

Washington DC is a city dedicated to the American political machine. But in a corner of it is what might be called the Pope's business school, dedicated to inculcating in students the virtues of an economic system better known for its amorality and greed / By ANDREW V ABELA

In pursuit of caring capitalism

THE SCHOOL of Business and Economics at the Catholic University of America was founded in January 2013, two months before the election of Pope Francis. But his pontificate highlights for us the vital importance of our mission to provide teaching and scholarship in business and economics inspired by the Catholic principles of solidarity, subsidiarity, human dignity and the common good.

As the only university owned directly by the Church in the United States, we have an important responsibility to incorporate the fullness of Church teaching about economic life in all of our work. We are, in a sense, the Pope's business school in the US.

Pope Francis' teachings have highlighted two major concerns about the global economy. The first is an "economy of exclusion", the growth in inequality arising from so many people being unable, for various reasons, to participate in economic life – to make their own contributions and enjoy the resulting benefits. The second is a "throwaway culture", which wastes the lives of babies through abortion, wastes the potential of youth through unemployment, and wastes food and other goods through consumerism.

The Pope points to the "absolute autonomy of markets" (*Evangelii Gaudium*, 202) as a cause of exclusion. This is a form of capitalism that clings to Dutch philosopher Bernard Mandeville's centuries-old and misguided claim that private vice leads to public benefit: that somehow if we all act selfishly everything will work out for the best for all. It is a widely held view and underlies much of contemporary management and economic theory. It is exemplified in the idea that the sole purpose of business is to maximise shareholder returns and that management and economic science are amoral, or "value-free". But, as the late Professor Sumantra Ghoshal argued, amoral theories taught in business schools erode the sense of personal responsibility among students.

The Church has never supported this position. The *Catechism of the Catholic Church* states that "there are no just structures without people who want to be just" (2832). Pope John Paul II warned against a "radical capitalistic ideology ... which refuses even to

consider these problems [marginalisation, alienation, and exploitation], in the a priori belief that any attempt to solve them is doomed to failure and which blindly entrusts their solution to the free development of market forces" (*Centesimus Annus*, 42). Private vice does not lead to public benefit; it leads to consumerism, corruption and exclusion.

The assumption among many commentators is that since the Pope condemns the absolute autonomy of markets, he must be endorsing socialism. But this would be jumping from one extreme to another. As a system that requires government control of the means of production, it is a gross violation of subsidiarity, the principle that decisions should be taken as close as possible to where they will be carried out. Pope after pope has condemned socialism for this violation, and for its atheistic and relativistic nature.

In *Evangelii Gaudium*, Francis wrote that welfare projects "should be considered merely temporary responses" (202) – he is not calling for a welfare state. In his address to the UN System Chief Executives Board for Coordination, his reference to "the legitimate redistribution of economic benefits by the State" is a recognition of the necessity of public support for those who have nowhere else to turn to, not a call for socialism.

If the Pope favours neither absolute autonomy of markets nor socialism, then what? He calls for an economy of "free, creative, participatory and mutually supportive labour [where] human beings express and enhance the dignity of their lives" (*Evangelii Gaudium*, 192).

This entails appropriate regulation of markets to ensure that they truly serve everyone and do not exclude anyone: "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. Hence the principal task of the state is to guarantee this security, so that those who work and produce can enjoy the fruits of their labours and thus feel encouraged to work efficiently and honestly" (*Catechism of the Catholic Church*, 2431).

Observing the principle of subsidiarity is

vital: the greater the scope of regulation, the greater the opportunity for "regulatory capture" (the tendency for even the best intentioned regulation to be manipulated by those it is supposed to regulate), for corruption, and for crony capitalism – none of which foster an economy of inclusion.

Most of all, it requires a return to virtue. It needs virtuous business leaders who believe, with Pope Francis, that business is "a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life" (*Evangelii Gaudium*, 203). It demands virtuous citizens with "generous, effective and practical openness to the needs of others" (address to UN System Chief Executives Board), who make investment and consumption choices always with an eye to the common good.

This, then, is the work of our business school: to foster virtue in economic life. We are working to infuse the principles of solidarity, subsidiarity, human dignity and the common good throughout our curriculum and our research, and to encourage the growth of virtue among our students. We have a growing faculty who hold a strong personal commitment to these principles. The first course our students take is the "Vocation to Business", using, as its main text, the Pontifical Council for Justice and Peace document, "Vocation of the Business Leader". One of the faculty teaching it is Andreas Widmer, Swiss Guard turned entrepreneur, and author of *The Pope and the CEO*.

Our programmes promote integral economic development – the development of the whole human person – and they have a distinctive focus on the importance of the role of institutions such as the family, community and rule of law in sustainable development. Faculty and students perform on-site research in Africa and Latin America. We recently published *A Catechism for Business*, a collection of Church teaching about the moral obligations of business managers. And we work with Campus Ministry to involve students in mission trips and other outreach to the poor. We work to build an economy of inclusion.

Dr Andrew V. Abela is dean of the School of Business and Economics at the Catholic University of America in Washington DC and co-editor of *A Catechism for Business: Tough Ethical Questions and Insights from Catholic Teaching*.

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