

ENTERING THE CIRCLE OF EXCHANGE: CATHOLIC SOCIAL TEACHING AND THE ROLE OF BUSINESS IN THE ERADICATION OF POVERTY

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Abstract

This paper highlights the potential of key themes in Catholic Social Teaching (CST), when applied to business, to address the eradication of poverty. The themes selected are human dignity; solidarity; rights and responsibilities; and the spirit of enterprise.

After summarizing each theme, the authors articulate each one in terms of a type of 'capital' (factor of production). They also present case studies that illustrate how responsible corporations can tackle poverty simply by executing their core business, rather than by adopting CSR projects.

The authors conclude that CST provides a rich resource for reflection and action on the role of business in poverty alleviation. Its key insight is that poverty can best be overcome through enterprise in the global economy – 'entering the circle of exchange' (*Centesimus annus*). In the light of such teaching, the Catholic church could play a crucial role in creating the moral and spiritual ethos in which pro-poor business can flourish, thereby helping to make poverty history.

INTRODUCTION

During the year 2005 the plight of the poor reached the top of the agenda of the world's richest nations. This was largely due to the mobilization of a huge conglomeration of NGOs, trade unions, celebrities, churches and faith groups under the banner 'Make Poverty History'. Yet for all the strengths of Make Poverty History, the campaign suffered from one significant weakness: it underestimated the potential of the private sector - of business – to help in the fight.

Business faces unprecedented opportunities to be an agent of positive social, material and spiritual transformation in the contemporary world. This is partly because under the impact of globalization, business is becoming a predominant form of global culture in which millions of people across the world interact with each other on a daily basis; there has never been a time when so many people in the world have belonged to the same community of work. It is also because flourishing and

responsible international business, along with well-regulated foreign direct investment, can deliver the kind of economic growth that lifts people out of poverty, giving them hope for the future and a vision of dignity and well being that can be realized through their own honest endeavour. The recent experience of low-income countries such as India and China confirm that there is no more effective way to alleviate poverty than through the vigorous growth of enterprise. This has been true for every rich country, and it's true for every poor one now.

Business alone is not enough, of course. The campaign rightly stressed the importance of well-targeted aid, debt cancellation and reform of global trading rules. To really prosper, however, a nation requires two additional dimensions. First, it needs the social institutions that characterise all free societies, such as property rights and the rule of law. Second, every country needs the cultivation of norms and the exercise of virtues beyond the requirements of the law. These social institutions, norms and virtues are often nurtured, shaped, inspired and sustained through religious belief and the kind of strong relationships and social networks built on trust that religion tends to engender. Business thrives on such relationships, driving poverty and its ugly history toward their final end.

Social institutions, religious traditions, norms, virtues, relationships, social networks, trust; these are all aspects of what social scientists now call 'social capital' and yet they have been the stuff of Catholic Social Teaching (CST) and its application for more than a century. This paper seeks, therefore, to highlight the potential of CST, when applied to business, to address the greatest moral challenge of our time: the eradication of poverty. It will do so by providing a survey and discussion of some of the major themes of CST that highlights their relevance to the role of business in poverty alleviation: human dignity; solidarity; rights and responsibilities; and the spirit of enterprise.

Three important points need to be made about this selection. First, although the theme of 'God's option for the poor' is obviously important and relevant, we take this as a given, rather than as something that demands specific treatment in this paper, thus allowing attention to focus on aspects that are often overlooked in discussions on poverty amelioration. Second, the various themes of CST interlock and overlap; they are separated out in this paper only for the sake of analysis and application. Third, the final theme, the spirit of enterprise, may sound somewhat out of place. However, the encyclical *Centesimus annus* (CA), issued in 1991 on the centennial of *Rerum Novarum* – meaning literally 'of new things' – was itself a 'new thing' in CST. Reflecting on the new economic possibilities that were opening up at that time with the fall of communism, CA conveyed a sympathetic understanding of commercial enterprise within a dynamic capitalist global economy and of its potential in the alleviation of poverty. It is this new feature in CST that has inspired this paper and accounts for the fact that the amount of space devoted to the discussion of the spirit of enterprise theme is somewhat greater than that devoted to each of the other themes.

Following a summary of each CST theme, the paper seeks to highlight the relevance of that theme to contemporary business. It does so by conceiving of it in terms of a type of 'capital', thus combining theological and economic concepts. The word capital derives from ancient societies in which *capita* referred to heads of cattle (from *caput*, meaning head) as a measure of wealth, refers in contemporary economic usage to

factors of production – resources or assets (not necessarily financial ones) that are invested in the economy in order to generate a return.

Interwoven into this paper are four case studies: Hindustan Lever, ICCI Bank, Voxiva, and Casas Bahia.¹ They serve to illustrate the positive role that can be played by responsible corporations in the fight against poverty. These companies do not consider this role either in terms of CST or in terms of ‘corporate social responsibility’ (CSR), at least not explicitly. Their contribution to the alleviation of poverty occurs through bringing together a humanitarian vision with business opportunities. It occurs, in other words, through pursuing their core business activities, rather than through involvement in CSR projects. Such involvement, overseen by CSR officers and funded through designated budgets, is the approach to social responsibility typical of western-based multinationals. Often, however, CSR projects have little if anything to do with the core business of the company that runs them. The case studies in this paper are of companies performing their core business in ways that manifest traits that go to the heart both of CSR and CST, even though these terms are not generally attached to them.²

MAJOR THEMES IN CATHOLIC SOCIAL TEACHING

1. Human dignity

Belief in the inherent dignity of the human person lies at the foundation of CST. Because humans are made in the image of God (Gen 1:27), they are the clearest reflection of God on earth.³ As such, they are not only precious but sacred and should be accorded all that is necessary for living a genuinely human life: food, clothing, housing, education and work.⁴

Accordingly, the basic moral test of all institutions, including business, is whether they threaten or enhance the dignity of the human person. Legitimate questions that can, therefore, be asked of a particular business are:

- What does it do for people?
- What does it do to people?
- How do people participate in its operations?⁵

Such questions reflect the fact that human beings are the end of business, not the means.⁶ Their dignity comes not from the work they do but the persons they are.⁷ It is primarily because poverty mars the image of God in human beings that its elimination represents a moral priority and a crucial first step in creating a world in which all people can live a fully human life.⁸

At the heart of CST, therefore, lies the human person.⁹ It is human beings, both as individuals and as members of a community, that are the building blocks and creators of society in its economic, cultural and political dimensions. The economy, therefore, is based on concrete human action, rather than on ideologies or impersonal ‘forces’ or ‘processes’.

1.2 Human capital

In CA the Pope implies that preserving human dignity does not impede but promote the productivity and efficiency of work. This, he points out, is because ‘business cannot be considered only as a “society of capital goods”; it is also a “society of persons” in which people participate in different ways and with specific responsibilities’.¹⁰

The theological insight of human dignity can be coupled to the economic notion of capital to produce the idea of ‘human capital’ – the human knowledge, intelligence, ability and skill that forms a key foundation of productivity. It is a concept that affirms the dignity and creativity of the human person, both of which are foundational to a humane economy. The expression of creativity within the economic sphere is, therefore, a significant expression of human personhood. It follows from this that human personhood is compromised when an economic, social or political system denies people the freedom to express their creativity in productive activity. Where, however, economic freedom is enhanced and creativity fostered, human potential is better utilized and becomes a key factor in the generation of wealth.

The importance of human potential for economic productivity in the contemporary global economy is not lost on Pope John Paul II: ‘There exists another form of ownership that is becoming no less important than land: the possession of know-how, technology, and skill. (...) Today the decisive factor is increasingly man himself, that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organization, as well as his ability to perceive the needs of others, and to satisfy them.’¹¹

As suggested by the meaning of the root word *caput*, noted above, the thinking, responsive human being is the source of the ‘know-how, technology and skill’ that are the primary generators of wealth in the contemporary economy. Essentially, therefore, human capital, the primary form of capital because of the primacy of the human person, is the human ability to respond creatively to needs as they arise. As such it is the basic form of capital on which goods, services and institutions depend, and must be carefully fostered for a flourishing economy.

To regard the economy as an impersonal mechanism, therefore, is to lose sight of the primacy of the human person, which means that the economy exists for the sake of human beings, rather than the other way round. If globalization offers any potential for the uplift of the poor, it will do so only in so far as it realizes the God-given potential for human dignity with which the human person has been endowed.

In summary, the belief that human beings were made in the image of a creator God provides a sound basis for the assertion of human dignity and, consequently, of the importance of human capital and the primacy of the human person in the contemporary global economy and its potential in the uplift of the poor.

Case study 1: Hindustan Lever

Around the world, 2.2 million people die from diarrheal disease every year, around a third of them in India. Hand washing with soap is a critical way to combat this, though convincing the rural poor that this is the case is a major challenge. They often mistakenly believe that hand washing with soap as well as water is unnecessary – that ‘visible clean is safe clean’.

Hindustan Lever (HLL), a subsidiary of the multinational Unilever, has responded to this challenge by pursuing a vigorous and extensive education and marketing programme which aims both to help eliminate diarrheal disease and to increase sales. The programme establishes the existence of invisible germs and their role in spreading infection.

The programme has now reached about 70 million people and has imparted hygiene education to over 25 million children. It has made a significant contribution to levels of rural health and has helped its Lifebuoy product, sales of which were waning in the mid 1990s, to become the dominant soap product in the Indian marketplace.

2. Solidarity

The recognition of human personhood allows for the exercise of solidarity, for the dignity of the human person is realized in community.¹² This belief also has roots in the notion of the image of God (*imago dei*) – as human beings are created in the image of the triune God, they are relational beings, finding their dignity and identity in society.

Solidarity, therefore, is not a vague compassionate feeling but a determination that stems from the very nature of human beings to serve the common good.¹³ It is because human beings are social by nature that they are inextricably involved in each other's welfare.¹⁴

As early as 1961, CST recognised the implications of this teaching in a world that was becoming increasingly integrated. Pope John XXIII's encyclical of that year, *Mater et magistra*, spoke of the need for 'the solidarity which binds all men together as members of a common family' within a context in which 'the nations of the world are becoming more and more dependent on one another'. To fail in this was to jeopardize the maintenance of peace between rich and poor nations.¹⁵ In a similar vein, the Pastoral Constitution on the Church in the Modern World wrote in 1965 that 'the more closely the world comes together, the more widely do people's obligations transcend particular groups and extend to the whole world'.¹⁶ More recently, the US Catholic Bishops have written that 'Catholic social teaching more than anything else insists that we are one family; it calls us to overcome barriers of race, religion, ethnicity, gender, economic status, and nationality. We are all one in Christ Jesus (cf Gal 3:28) – beyond our differences and boundaries.'¹⁷

It was left to Pope John Paul II, however, to call on the church 'to promote greater integration between nations, thus helping to create an authentic globalized culture of solidarity' and to help reduce 'the negative effects of globalization, such as the domination of the powerful over the weak, especially in the economic sphere'.¹⁸ Clearly for the Pope it is impossible for the organic unity of the human family to be fulfilled when people suffer poverty, discrimination, oppression, and social alienation, all of which lead to marginalisation, isolation and alienation from the global community.

John Paul II's remedy for this situation – a remedy suggested by the notion of solidarity – is participation. In other words, the common good can only be secured if efforts are made to include the poor in the wealth generating activity of the global economy. Economic globalization needs, therefore, to be accompanied by the globalization of solidarity. The resulting participation would not be at the expense of the rewards the market can bring; the Pope's advocacy of solidarity is not cover for promoting a culture of dependency or abstinence. Rather, participation based on solidarity is about rich and poor understanding that economic development is in their common interest.¹⁹ In a remarkable passage in CA, John Paul II writes:

Even in recent years it was thought that the poorest countries would develop by isolating themselves from the world market and by depending only on their own resources. Recent experience has shown that countries which did this have suffered stagnation and recession, while the countries which experienced development were those which succeeded in taking part in the general interrelated economic activities at the international level. It seems therefore that the chief problem is that of gaining fair access to the international market... It is also necessary to help these needy people to acquire expertise, *to enter the circle of exchange*, and to develop their skills in order to make best use of their capacities and resources.²⁰

The Pope's view of solidarity does not sit comfortably, therefore, with the anti-business, egalitarian and sometimes quasi-anarchistic sentiments with which this theme is often associated. For the Pope, it would seem, solidarity is achieved not so much through wealth distribution or a display of clenched fists in a bid for greater equality, but through the freedom to put one's hands to work in the global economy.²¹ The winners in the global economy must allow the losers to 'enter the circle of exchange', not to make the winners into losers and the losers into winners but so that all may benefit. The marginalized are not to be thought of, therefore, as a threat or a burden. This is how they are often seen, John Paul II points out, by those who promote anti-childbearing campaigns with their 'distorted view of the demographic problem' and their 'lack of respect for the freedom of choice of the parties involved'. Those excluded from the global economy are to be regarded, rather, in terms of their potential and opportunity.²² This perspective is closely related to areas in CST that will be returned to later: private property and economic enterprise.

2.2 Social capital

The theme of solidarity can be applied to the contemporary economy most effectively by means of a notion which, as noted in the introduction, has enjoyed increasing popularity in recent years amongst sociologists and economists: social capital. The World Bank is amongst many development organizations that actively employ this concept in their work. Broadly speaking, it refers to the values, norms, associations and relationships that serve to make up civil society. In particular it refers to the trust between members of a society and their willingness to cooperate in the formation of new groups and associations. The contribution of global business to the building of social capital has been much overlooked but it is gradually becoming an important component in global economics, driven in part by the recognition that commercial enterprise thrives best in societies with high levels of social capital – societies in which solidarity and participation are key characteristics. Social capital is therefore crucially important if business is to have a substantial and sustainable impact on poverty.

CA is acutely aware of this importance, even though it does not actually use the term social capital. Its vision of civil society and its significance for economic wellbeing is indeed very developed, with a distinct emphasis on the importance of values, norms, associations, relationships and trust. When, for instance, it addresses the need for former communist countries to be rebuilt, both morally and economically, it speaks of the way basic relationships had been distorted under the former regime and how the 'basic virtues of economic life, such as truthfulness, trustworthiness and hard work were denigrated'.²³ Clearly the Pope John Paul II, as for a growing number of

contemporary sociologists and economists, trust is foundational to economic prosperity and to the strength of civil society on which such prosperity depends.²⁴ Business can only be effective in the fight against poverty, therefore, if it embodies and promotes trust through the expression of solidarity and the encouragement of participation. It will thereby make a positive contribution to the social capital out of which civil society is constituted, which in turn will enhance its own commercial viability.

Looking to the private sector as a key potential contributor to social capital may sound overly optimistic, given the reputation business has for rampant individualism. Yet in the vision of Pope John Paul II, this sphere is imbued with social capital, or as some sociologists prefer it, 'sociality'. In CA he writes: '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 endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society.'²⁵

Intentionally or not, the Pope's words reflect the Latin roots of the word 'company'. These lie in the two words *cum* and *panis*, which when put together mean 'breaking bread together'. The word 'corporation', moreover, comes from the Latin *corpus*, which means 'body', and the original meaning of 'commerce' suggested intimacy in communication and relationship, reflected in Shakespeare's use of the term to denote sexual intercourse. These meanings are deeply suggestive of the way in which contemporary business can be a transforming agent in society, helping to build credible, meaningful and inclusive patterns of community. They even suggest that in doing so they manifest a form of sacramentality. This certainly seems to correspond with the experience of many Christian business people. Ironically, because the corporation was birthed within the churches, they often find that their workplaces provide a relational context for ministry that is deeper and more inclusive than that provided by their local church.

A single example from the past is sufficient to highlight the socially transformative potential of business. Liberation theology assumes that social revolution is the preserve of the economically excluded. And yet the early history of Marks & Spencer suggests that business can be a vehicle of such revolution by way of its inclusivity. By the mid-1920s, the four brothers-in-law who ran the company had turned it into a major chain of variety stores. At this point they could have retired to a life of leisure. Instead, after visits made by Simon Marks to US retailers in 1924, they decided to re-think the purpose and mission of their business in terms of 'social revolution'. The company would seek to subvert the class structure of Victorian England by making goods of upper-class quality available to the working and lower middle classes, at prices they could easily afford. The focus would be on clothing, as in the England of that time, what people wore was the most visible of class distinctions.

Instead, therefore, of seeing business as the power from which we must be liberated, CA would seem to encourage us to hold business in a similar regard to the way we hold our churches, neighbourhoods, voluntary organizations, schools and hospitals. It may even be appropriate for us to come to love business, though to do so would demand from us a determination to understand both its opportunities and constraints; it was St Augustine who wrote: 'You cannot love what you do not know.' To have such love for business would still allow us to find plenty wrong with it. But the

attitude of trust that would spring from such love would mean that any judgements and moral demands we were to make would be more likely to be heeded by those in business. Otherwise, as Ronald Cole-Turner writes:

It is altogether too likely that the church will marginalize itself in the role of chaplain, picking up the pieces, caring for the bruised, mopping up the damage, but never engaging the engines of transformation themselves, steering, persuading and transforming the transformers.²⁶

Without developing a theology of business that takes account of its positive social potential, it is doubtful whether the church will be able to construct a viable vision for social transformation and the building of social capital, as business has become their key agent. Indeed, business is the social form distinctive of an increasing amount of cooperative activity outside the family, voluntary organizations and government. While nation-states have been on the defensive and churches and trade unions have been in decline, business has been gaining in strength. Most people in the West now work in business and business supplies most of the world's products and services.²⁷ Areas of social life that were once assumed to be 'public' are increasingly regarded as the preserve of business. Given such seismic change, it could be argued that anyone intent on maximizing their social impact would be better pursuing a career in business than running for political office, joining the armed forces or getting ordained!

Business is a social institution to which the world is becoming increasingly committed. The biblical message needs, therefore, to be dynamically reconceived in a socio-economic context far removed from those of biblical times - a task that is at least as important to the future of humanity as today's theologies of sexuality and biomedical ethics.²⁸

Case study 2: ICICI Bank

The prevailing image of microfinance is one of a charitable activity conducted mostly by non-profit organizations. Recently, however, commercial banks in India have been entering the microfinance sector. This is being led by ICICI Bank, whose microfinance clients rose from 10,000 in 2001 to 1.2 million today. Such clients, who fail to meet the lending criteria of traditional banks, are typically poor women needing credit to set up a rural shop, or to buy land and/or seeds to grow vegetables and flowers.

ICICI Bank's ability to make a commercial success of microfinance has been due to its use of innovative models and initiatives. Microfinance institutions (MFIs) tend to borrow money from banks and lend it on to clients and are thus limited in their capacity to take risks. ICICI Bank, however, has initiated a partnership model in which the MFI acts as a collection agent instead of a financial intermediary. This means the loans are contracted directly between the bank and the borrower, thus separating the risk for the MFI from the risk inherent in the portfolio, thereby increasing leverage capacity.

By encouraging the involvement of venture capitalists, ICICI is also scaling-up the microfinance sector by increasing the supply of equity capital. 'We need to stop sending...the signal that microfinance is not a commercially viable system' says Nachiket Mor, CEO of ICICI Bank.

3. Rights and responsibilities

The only way to *secure* solidarity and participation, and therefore the common good, is through the protection and maintenance of personal rights and responsibilities.²⁹ Indeed, such rights and responsibilities are a further requirement for civil society and

it is a human duty to protect and uphold them. In Catholic teaching, human rights include economic rights, such as the right to healthy working conditions, to wages sufficient to secure a standard of living in keeping with human dignity, and to property ownership. Abject poverty, therefore, is a situation in which people are denied basic human rights.³⁰ This is what makes the issue of property rights not only an economic issue but also an anthropological, institutional and moral one.

The institutional and moral dimensions will be dealt with briefly in the following subsection. In terms of anthropology, it is the belief in human personhood that provides the basis for the assertion of human rights and duties:

Any human society, if it is to be well-ordered and productive, must lay down as a foundation this principle, namely, that every human being is a person, that is, human nature is endowed with intelligence and free will. Indeed, precisely because one is a person one has rights and obligations flowing directly and simultaneously from one's very nature. And as these rights and obligations are universal and inviolable, so they cannot in any way be surrendered.³¹

As material creatures, human beings need to secure things as their own in order to survive: food, drink, clothing and shelter. In this sense, property is an extension of human personhood. The nineteenth century Catholic economist Frederic Bastiat (1801-1850) argued along these lines, insisting that because people are born with wants that have to be satisfied for survival, and with organs and faculties designed to satisfy these wants, 'man is a born proprietor'. Faculties, for Bastiat, are an extension of the human person and property is an extension of the faculties. For this reason, 'to separate a man from his faculties is to cause him to die; to separate a man from the product of his faculties is likewise to cause him to die'.³² Bastiat's characterization of human faculties as personal property leads to the conclusion that property is fundamentally a natural extension of who we are.

CA appears to adopt a similar perspective. 'The fundamental error of socialism', Pope John Paul II declares, 'is anthropological in nature'. By subordinating the good of the individual to the functioning of the socio-economic mechanism, socialism strips human beings of free choice and its corresponding responsibilities. The resulting erroneous notion of the human person gives rise, John Paul II argues, to an opposition to private property: 'A person who is deprived of something he can call "his own," and of the possibility of earning a living through his own initiative, comes to depend on the social machine and on those who control it. This makes it much more difficult for him to recognize his dignity as a person, and hinders progress towards the building up of an authentic human community'.³³ By making property rights an anthropological issue, CST is also able to make it an issue of human rights and of social well being.

3.2 Institutional and moral capital

The institutional and moral dimensions of property rights can legitimately be considered as institutional and moral capital, for without them market economies cannot be sustained. In terms of institutional capital, the logic of the anthropological approach to private property is not that private property exists because people have made laws but that its existence gives rise to legal frameworks. In other words, laws need to be made and enforced that secure the right to private property because this right derives from the very essence of what it means to be human.

The institutional dimension of property rights is brought into particularly sharp focus when considering the plight of the poor. For the poor to benefit from trade, they must be allowed legally to own the property that is to be exchanged. Consequently, they will never be able to ‘enter the circle of exchange’, and remain there, without the support of a strong juridical order.

It is particularly for this reason that the suspicion or hostility towards property rights, which is rife amongst Christians, is so misplaced. Much of this is due to the lingering influence of Marxist ideology, sustained through various theologies of liberation, which propounds the view that property rights exploit the poor. In contrast, Pope Leo XIII is adamant, in his encyclical *Rerum Novarum*, that property rights are in accord with nature and are inviolable.³⁴ He even goes as far as to assert that ‘the right of private property must be regarded as sacred’.³⁵ Pope John Paul II provides explicit endorsement of this view, writing that an ‘important principle is undoubtedly that of the right to “private property”’. The amount of space devoted to this subject in the Encyclical [*Rerum Novarum*] shows the importance he [Pope Leo XIII] attached to it.³⁶

Critical to the safeguarding of property rights is the institution of the ‘rule of law’ – a phrase which means, in essence, that all are treated equally from the perspective of rights and legal enforcement. It implies objectivity on the part of the legal and juridical system to prevent forms of injustice such as favouritism, majority tyranny and rule by arbitrary political whim. This is a necessary condition for the generation of wealth. As Pope John Paul II argues:

Economic activity, especially the activity of a market economy, cannot be conducted in an institutional, juridical or political vacuum. On the contrary, it presupposes sure guarantees of individual freedom and private property, as well as a stable currency and efficient public services’.³⁷

The Peruvian economist Hernando de Soto has provided a convincing and well-researched case that bears out the Pope’s words, demonstrating that without institutional capital in the form of a strong legal framework that protects and enforces property rights, the poor stand little chance of benefiting from economic globalization.³⁸

This argument lends weight to the US Catholic Bishops’ assertion that the protection of economic rights is a moral objective. In fact, they go further than this, extending the morality of property rights to the responsibilities that attend ownership. The first of these responsibilities is to develop a sense of detachment from material things, in order not to idolize them or lose sight of the transcendent dimensions of earthly existence. This allows for the cultivation of stewardship towards one’s possessions, using them to the benefit of others.³⁹

By means of the notion of stewardship, therefore, Catholic teaching on private property comes full circle in affirming solidarity and the vision of the common good, which is where this section on rights and responsibilities began. The phrase that is commonly used to describe this teaching is ‘the universal destination of earth’s goods’.⁴⁰ As the fathers of the Second Vatican Council put it:

God intended the earth with everything contained within it for the use of all human beings and peoples...Whatever the forms of property may be...attention must always be paid to this universal destination of earthly goods. In using them, therefore, man should regard the external things that he legitimately possesses not only as his own but also as common in the sense that they should be able to benefit not only him but also others.⁴¹

Property rights cannot, therefore, be understood in absolute terms. Those with property hold their possessions in trust, and are morally obliged to share them with those in need. Through the exercise of good stewardship, therefore, private ownership is able to stimulate personal virtue, the development of solidarity and the promotion of the common good. Without it, private property becomes an occasion for vice, which serves only to undermine its legitimacy. To quote again from the proceedings of Vatican II:

By its very nature private property has a social quality which is based in the law of the common destination of earthly goods. If this social quality is overlooked, property often becomes an occasion of a passionate desire for wealth and serious disturbances, so that a pretext is given to those who attack private property for calling the right itself into question.⁴²

Despite this danger, stewardship cannot be enforced. Indeed, state involvement in the redistribution of wealth should be viewed as a measure of last resort: 'By intervening directly and depriving society of its responsibility, the Social Assistance State leads to a loss of human energies...It would appear that needs are best understood and satisfied by people who are closest to them and who act as neighbours to those in need.'⁴³

The Pope's reference here to 'the loss of human energies' leads to the fourth and final section of this paper on the spirit of enterprise. Before leaving the theme of rights and responsibilities it is important, however, to negate any notion all the rights are on the side of the poor and all the responsibilities are on the side of the rich. Too often the plight of poor countries is attributed to colonialism, imperialism and western exploitation. CA, in contrast, does not shy away from insisting that poor nations have responsibilities as well as rights. While foreign states and corporations take unjust advantage of poor countries, these countries have to put their own house in order:

There are tribal groups not yet amalgamated into a genuine national community. Also lacking is a class of competent professional people capable of running the state apparatus in an honest and just way, nor are there qualified personnel for managing the economy in an efficient and responsible manner.⁴⁴

Participation in the world economy will not be furthered through adopting the attitude of victimhood that holds obsessively to real or imagined abuses as this prevents people from seizing opportunities and fulfilling responsibilities.

Case study 3: Voxiva

Infectious diseases cause over 60% of all childhood deaths. Many of these are in Africa, where around 300m people suffer from acute malaria, 90% of them in sub Saharan Africa. Controlling the spread of infectious diseases demands early detection of outbreaks, rapid medical response and detailed monitoring. This is problematic in rural areas of developing countries, which lack the necessary information and communication technology.

Voxiva is a medium sized company providing practical information in support of health care in poor rural communities. Using basic technologies such as fixed line phones and unsophisticated mobile phones, it facilitates the real-time transmission of data reports from rural areas to Voxiva's managers and health professionals and the sending back of alerts and information. In Peru's struggle against cholera and Indonesia's struggle against bird flu, for instance, Voxiva has played a crucial role in improving the speed and quality of medical responses and saving lives.

4. Spirit of enterprise

As noted earlier in this paper, Pope John Paul II considers the most promising opportunities for participation in the world economy to occur when people use their principal form of ownership, 'know-how, technology and skill', to utilize the things of this world in such a way as to serve their own needs and those of the wider community.⁴⁵ After pointing to this key form of 'property', which we have called human capital, John Paul II makes this assertion: 'the wealth of the industrialized nations is based more on this kind of ownership than on natural resources'.⁴⁶ Whether or not this is a deliberate allusion to the title of Adam Smith's famous work *The Wealth of Nations* (which itself alludes to Zechariah 14:14), it does seem as though the Pope's hope, like that of Smith, is that the wealth of the industrialized nations will become, through the expansion of the circle of exchange, the wealth of all nations.

For Pope John Paul II, the fact that the acting, thinking, creating person-in-community has become the chief source of wealth calls for certain critical abilities and aptitudes:

- the ability to plan and organize interrelated and compact processes of production that involve many people working towards a common goal;
- the acquisition of knowledge, both of 'productive potentialities of the earth' and of 'the needs of those for whom their work is done'. It is this knowledge that ensures that human work is 'fruitful and productive';
- the taking of risks;
- disciplined and creative work, involving initiative and entrepreneurship;
- virtues such as diligence; industriousness; prudence; reliability and fidelity in interpersonal relationships; courage in carrying out decisions that are difficult and painful but necessary, both for the overall working of a business and in meeting possible set-backs;
- the exercise of both the rights and the responsibilities of human freedom in the economic sphere.⁴⁷

Three things are particularly remarkable about this list. First, it shows that John Paul II, while claiming no expertise in the area of business, has a sound grasp of what it takes to be a successful and conscientious entrepreneur in the contemporary business scene. This quality cannot be taken for granted. Not only did the Pope begin his career as an actor, rather than a business person, but theological writings on the economy are generally woefully lacking in appreciation of the vocation to business. Second, it demonstrates a clear understanding of the purpose of business (its *telos*), which, as Clive Wright has recently argued, is to serve human needs and wants.⁴⁸ Thirdly, the Pope is willing to ask 'what causes wealth?' This is of greater significance than it may at first seem. In the contemporary development sector, vast amounts of ink are spilt on the definitions and causes of poverty. However, even if a decisive definition of poverty could be found and the causes of poverty properly understood, it is

questionable how useful this knowledge would be. Much more useful and enlightening would be ‘what causes wealth?’

When that question is addressed it is clear that something that goes beyond the traditional argument – natural resources – is needed. For if natural resources were the key to economic prosperity, Japan would be poor and the countries of sub-Saharan Africa and South America would be rich. This is not to say that utilizing natural resources efficiently is of no real significance to wealth creation. Such efficiency is, indeed, one reason for Pope John Paul II’s acceptance of the free market.⁴⁹ But other factors of production are also important, including human, social, institutional and moral ones, as we have seen.⁵⁰ Something else is necessary, however, that encompasses yet transcends these things. It has to do with creativity, initiative, inventiveness, imagination, industry, exploration, discovery, belief, attitude, courage, character and the willingness to take risks, the importance of which the Pope clearly appreciates. It has to do, in other words, with that hard to define though crucial component in the successful production of wealth: the spirit of enterprise. While this factor has always been at the heart of business, it has become particularly strategic in the contemporary global economy, in which the rise in importance of human capital reflects an increasing de-materialization of the corporation, such that it is not inappropriate to speak of ‘productive intangibility’. In demonstrating his awareness of the significance of this trend, John Paul II appears to be saying that the resources for the production of wealth to meet human needs are only as limited as the human spirit. In other words, the world has an almost unlimited supply of wealth generating resources.

4.2 Spiritual capital

The well-known management guru, Peter Berger, is likely to have agreed with Pope John Paul II on this matter, as Berger insisted on the importance of attitudes, dispositions and behaviour in business performance.⁵¹ Berger considered these to be aspects of what he termed ‘economic culture’, but more recently the term ‘spiritual capital’ has been used to denote a factor of production that incorporates economic culture without being restricted to it. Not necessarily tied to organized religion, encompassing more than is generally understood to belong to moral capital, and closely associated with aspects of psychology, neurology and the rising science of happiness, spiritual capital is to do with the human quest for meaning and purpose, and with the personal and organizational processes of transformation that are needed to fulfil this quest.⁵²

While the concept itself is not limited to the sphere of business, it is this sphere that has most spontaneously and vigorously embraced the spiritual capital agenda. Corporate executives and entrepreneurs alike are finding in it a means of resourcing and inspiring their ‘spirit of enterprise’ and their efforts to fulfil the kind of abilities Pope John Paul II outlines (see the bullet points above). High on the agenda amongst many of those who associate themselves with this trend is the role of business in the alleviation of poverty, not least because they regard this as a way to understand, at least in part, the purpose of business – what is business *for*? – and thereby the purpose of their lives. Typically they are keen to use the same creativity, initiative and enterprise that make the market a source of wealth for them to ensure that the market works better for everyone, including the poor. Their commitment appears to confirm Berger’s claim that the best way to adopt a ‘preferential option for the poor’ is to

exercise a preferential option for capitalist models of development. This argument, which cuts both to the left and to the right on the political spectrum, insisting as it does that the market is to be embraced as a cause of social justice, would appear to find support in CA:

Love for others, and in the first place love for the poor, in whom the Church sees Christ himself, is made concrete in the promotion of justice. Justice will never be fully attained unless people see in the poor person, who is asking for help in order to survive, not an annoyance or a burden, but an opportunity for showing kindness and a chance for greater enrichment. Only such an awareness can give the courage needed to face the risk and the change involved in every authentic attempt to come to the aid of another. It is not merely a matter of 'giving from one's surplus,' but of *helping entire peoples which are presently excluded or marginalized to enter into the sphere of economic and human development*. For this to happen, it is not enough to draw on the surplus goods which in fact our world abundantly produces; it requires above all a change of lifestyles, [and] of models of production and consumption.(...) Today we are facing the so-called 'globalization' of the economy, a phenomenon which ought not to be dismissed, since it can create *unusual opportunities for greater prosperity*.⁵³

None of this is to suggest that the market is the answer to all human problems. The creativity, initiative and enterprise that can help the market to work for noble ends can also be used for ignoble ones. There are, moreover, some needs and goods that ought not to find a place in the market even though the market could provide an effective means of meeting demand – CA names drugs and pornography as example and argues that in and of themselves economic systems do not possess criteria to determine what is worthy of human beings.⁵⁴

Those, however, who seek to express their creativity through the market in order to deliver favourable returns for the poor are among those who understand that it is the human person who is in charge of the market and not, as many church statements imply, the other way round. The 'generativity' of the market, consequently, is not a magical or automatic or impersonal force but has its origin in the human spirit. Not to recognize this is to leave the way open for people to abdicate responsibility for their economic choices. If such abdication was legitimate, consumerism could be declared morally neutral, whereas CA clearly denounces it even while it affirms the capitalist economy. Pope John Paul II's reason is clear; consumerism challenges the fact that the economy is only one aspect of human activity and that we have real choices in this area.⁵⁵ It surrenders the human person, in a not dissimilar way to Marxism, to economic determinism:

If economic life is absolutized, if the production and consumption of goods become the centre of social life and society's only value, not subject to any other value, the reason [for criticism] is to be found not so much in the economic system itself as in the fact that the entire socio-cultural system, by ignoring the ethical and religious dimension, has been weakened, and ends by limiting itself to the production of goods and services alone.⁵⁶

To say, therefore, that we have no choice is say that we have no imagination or courage. In other words, that we lack spiritual capital.

The remedy for this situation is personal transformation, a change of habits of mind and heart, both towards one self and towards one's neighbour. 'The first and most important task is accomplished within the heart', Pope John Paul II writes. For no one, he goes on, 'can say that he is not responsible for the well-being of his brother or sister'.⁵⁷ The change involves a fresh teleological perspective, as people come to understand what it means to be a human being and what the purpose of their existence really is: 'the way in which one is involved in building one's own future depends on the understanding a person has of himself and of his own destiny.' The church has a strategic role in facilitating this: 'It is on this level that the Church's specific and decisive contribution to true culture is to be found'.⁵⁸

Here the Pope touches on something of central importance to his vision: religion is at the heart of culture and is a pre-requisite for the human freedom on which the flourishing of civil society and culture depend. It's a theme that runs throughout CA, one of the clearest expressions being this:

At the heart of every culture lies the attitude a person takes to the greatest mystery: the mystery of God. Different cultures are basically different ways of facing the question of the meaning of personal existence. When this question is eliminated, the culture and moral life of nations are corrupted.⁵⁹

While spiritual capital, as already noted, is not necessarily tied to religion, spiritual transformation involves the asking of questions about purpose and meaning - and therefore of the value of human life - to which religion seeks to give answers. It is for this reason that the link between religion and human rights has been made for over a century, at least since the work of the great Jewish legal historian Georg Jellinek (1851-1911), the Unitarian-inspired sociologist Max Weber (1865-1920), the Lutheran Ernst Troeltsch (1865-1923) and the Calvinist Abraham Kuyper (1837-1920), all of whom welcomed Pope Leo XIII endorsement of human rights, which he began to express in the 1890s.⁶⁰ Although in recent years this link has been contested⁶¹, there still appears to be a broad consensus that no known civilization has endured that was not rooted in belief in ultimate reality and in what this belief required of human beings in terms of attitudes, dispositions and behaviour - the elements of Berger's 'economic culture' and of this paper's 'spiritual capital'. The influential sociologist Francis Fukuyama, for instance, writes: 'The character of civil society and its intermediate associations, rooted as it is in nonrational factors like culture, religion, tradition, and other premodern sources, will be key to the success of modern societies in a global economy.'⁶²

There is also broad (and growing) consensus that successful enterprise needs more than a calculating economic 'rationality' based on an arithmetic of means and ends. Also required are invention and the zest for the new, the flexible and the convenient - elements overlooked by Weber even though he stressed the importance of the cultural component of capitalism. Contemporary economists are increasingly willing to question the equilibrium model associated with the neo-classical economic paradigm. Instead they emphasize the role of the entrepreneur, insisting that the heart of capitalism consists not so much of sophisticated econometrics but of discovery, innovation, invention and in ways of providing goods and services captured by surprise through an enterprising imagination. While Weber feared that capitalism would perish of predictability, capitalism has been found to be full of serendipity.⁶³

The implication of all this for economic development is that an investment needs to be made in the spiritual wellbeing of the poor, not merely in their economic wellbeing:

Development must not be understood solely in economic terms, but in a way that is fully human. It is not only a question of raising all peoples to the level currently enjoyed by the richest countries, but rather of ...enhancing every individual's dignity and creativity, as well as his capacity to respond to his personal vocation, and thus to God's call. The apex of development is the exercise of the right and duty to seek God, to know him and to live in accordance with that knowledge.⁶⁴

Just as spiritual capital provides a sound basis and fertile context for pro-poor enterprise, it should also be part of the intended legacy of such enterprise. This suggestion cannot be dismissed as paternalistic or, worse, imperialistic. Without seeking to increase the level of spiritual capital amongst those with whom one is doing business, it is not pro-poor in the fullest sense and fails to fulfil its potential to increase human freedom.

Case Study 4: Casas Bahia

In low-income countries household goods such domestic appliances can bring significant improvement to human well being, not least through the home-based enterprise they can facilitate. The problem, however, is how poor people can command the finances necessary to purchase such items.

A Brazilian company called Casas Bahia has sought to meet this demand in such a way as to bring commercial as well as social returns. It does so by offering credit sales schemes for customers with no credit history, providing them with easy instalments at competitive interest rates. It has thereby unlocked the enormous purchasing power of the country's vast low income population. The company has grown to become one of the largest retail chain stores in Brazil, even though over 70 per cent of its customers have no regular income and 90 per cent of its sales are made on an instalment basis.

Commenting on the company's low default rates (8.5 per cent), Samuel Klein, the company's CEO, says that trust in the poor is the crux of Casas Bahia's business philosophy. He observes that the poorer the customer, the more punctual the repayments, reflecting not only the need to avoid jeopardizing their creditworthiness but also the desire not to betray the trust the company has placed in them.

CONCLUSION

CA sounds a new tone in CST, and indeed in church social teaching as a whole, and provides a robust foundation for reflection on the role of business in the eradication of poverty. This is not to deny the fact that it stands squarely in the tradition of CST and ought to be seen as a development of it, rather than a break with it. It is also not to imply that CA provides blanket endorsement of the free market. However, its favourable assessment of capitalism, and of economic enterprise and initiative, distinguishes it from the many official church statements on the economy, Catholic or otherwise, which tend to take a suspicious, hostile or dismissive line with regard to the capitalist economy. CA takes a decisive leap beyond former attachments in CST to assumptions that were appropriate to traditional societies with their zero-sum economics.

The newness of the tone with which it addresses the economy is, therefore, unmistakable and consists largely of these elements:

- an optimism in the potential of international business to offer genuine economic opportunity to the poor;
- contemporary poverty is in spite of, not because of, contemporary technological and economic progress;
- a determination to take account of the drivers of prosperity rather than merely the causes of poverty;
- a rejection (implicit or explicit) of zero-sum economics, and of a preoccupation with inequality and with big state solutions;
- poverty is best addressed not through charity or other forms of redistribution but by gaining access to what many church statements consider anathema: the international market.

Despite the clarity and force of these insights, Pope John Paul II offers no grand economic programme as to how ‘the wealth of the nations’ is to be achieved. He is clearly convinced, however, that it will require more than what have generally been considered the factors of production, such as natural and financial resources. It will also require those aspects of earthly existence that can be understood as human, social, institutional, moral and spiritual capital.

Because of this, the Catholic Church could make a significant contribution to the creation of a human, social, institutional, moral and spiritual ethos in which responsible poor-inclusive enterprise can flourish. As the sociologist David Martin has pointed out, in much of the developing world the attitudes and disciplines of entrepreneurship have been generated largely by evangelical Protestants, often in conscious opposition to the cultural influence of Roman Catholicism.⁶⁵ Over time, however, the impact of CA could change this situation significantly. An early indication of its potential is that soon after the publication of CA two influential American Catholic theologians published books that enthusiastically expounded its teaching, in ways that have inspired and challenged many entrepreneurs from Catholic backgrounds.⁶⁶ A Catholic social doctrine and spirituality that affirm the market in the cause of socio-economic justice could reinvigorate an appreciation of economic enterprise that is often lacking within the Protestant traditions that did so much to stimulate the rise of the modern market economy.

Pope John Paul II’s vision that prosperity for the poor is best achieved by them gaining entry into the circle of exchange and productivity that is the contemporary economy may sound somewhat daunting and unrealistic. Partly due to the increasing monetary value of cognitive skills, however, the numbers of people rising out of poverty is likely to continue increasing for the foreseeable future. Each year, India produces information and communication technology graduates far in excess of more advanced economies, such as the UK. Many of them seek to use their knowledge, skills and spirit of enterprise to escape the poverty trap that ensnared their parents’ generation through investing them, as forms of capital, in the global economy, in the expectation of a good return.

The Pope’s enthusiasm for the free market does not blind him to its abuses. Unlike statisticians, however, he doesn’t naturally turn to the state to see such abuses remedied, and unlike economic libertarians, he doesn’t suggest that the market is always self-correcting. He sees, rather, that the answer to the abuses of the free market is primarily moral and spiritual.

Those who want a technical or legal fix for human sinfulness will inevitably find this aspect of Pope John Paul II's teaching unsatisfactory and to a certain extent they are right to do so. The moral and spiritual ethos required for the free economy will never entirely be achieved. It will always be necessary, therefore, to receive the guidance, admonition and encouragement of moral and spiritual institutions such as the church. Indeed, the church has a pastoral duty to press people who work in business on their moral responsibilities, for no-one can escape the question whether their work enhances or impedes, expands or contracts, the human circle of freedom characterized by the key words of CA: enterprise, exchange, productivity, participation and solidarity.

It could be said, therefore, that CA is easy on capitalism but hard on capitalists. More accurately, however, it endorses the free economy but rejects the notion that it cannot be made to work for everyone. The impact upon people, especially marginalized people, needs to be taken into account in the taking of business decisions. This requires the use of a creative imagination that is intent on finding ways to combine what is in the interests of profit with what is in the interests of people. After fifty years and more than a trillion dollars spent on international development, almost half the world's population still live on less than US\$2 per day. The global movement to make poverty history would do well to take a fresh look at Catholic Social Teaching as part of a re-evaluation of the positive role that business can play.

Endnotes

¹ The case studies are based on three sources: C.K. Prahlad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* (Upper Saddle River, NJ: Wharton, 2005); Annie Duflo, 'ICICI Banks the Poor in India', in *Microfinance Matters*, United Nations Capital Development Fund (UNCDF), issue 17 (Oct 2005), available at www.uncdf.org/english/microfinance/newsletter/; and the websites of the selected companies.

² The case studies selected in this paper are of indigenous companies that are relatively small by western standards. The potential of small to medium sized companies (SMEs) in the socio-economic development of low-income countries should not be underestimated, as entrepreneurs are the foremost creators of new jobs, wealth and opportunity in the world today. Even in as developed an economy as the US, small businesses provide the majority of new growth (from 1990 to 1997, US small businesses added more than 75% of all new jobs in the country's economy). This trend is even more pronounced in economically underdeveloped countries where the informal, small business sector is frequently 90% of a country's Gross Domestic Product.

³ *The Challenge of Peace: God's Promise and Our Response*, US Catholic Bishops, 1983, #15.

⁴ *Gaudium et spes* (Pastoral Constitution on the Church and the Modern World, Vatican II, 1965), #26, 27; *Evangelium vitae* (The Gospel of Life), 1995, #9.

⁵ *Economic Justice for All* (Pastoral Letter on Corporate Social Responsibility and the US Economy, US Catholic Bishops, 1986), #1.

⁶ *Mater et magistra* (Mother and Teacher), 1961# 219; *Economic Justice*, #28

⁷ *Centesimus annus* (The Hundred Year), #11.

⁸ *Populorum progressio* (On the Development of Peoples), #47.

⁹ Theologians sometimes refer to this as 'the ontological priority' of the human person.

¹⁰ CA, #43.

¹¹ CA, #32.

¹² *Economic Justice*, #28; *Populorum progressio*, #36.

¹³ *Sollicitudo rei socialis* (on Social Concern), #38.

¹⁴ *Pacem in terris*, #28-32.

¹⁵ *Mater et magistra* (Mother and Teacher), #157. See also Pope John XXIII's *Pacem in terris* (Peace on Earth), #131.

¹⁶ *Gaudium et spes* (The Church in the Modern World), #30. Earlier this document spoke of 'the very great increase in mutual independence between people', #23.

¹⁷ In *Communities of Salt and Light: Reflections on the Social Mission of the Parish* (1993), p. 10.

¹⁸ Pope John Paul II, Apostolic Exhortation *Ecclesia in America* (January 22nd, 1999), #22.

¹⁹ It is significant, in this regard, that the report of the UK-government sponsored Africa Commission is published under the title *Our Common Interest* (London: Commission for Africa, 2005). The same vision of mutual advantage undergirds the arguments of David Grayson and Adrian Hodges in their book on the social obligations of business, as reflected in the deliberate use of the word ‘opportunity’, rather than ‘responsibility’ in the book’s main title - *Corporate Social Opportunity: Seven Steps to Make Corporate Social Responsibility Work for your Business* (Sheffield: Greenleaf, 2004).

²⁰ CA, #33 and 34 (my emphasis).

²¹ This contrasts with the Second Vatican Council’s Pastoral Constitution on the Church in the Modern World of 1965. Although it was clearly moving toward affirming the differentiation into economy, culture and politics that is characteristic of democratic capitalism, the emphasis is much more on wealth distribution than on wealth creation. For the Council, the problem of poverty had to be addressed chiefly through the transfer of goods from the rich to the poor.

²² CA, #39.

²³ CA, #27.

²⁴ Francis Fukuyama writes: ‘The ability to form organizations...depends on a prior sense of moral community, that is, an unwritten set of ethical rules or norms that serve as the basis for social trust’. See his ‘Social Capital and the Global Economy: A Redrawn Map of the World’, in *Foreign Affairs*, 74:5 (September/October, 1995), pp. 89-103 (90).

²⁵ CA, # 35 (original emphasis).

²⁶ Ronald Cole-Turner, ‘Science, Technology, and the Mission of Theology in a New Century’, in *The Spirit and the Modern Authorities*, ed. by Max L. Stackhouse with Don S. Browning, (Harrisburg, Penn: Trinity Press International, 2001), pp. 139-65 (p. 143).

²⁷ According to the National Audit Office, there are around four million companies in the UK (99 per cent of them employing less than fifty people).

²⁸ John Micklethwait and Adrian Wooldridge, *The Company: A Short History of a Revolutionary Idea* (London: Weidenfeld & Nicolson, 2003), p. 10; Max L. Stackhouse and Dennis P. McCann, ‘Post-Communist Manifesto: Public Theology after the Collapse of Socialism’, *Christian Century*, 16 January 1991, pp. 1, 44-47. Reprinted in *On Moral Business*, pp. 949-954.

²⁹ *Pacem in terris*, #60.

³⁰ *Economic Justice for All*, #17, 80.

³¹ *Pacem in terris*, #9.

³² Frederic Bastiat, ‘Property and Law’ in *Selected Essays on Political Economy*, edited by George B de Huszar (Irvington, NY: Foundation for Economic Education, 1964), p. 99.

³³ CA, #13.

³⁴ *Rerum novarum* (Of New Things), #15.

³⁵ *Ibid*, #65.

³⁶ CA, #6

³⁷ CA, #48.

³⁸ Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000).

³⁹ *Economic Justice for All*, #84.

⁴⁰ Pope John Paul II uses it in CA when referring to the teachings of Pope Leo XIII in *Rerum Novarum* (CA, #6), though the phrase itself does not actually occur in *Rerum Novarum*.

⁴¹ *Gaudium et spes*, #69.

⁴² *Gaudium et spes*, #71.

⁴³ CA, #48. This quote reflects not only Pope John Paul II’s commitment to the morality of personal property but also to the principle of subsidiarity by which the provision of social welfare is devolved to the lowest possible level in society, rather than assuming it to be solely the responsibility of the state.

⁴⁴ CA, #20.

⁴⁵ CA, #32 and 43.

⁴⁶ CA, #32.

⁴⁷ CA, #31, 32.

⁴⁸ Clive Wright, *The Business of Virtue* (London: SPCK, 2004).

⁴⁹ CA, #34

⁵⁰ In CA Pope John Paul II’s insistence that true prosperity is based on more than purely economic factors is persistent. See, for instance, CA, #24, 28, 29, 35, 36, 39, 43, and 57.

⁵¹ Peter Berger, *The Capitalist Revolution: Fifty Propositions about Prosperity, Equality and Liberty* (New York: Basic Books, 1986).

⁵² See, for instance, Ian Marshall and Danah Zohar, *Spiritual Capital: Wealth We Can Live By* (London: Bloomsbury, 2004).

⁵³ CA, #58 (my emphasis)

⁵⁴ CA, #36

⁵⁵ Pope John Paul II writes: ‘even the decision to invest in one place rather than another, in one productive sector rather than another, is always a moral and cultural choice.’ CA, #39. It is unlikely that the Pope means that such decisions are *only* moral and cultural but that they are *also* moral and cultural.

⁵⁶ CA, #39

⁵⁷ CA, #51.

⁵⁸ CA, #51

⁵⁹ CA, # 24. See also #46, in which the Pope seeks to marry the Christian obligation to evangelize with the Christian obligation to protect human freedom.

⁶⁰ Georg Jellinek, who converted to Christianity, argues in his essay *Die Erklärung der Menschen – und Bürgerrechte: Ein Beitrag zur modernen Verfassungsgeschichte* (Leipzig, 1895), that modern views of human rights are utterly dependent on Judaism and Christianity. A translation of this work authorized and revised by the author is *The Declaration of the Rights of Man and of Citizens: A Contribution to Modern Constitutional History* (New York: Henry Holt, 1901). See Max Stackhouse, ‘Why Human Rights Needs God: A Christian Perspective’ in *Does Human Rights Need God?* edited by Elizabeth M Bucar and Barbra Barnett (Grand Rapids/Cambridge: Eerdmans, 2005), pp. 25-40 (28-29).

⁶¹ It is not only secular writers that refute the idea that human rights have biblical origins. The eminent Jesuit scholar Jack Mahoney does the same in his new book *The Challenge of Human Rights Origin, Development, and Significance* (Oxford: Blackwell, 2006).

⁶² Francis Fukuyama, ‘Social Capital’, p. 103 (cf p. 90). Fukuyama therefore considers the ‘left’ to be wrong in thinking that the state can embody or promote social solidarity and the ‘right’ to be wrong in thinking that strong social structures will spontaneously regenerate once the state is removed from the scene.

⁶³ Although authors associated with the controversial ‘Austrian school’ of economics, including Friedrich Hayek, Joseph Schumpeter, Ludwig von Mises and Israel Krizner, have been amongst the foremost advocates of this insight, it is now more broadly accepted. See Michael Novak, *The Catholic Ethic and the Spirit of Capitalism* (New York: Free Press, 1993), pp. 9-10 and *Christianity and Entrepreneurship: Protestant and Catholic Thoughts*, ed by Samuel Gregg and Gordon Preece (St Leonards: Centre for Independent Studies, 1999), pp. 56-57, 59-61.

⁶⁴ CA, #29.

⁶⁵ David Martin, *Tongues of Fire: The Explosion of Protestantism in Latin America* (Oxford: Blackwell, 1990).

⁶⁶ Michael Novak, *The Catholic Ethic* and Richard John Neuhaus, *Doing Well and Doing Good: The Challenge to the Christian Capitalist* (New York: Doubleday, 1992). Neuhaus writes: ‘the religiocultural transformation proposed by *Centesimus* could turn out to be the greatest economic development of the next century’, pp. 200-01.