a new generation of Jack Welches.

Addendum "A"

This is a memorandum of Chris Galvin, the President of Motorola, that was sent to Motorola employees worldwide.

FROM CHRIS GALVIN 12 JULY 2002

Right now, it is more important than ever that we recognize the value of Motorola being a company that is based on high principles first and then a company that serves its customers and shareholders. I have said this over and over, but it is never enough. Every single employee at Motorola – not just its leaders - is expected to demonstrate the highest ethics. Take pride and confidence in this part of our culture. It has served us superbly in the past and will continue to be one thing that we will never change.

The world's stock markets are now reflecting the consequences of the perceived lack of integrity and good judgment in the management of some global corporations. I must admit that four weeks ago I would not have imagined that the perception of corporate business in America would have deteriorated so significantly in such a short period of time. Regrettably but boldly, this reaction demonstrates how truly important the concept of trust is in conducting the affairs of commerce.

At a "rap session" this week with 1,500 Motorola interns worldwide, I was asked about integrity in business from a variety of perspectives. I told them there are three keys to managing integrity in a large institution like ours:

1. Put high ethics at the top of the list in the corporation's leadership standard. Motorola's standard is the "4 E's + Always 1 E." Every Motorolan is expected to demonstrate the "Always 1 E," which is ethics. (The other 4 E's are envision, energize, edge and execute.)
2. Establish, reinforce and institutionalize a substantive global ethics program throughout the entire organization. We reintroduced our ethics program in 1998, soon after I became CEO. Ethics committees headed by our country managers and the country leaders of human resources, law and finance oversee defined processes that include audits and education.
3. Deliver the appropriate and harsh consequences for misdeeds. I have said internally and publicly that we will fire people instantly for transgressions against business ethics, and we will work closely with public officials to put our employees in jail should the activities they engage in be criminal.

Lastly, I would ask you to think about the concept of enforcing high ethics among the more than 100,000 Motorola employees worldwide. Consider that in a city of the same number of people, there will be a jail, courts, lawyers and police officers to deal with those who violate civil or criminal law. Similarly, we have discipline processes, constant reminders and enforcement procedures to ensure that Motorolans demonstrate the highest ethics and good judgment as consistently as possible wherever we serve customers....

My best,

Chris

*The publication of this internal memorandum was done with the permission of Motorola, Inc.