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Ethics, Enterprise, and the Multinational Corporation



Lee R. Raymond is the Chairman and Chief Executive Officer of ExxonMobil Corporation. Before the merger of Exxon and Mobil on November 30, 1999, Mr. Raymond was chairman and chief executive officer of Exxon Corporation. By 1963, Mr. Raymond had obtained a bachelor's degree in chemical engineering from the University of Wisconsin and a doctorate in the same subject from the University of Minnesota and joined Exxon as a production research engineer in Tulsa, Oklahoma. Over the next couple decades, Mr. Raymond held positions of increasing responsibility and by 1987 was appointed president of the company. Mr. Raymond also serves as Vice-Chairman of

the Board of Trustees of the American Enterprise Institute, a director of the United Negro College Fund, and a member of the National Advisory Council of the American Society for Engineering Education. He is also a Trustee of the Wisconsin Alumni Research Foundation, a member of the Advisory Board of Project Shelter Pro-Am, and a member of the Board and an Honorary Trustee of the Business Council for International Understanding, Inc.

R&L: In your view, what are the primary ethical responsibilities of a business professional in a free society?

Raymond: The main professional responsibility of a person in business is business. He or she must be successful in economic terms, but always within an ethical framework. Whether his or her constituency is a corporation and its shareholders or the customers in a small and privately held business, his or her first responsibility is to serve that constituency. But I also feel strongly that when a person is successful in an economic way, he or she thereby gains the tools to do many more things. That means supporting the broad activities of the corporation, including the people who work for that company and the communities in which it operates. It is important to remember that all business has an impact on the lives

of real people. In order to gain the tools to fully address the broad impact of business on society, economic success is indispensable. It makes no sense to talk of the social obligations of the corporation without reference to its economic obligations. The two are intertwined.

R&L: Do you think that a case can be made for the moral potential of a free economy?

Raymond: Absolutely. A free economy is as essential to society as democratic political institutions. A strong market-

based economy is the fertile ground for democratic freedoms that we think are important. The freedoms that people have that flow from all civic institutions fundamentally come from the success of a market system. I read a quotation from Woodrow Wilson that makes this point: "You can't have a free society without having the free enterprise system."

R&L: What do you see as the primary moral and practical challenges that face people in a free economy now and in the future?

Raymond: In every aspect of life, including the economic dimension, we are always challenged to do the right thing. In many cases in the market system, which allows a great deal of latitude for human choice, people can get carried away

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to excess. We have seen that in this country in the last few years, particularly on Wall Street, with the rise of the old human frailty of greed. This occurs when people begin to serve only their own needs to the detriment of everyone else. To counter such trends, we must work to become not just players or owners but also stewards of the free market system. That means that we need to recognize the pitfalls that

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come with it. To avoid those pitfalls means to treat fairly everyone with whom one has dealings, and we need to assure that in all matters of business that we are direct and clear.

R&L: *Of course, plenty of people think that the capitalist system is inherently immoral. How do you respond to that?*



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Raymond: It is unfortunate that there are people who say that capitalism is inherently immoral. I do not view it that way at all. I think that capitalism, more than any other system, gives a person the capability, through economic growth and economic development, to provide more opportunity to people. There is no system that is inherently moral if the participants themselves are not. The market system requires that people be committed and willing to work hard. Inherent with that is what I call a merit system, which I think gives people the greatest opportunity. I do understand that there are some people who would want to place a higher value on abstract ideals like equality of position and wealth over practical ideals like freedom. What these people forget is that everyone in our human family has

different skills and different talents. We should seek a system that provides outlets for those skills and talents so that everyone can find a way to work and serve in a manner that best suits the strengths of each individual. That is only going to happen under the freedom offered by the market system.

R&L: *How about competition? Competition is often seen as an antagonistic relationship and that is, perhaps, even socially destructive. How do you see this?*

Raymond: Competition can be viewed in two ways. It can be viewed in a negative light and be seen as destructive, but one can also have the view that it is competition that drives people and institutions to higher and higher levels of excellence and, therefore, to more and more opportunity. Again, I think that is a function of how competition is managed by the participants. Competition can be both inspiring and exhilarating. The competitive instinct is what I think drives organizations and people to become better and better. It can promote change toward progress and development, which is good for everybody. It can be the motivating force behind improvement in our social well-being that is far beyond anything we might have imagined on our own. When we think, for example, about technology, it is clear that the competitive drive is what underpins development and economic growth in the world. Without competition, the spectacular development of technology that we have seen in the last one hundred years in this country would not have happened.

R&L: *In an economic sense, do you think that ethical business practice or moral values always facilitates the best interests of the company?*

Raymond: I cannot think of cases where that would not be true. Ethical conduct is something that becomes inherent in an organization over a long period of time. From a business point of view, however, one cannot get caught up in whatever the ethical fashion is of the day, so many of which are merely masking a political agenda. What we should seek is broader than that, a sense of obligation, promise keeping, fairness, and all those traits that we associate with individual

ethical conduct. These apply to business too.

R&L: *In your multinational operations, you deal with a variety of cultures and legal regimes that surely pose ethical challenges.*

Raymond: Most certainly. In some of the countries where we operate, there is a tradition of corruption, in which the

Richard M. Weaver (1910–1963)

It is my contention that a conservative is a realist He believes that there is a creation which was here before him, which exists now not just by his sufferance, and which will be here after he's gone.

Richard M. Weaver lived a life of hard work, self-sacrifice, and quiet virtue. Although he taught English at the University of Chicago for the bulk of his career, he remained deeply attached to the traditions of his upbringing in North Carolina. The part of his Southern heritage that Weaver treasured above all was the “social bond individualism” that he pitted against what he called the “anarchic individualism” of the North. This social bond individualism coupled individual liberty with duty and social responsibility to advance a concept of “disciplined freedom.” Throughout his entire career Weaver defended the values of this social bond individualism, tracing its antecedents through the arc of Western intellectual history. Interestingly, he considered the Middle Ages to be the period that, more than any other, shaped the understanding of liberty that developed in the modern West. Thus, Weaver appreciated the British heritage of liberty under the common law, because such heritage was derived from the medieval model.

Weaver vigorously defended the inviolable right to private property, naming it “the last metaphysical right.” He used this nomenclature to emphasize that the right to private property exists independently from, if not regardless of, its social utility. This metaphysical nature of private property rights derives from the natural connection between honor, responsibility, and the relationship of a person to property. Weaver also contended that work, honorable in itself, tends to result in the accumulation of property. Hence property becomes an extension of one’s labor—and of oneself. Weaver believed that property constitutes a great source for personal growth because of the inalienable bond between a person’s labor and property. Weaver also noted that the ownership of private property can serve as a check on the pressures of majority opinion, allowing anyone to think and to act as he or she chooses without having to appease the majority opinion to secure a place to live or food to eat. Another reason that Weaver labeled private property as a metaphysical right was to show that it is based not in the changing, temporal material order, but rather in the unchanging, eternal order of the spiritual. For Weaver, rights and obligations correlate with each other. To properly preserve the right to property, an obligation to engage in proper stewardship must also be recognized in order to prevent property from being spoiled from use by successive generations. Property rights then essentially promote a communal continuity between the dead, the living, and the unborn. Weaver never tired of advancing these convictions, always confident that these convictions truly reflected reality.



Sources: George M. Curtis, III and James J. Thompson, Jr. eds., Southern Essays of Richard M. Weaver (Indianapolis: Liberty Fund, Inc., 1987). Ted J. Smith, III et al. eds., Steps Toward Restoration: The Consequences of Richard Weaver’s Ideas (Wilmington: ISI Books, 1998).

political elites work with business in the framework of unsavory relationships. We do not participate in that. People sometimes ask, "Well, how do you operate in these countries without being involved?" I answer that we have operated in these countries for years, and everybody there understands that we do not participate in corrupt activities. We are accepted on this basis. It takes resolve and commitment over a very long period of time to establish these credentials and to have people in the organization understand the value of them.

R&L: *What about your responsibilities as an ethical businessperson particularly in the energy industry? How does this differ from other industries?*

Raymond: I view energy as the lifeblood of world economic activity. And as a result, the energy industry has a profile that is particularly acute. As a matter of fact, the energy industry is by far the largest industry in the world. Because everybody needs energy, there are certain commitments that we have to have, such as continuity of supply. People have to have it, and not having it creates havoc. We have seen this from time to time when there is interruption in the energy supply.

R&L: *Some interest groups urge a total ban, or at least stringent restrictions on, the sale and use of fossil fuels. What is your response?*

Raymond: I find it interesting that many of the people who want to restrict fossil fuels live in well-developed countries where abundant and affordable energy is readily available. There are very few people in developing countries who hold this opinion for the use of fossil fuels in their countries. Economic activity and economic growth are the lifeblood of human progress. It is the potential for economic growth that provides the basis for the development of countries, for bringing to people essential goods and services, such as water to drink and facilities for healthcare. These ultimately provide the ability for people to have education, without which there really is not much of a future. I have a great deal of difficulty with those who live in a hugely prosperous country telling people in the developing world that they should be deprived of a critical source of energy. It turns out that the development of fossil fuels not only provides economic growth for those areas where it is a natural resource but it also provides a basis for international or multinational prosperity. People who want to curb the use of fossil fuels need to understand that not everyone in the world has the luxury of inventing

romanticized scenarios. Many people just need clean water and energy to fuel social and economic progress.

R&L: *Paint for us a picture of what the world would be like if there were a ban on the sale, use, or development of fossil fuel.*

Raymond: It would be devastating. That is not to say that, as time goes on, there may be a form of energy that none of us can imagine now. But if we want to be realistic and live with what we have today, banning fossil fuels would shut a country down. That may sound simplistic and draconian. But, in fact, if we did not have fossil fuels, it would be draconian.

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It is always hard for people to imagine that without fossil fuels there would be no effective mode of transportation, that there would be no way to heat everyone's homes. There is hardly an activity that a person can think about that does not intrinsically involve energy, most of which is currently provided by fossil fuels.

R&L: *What about the concern that your company has shown for the environment? There is a lot of junk science going around.*

Raymond: If one looks at the environmental record of ExxonMobil, it is the best in our industry. All the way from transporting crude oil and products to how we operate our facilities. As one would expect, we are one of the big energy users, just by the processes that we have to employ to produce the products that people want. Over the years, we have continued to become more and more energy efficient. It is not only good for society, but it makes economic sense. In our worldwide operations, whether it is water or air or how we deal with all the other environmental issues, our company is responsive and is very sensitive to how we operate, recognizing, of course, that there are just some practical and scientific limitations as to what we can accomplish. Of particular note is that late last year we committed to invest \$100 million in a groundbreaking research effort at Stanford University called the Global Climate and Energy Project. We

believe this project holds great promise for yielding new technology that can help us continue to produce reliable and affordable energy while reducing greenhouse gas emissions in a cost-effective way. Our involvement in this project continues our long history of advancing technological innovations and supporting scientific research.

R&L: *How do you respond to attacks by environmental extremists? What is the effect of these attacks on your corporation's ability to provide a sustained source of inexpensive energy?*

Raymond: We do come under criticism, which is not often based in fact. People talk about how our tankers operate and then, when they look at the facts, they find out that we have the best tanker operation of any fleet in the world. Many critics of the company generally have an agenda, which is not necessarily related to the company, but is a somewhat broader agenda in terms of the use of fossil fuels, and probably gets back to a point that we raised earlier about the competitive, free enterprise system. Economic enterprise is all

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about service. We obviously want to produce things that people want. We are going to continue to do that in an environmentally responsible way, while still being aware of the physical, scientific, and practical issues that we have to deal with.

R&L: *As the Chief Executive Officer of one of the largest corporations in the world, what is your view of the "little man," the employee at the introductory level of your company?*

Raymond: I was one of those at one time. I went to work right out of school at Exxon's research company in Tulsa, Oklahoma. It was an exciting place to be. One step at a time, I moved around in the company and ended up with experience in every aspect of the organization. Everybody in senior management at this company started as I started. They

went to some college or university and went to work for one of our companies somewhere around the world. Gradually, as they gained experience, they were given opportunities to do more and more things. It has been forty years since my career at ExxonMobil began, but I still recognize that the lifeblood of the company is bringing in new people. Their new skill sets and perspectives are going to make this company continue to be successful long after I am not here anymore. We take great pride in each and every one of our employees around the world.

R&L: *Is ExxonMobil a charitable company? What programs and charities that ExxonMobil has supported are you particularly proud of?*

Raymond: I was looking at some data the other day. In today's dollars, in the last fifty years, we have donated about \$3.5 billion to various organizations and causes around the world. The vast majority of our contributions have been devoted to education, much of which has supported activities directed toward science, engineering, and mathematics, starting at the elementary school level all the way through the university level. We were one of the founders of the United Negro College Fund and the National Action Council for Minorities in Engineering, and we have been involved in similar activities all over the world. We do this because we believe that education is really the vehicle to opportunity and growth. Through our philanthropy people have been given opportunity in education and have seen themselves grow. This helps underscore the quality of life that the free society can produce. Both economic success and philanthropic generosity is in all of our interests. We participate in areas where we can have a significant impact, because we owe that to our employees and to society. It is important to try and provide more opportunity for people. Ultimately, that is of value to all of us, not only in the narrow sense of growth for our company and industry, but also in terms of society's knowledge of, and commitment to, the free enterprise system.



Protecting the Human Environment: Alienation as Social Critique

Kristina Johannes

The renewed emphasis on the study of Roman Catholic social teaching and how it can contribute to the rebuilding of the culture of life presents many challenges. A formidable one is relaying the essentials of that teaching to the average person in a way that simply and concretely captures the imagination. This is especially necessary today as the linkage between religious values and good citizenship appears all but broken. Indeed, people who believe in God are being pushed farther and farther to the perimeter of public discourse. We need a new rallying cry suitable to the specific problems of our time in order to reestablish the connection between God and good government.

This cry may be buried deep within John Paul II's encyclical *Centesimus Annus*. In paragraphs forty and forty-one of the encyclical the Pope undertakes an analysis of the phenomenon of alienation. Even though these paragraphs occupy only a small portion of the encyclical, they arguably represent two of the encyclical's richest sections, because in them the Pope addresses the role of the state in defending and preserving the human environment. After indicating that market forces alone cannot adequately safeguard this good, the Pope then characterizes the defense of the human environment as the state's new challenge. The Pope considers this new challenge to be as significant as the state's historical challenge of defending the rights of workers during the Industrial Revolution. Here John Paul II seems to supply the substance for the new generation's rallying cry. But in order to adopt the Pope's guidance for this rallying cry, we must understand what the Pope means when he uses the terms *human environment* and *alienation*.

First, we will consider alienation. The Pope makes clear that he is not referring to alienation as defined by Marxism, which posits an inevitable clash in society between the proletariat (laborers) who produce and the bourgeoisie (business executives) who own the means of production. Under Marxist theory the inevitable clash between them is the external manifestation of alienation between groups. Marxists further contend that this alienation inheres in the structure of capitalism. As history has proven, the only possible Marxist solution for this alienation is to eradicate free market capi-

talism by collectivizing the means of production. The Pope determines this Marxist understanding to be inadequate and mistaken. He notes that market relationships in and of themselves tend toward overcoming the alienation that Marxists perceive. The Pope also points out—rather wryly it seems—that not only has Marxism failed to overcome alienation, it has added the miseries of crushing poverty and daunting inefficiency. To infer that the Pope has come to these conclusions by drawing deeply from his personal experience is hardly outlandish.

Using this critique of the Marxist view of alienation as a springboard, John Paul II provides a definition of alienation that assumes a decidedly and—not surprisingly—religiously personalistic flavor. In John Paul II's terminology alienation means being anti-communitarian and anti-religious. In the Pope's own words, “[w]hen man does not recognize in himself and in others the value and grandeur of the human person, he effectively deprives himself of the possibility of benefiting from his humanity and of entering into that relationship of solidarity and communion with others for which God created him. Indeed, it is through the free gift of self that one truly finds oneself.”¹ Thus, God, the author of human life, has written into our natures an essential capacity for transcendence. This means that, contrary to popular opinion, humans are not by their nature self-centered, but rather other-centered—oriented outward toward the other. Another way of saying this is that humans have the capacity to love—that mysterious ability to desire the good for others, to give of themselves for others, and to go out of themselves to seek union of mind and heart with others. This capacity finds its highest fulfillment, its final destiny in our union with God, “who alone can fully accept our gift.”²

Based on the Pope's definition, alienation could then also be described as discord with one's very nature, a failure to be truly human. Because a human's nature is essentially social, failure to live in an authentically human way has social consequences. When personal alienation becomes the norm, this will be reflected in society's laws and customs. John Paul II characterizes this condition as social alienation: “A society is alienated if its forms of social organization, pro-

duction and consumption make it more difficult to offer this gift of self and to establish this solidarity between people.”³

Understanding his conception of alienation allows us to see what the Pope means when speaking of the human environment that must be protected. This environment consists of all the conditions that lead people to freely apprehend and appreciate the unique beauty and capacity that humans have for authentic giving of themselves to others, and ultimately to God, in order to form a loving communion of persons.

Because a human’s nature is essentially social, failure to live in an authentically human way has social consequences. When personal alienation becomes the norm, this will be reflected in society’s laws and customs.

This communion can be formed in part by the laws and policies that society enacts. To the extent that social policy or law recognizes and encourages (or at least does not hinder) a person’s ability to give a sincere and free gift of self in accord with his or her created nature, the human environment will be protected. To the extent that social policy and law hinder this ability, the human environment will be harmed. No specialized training or education is required to understand this simple, but profound concept. To further enshrine this understanding of the human environment in the popular consciousness, an effort must also be made to concretely show its application.

To begin with, to be able to give of self requires a mastery of self, or self-control, because in order to give a gift, one must first possess it. One of life’s essential struggles is developing the self-control necessary to enable a person to give of self. The first lessons on cultivating this self-control occur within the family. A child learns primarily by imitating his or her parents. In fact, the family is the primordial example of the sincere gift of self and its relationship to establishing a communion of persons. God intended the human family to be a symbol of that original communion of persons, the Blessed Trinity, after whom all of society is patterned. Hence readily apparent is the place of importance occupied by marriage and family. Protecting them is essential to protecting the human environment.

Equally important is the authenticity of the gift. Only manifestations of self-giving that correspond to the truth about human nature as created by God will tend toward that genuine communion of persons to which humanity is directed. This highlights the necessity of an environment conducive to discovering and implementing the correct standards

for judgment and value, these standards themselves resulting from the recognition of God as Creator. Unveiling these standards is a central duty and aspiration of the practice of religion. Thus, respect for the role of religion in social life is fundamental. However, translating the discoveries of what constitutes correct human action into public policies is most properly the role of the lay citizen rather than the pastor.⁴ Thus, the importance for the believer to engage in the political process by utilizing all the legitimate powers of persuasion available cannot be overestimated.

In addition, the nature of gift denotes freedom. If a person is compelled to give a gift, what is given is no longer a gift. Thus, a certain measure of external liberty—freedom from coercion by external entities, such as the state—is required in order to favor the conditions under which the gift of self can be freely

made. Linking liberty to the freedom necessary to give an authentic gift of self to others helps to educate people in the understanding and purpose of liberty. Liberty should always be placed within the context of what true freedom entails. As John Paul II explains, “obedience to the truth about God and man is the first condition of freedom.” A society then must offer a person sufficient liberty to be able to freely choose to act for the good of others. To that end, liberty should only be curtailed to the extent necessary to protect against unjust aggression and to satisfy the demands of the common good that cannot be fulfilled through any other means.

In addition to helping this conception of the authentic human environment take wing in the popular imagination, the link between religious belief and governmental policy must also be reestablished. Linking religious belief and governmental policy is not anti-American, though many in the popular media suggest it is. Even so, reestablishing this link is complicated because of the separation between church and state that is necessary to respect each person’s right to religious liberty. But complicated is not the same as impossible. The political system in the United States is suited to the challenge of solving this dilemma.

While often described as a secular nation, the United States is more correctly classified as an interfaith nation. Its founding principles acknowledge the presence of a Supreme Being from whom certain inalienable rights are received. This means that our government is based on the worldview that God exists. One could say that the existence of God is a first principle of our form of government: God is the one who endowed us with those inalienable rights. In a sense, the challenge to protect the human environment is not new at all, but rather was given to us by our Founding Fathers. Within the

Declaration of Independence's reference to "the Laws of Nature and Nature's God" and the Constitution's hope of founding "a more perfect Union" is intertwined this myste-

the freedom to give the gift of self to others according to the order of creation, come to fruition. This is truly the essence of the culture of life. In reestablishing this culture, the reli-

God intended the human family to be a symbol of that original communion of persons, the Blessed Trinity, after whom all of society is patterned. Hence, readily apparent is the place of importance occupied by marriage and the family. Protecting them is essential to protecting the human environment.

gious believer must respond to the clarion call to protect and defend the human environment. This response must have personal and political components. True liberty—the freedom to act in the service of

rious concept of the grandeur of the human person and his or her ability to form a communion of persons conscious of God as the final destiny.

Therefore, the religious liberty that is the right of every person does not mean that government must be insulated from religious values. Quite the contrary. Government must not discourage, but rather it must encourage God-loving people to participate in the formulation of our nation's laws and policies. As has been previously alluded to, the religious believer is, in a real sense, the model citizen, because the religious believer is the one most likely to understand the importance of protecting the human environment from social alienation. In other words, the religious believer has the best standpoint from which to recognize the significance of creating an environment in which citizens are encouraged to generously give of themselves to each other according to a correct order of values established by the Creator.

Rather than expecting citizens to check their religious sensibilities at the door, society should highly regard participation from those who are fundamentally oriented toward the truth that each person must seek communion with God and neighbor. Among all citizens the religious believer stands out as a beacon most capable of guiding society to formulate policies that encourage an atmosphere conducive to the reason for human society's existence. One could say that the participation of the religious believer in the political process is our country's best hope of realizing the greatness of our foundation as a nation. As society comes to understand this, religious belief will no longer be seen as something that disqualifies a person for public service, but rather renders him or her more suitable.

The current environment in which religious believers are viewed with fear and skepticism prevents the greatness of our founding principles from being actualized. In order to truly form a more perfect union—the communion of persons—the human environment must be protected. Only then will the blessings of liberty, through which citizens enjoy

others—is necessary to allow this culture to flourish. Only by impressing this reality on citizens not religiously inclined and those who fear the reaches of big government can we answer their concerns regarding the religious believer's participation in politics.

Notes

1. See paragraph 41 of *Centesimus Annus*. As some may have already recognized, the quoted statement is a paraphrase of the last sentence of paragraph 24 of Vatican II's *Gaudium et Spes*: "This likeness reveals that man, who is the only creature on earth which God willed for itself, cannot fully find himself except through a sincere gift of himself." Thus, being so ever present in the Pope's writings, this concept seems to be adopted as one of the cornerstones of his thought.

2. See paragraph 41 of *Centesimus Annus*.

3. See paragraph 41 of *Centesimus Annus*.

4. Canon 227, *Code of Canon Law Annotated* (Wilson & Lafleur Limitee: Montreal 1993). Additional discussion of this subject also appears in paragraph six of the *Doctrinal Note on Some Questions Regarding the Participation of Catholics in Political Life* by the Holy See's Congregation for the Doctrine of the Faith, published on November 21, 2002. The document can be found online at the Vatican Web site at the following link: http://www.vatican.va/roman_curia/congregations/cfaith/documents/rc_con_cfaith_doc_20021124_politica_en.html

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The Market Economy and Profit Are Not the Problem

Gordon O. F. Johnson

I recently attended a seminar at which a speaker expressed his strong conviction that a deep conflict exists between seeking God's kingdom and conducting a successful business enterprise. The speaker then went on to blame the market economy for promoting a system inimical to the Christian faith. Casting the market economy in the image of a giant octopus, he described how human beings become the fish caught in its ubiquitous tentacles. Even if a trapped fish manages to lop off an ensnaring tentacle, another one grows right back to menace the fish again.

As a Christian businessman, I find this caricature of corporate chief executive officers and the market economy as symptomatic of a larger problem that exists within our society today, where we often jump to conclusions based on "sound-bites" of information and attack symptoms rather than the underlying maladies that manifest these symptoms. I suggest that this caricature is unfounded, the result of a minority's bad practices elevated to represent the general standard. The market economy and a chief executive officer's corporate goals can be, and usually are, consistent with the goals involved in building God's kingdom. Casting off the tyranny of these negative caricatures is necessary to see how the free market can be compatible with God's kingdom.

Choice Is a Gift From God

Choice is the basis of the market economy. Free will, the capacity to choose the course of a person's own behavior among alternatives, was an integral part of Creation. In the Garden of Eden, before the Fall, Adam and Eve were endowed with free will. Thus, it is important to note that free will does not result from sin. In fact, it was Adam and Eve's use of free choice that ushered sin into the world. Thus, having been part of human nature before the Fall, our ability to choose is innately good. We must accept this free choice as a precious and sobering gift from God.

Exactly why God instilled in us the power to choose for or against his will is a mystery. Whatever the reasons, it is clear that we as individuals are supposed to choose for ourselves how best to do God's will. Our status then, as individuals, is significant. While God's sovereignty extends over all principalities, nations, ethnic or demographic groups, corporations, political parties, unions, universities, families, and all other associations, these institutions are each nothing more than a collection of individual human beings. The free choice of the individuals within these institutions ultimately influences the action of these institutions. Each of us, as members of at least one of these collections of human beings, has a significant responsibility to exercise his or her

The market economy emerges naturally from our ability to choose, because choice allows people to produce and consume goods or services as they see fit.

ability to choose sagaciously. A business entity neither harms nor benefits anyone apart from the bad or good choices of its owners and employees.

The market economy emerges naturally from our ability to choose, because choice allows people to produce and consume goods or services as they see fit. When people have a need or desire, someone will eventually recognize and try to fill it. By empowering both producers and consumers to be able to make autonomous decisions through individual participation, markets possess flexibility foreign to any centrally planned system. Consumers drive this flexibility by exercising their free choice to buy or not to buy. Markets, either formal or informal, will always exist, one way or another, regardless of external controls. If need or desire reaches a certain pitch, barriers and restrictions in the formal market economy will not stop people from trying to satisfy this need or desire. They will resort to trading in the informal—underground or illegal—economy. Like it or not, having been created with free will, the impulse to establish market systems arises from a core part of our human nature. The chal-

lenge God has placed before us is not to abolish markets, but to influence market incentives, that is, the people's right to free choice, to facilitate ends that are pleasing to God.

The Market Economy and Government

Attempting to make the market economy function in a manner pleasing to God has proven to be arduous. None of us is perfect. As Adam and Eve so aptly demonstrated, our free choice includes the freedom to make mistakes, to do the wrong thing, and, most regretfully, to harm other people. We have the maddening capacity to behave as sinners as well as saints. Our societies need law and order to prevent them from lapsing into a chaos marked by egregious abuses of our individual freedom to choose.

Governments answer this need. We establish governments with the power to tax and raise armies, and these governments pass laws to try to control harmful behavior. Like the market, these governments, and the laws they enact, derive their power from our ability to choose among different alternatives. We choose to delegate our power to manage contemporary affairs to our governments, hoping and praying that we can discern God's will as we do so.

But the establishment of government and law does not absolve us as individuals from the responsibility to seek to choose according to God's will. Jesus makes this clear in the statement "render unto Caesar what is Caesar's, and render unto God what is God's" (Matt. 22:21). Rendering to God what belongs to God and to Caesar what belongs to Caesar implies that while a governmental authority should be separate, it must never subsume individuals to the point that they lose their identity outside of their national citizenship. Even though the government has the power to tax, raise armies, and pass laws, we individually still remain accountable to God for our decisions.

As individuals created in the image of God, we are not so much accountable for the action of the society in which we live, as we are for our own behavior in that society. We must, however, continue to strive to make our society work to achieve God's will. That includes listening to the opinions and feelings of others in the community as we make our decisions. We must still think critically, and continue to choose wisely, in the full awareness that morality issues not from social platform but from individual choice.

The Role of the Clergy

Given the moral neutrality of the market economy and the importance of individual moral choice, the church and our clergy then serve an indispensable role. They must help us understand the moral potential of the market economy and serve as a beacon to guide us as individuals on how best to implement and maintain a moral foundation for the market economy. The church should not work against markets, but instead should provide the moral guidance we need to achieve the necessary balance between suffocating regulation

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and unbridled chaos. In this the church can help people use their God-given free choice responsibly in a market that can promote good or evil depending on our individual choices.

All of us work and participate, in one way or another, in the market economy. As Christians, we need the church's moral guidance, not its condemnation of capitalism. As I mentioned earlier, the speaker believed that the driving force for executives in the market economy is profit, and that profit is evil and therefore is in conflict with practicing the Christian faith. Epitomizing this sentiment, the speaker showed an excerpt from the movie *Wall Street* that includes the lines: "Greed is good. Greed works. Greed will save the company and the U.S.A." This may appeal to Hollywood as a good story line, but the assessment is inaccurate and misguided.

If greed were the driving force in a market economy, then indeed one could claim market economies are sinful. Greed implies avarice, covetousness, and even outright stealing, and we are commanded not to covet and not to steal. But market economies are not driven by greed, avarice, or covetousness.

Understanding Business and Profit

The driving force of the market economy is the consumer, you and me. Finding new ways to serve consumers requires imagination, creativity, innovation, and, above all, a willingness to take risk. It requires extensive market research to determine customer opinions and present practices. When a person organizes a company to create, manufacture, and market a product or service, he or she does it first and fore-

most based on a belief that a market need exists and that the new product or service can satisfy this need. The driving force for a supplier within the market economy is not greed for maximum profit, but the genuine desire to provide a benefit to others, for which they in turn will be willing to pay the cost with their own treasure. In fact, if the corporation is to stay in business, the consumer must be willing to pay more than the cost of the product or service. For the corporation to survive and serve more consumers it must make a profit.

Within any individual business, large or small, the underlying driving force is the fear of what will happen to the management, the employees, or the stockholders if the business does not make a profit. Within every business, profit functions like the blood in a human being—the human dies if the blood stream stops flowing, but pumping blood is hardly the reason a human being exists. However, just as a human will not live long without the blood supply, a business will not survive for long without a profit.

The real boss in any company, the ultimate source of its profit, is the customer, not the president, board of directors,

improvement, research and development for future products, better environmental controls, and for community development projects. Profit is essential if companies are to act as responsible citizens in their communities.

Any business not making a profit is considered a “troubled” or failing business, and our market economy has plenty of them. Failing businesses must either change what they do or they will go out of business. Profit, or the lack of profit, acts as a constant cleansing process that keeps our market economy healthy, growing, adaptive, and innovative. In a failing business it is indeed necessary for everyone, from president to janitor, to stop the losses and to focus intensely on becoming profitable again. Once a failing business recovers sufficiently to generate regular profits, the focus can then shift to becoming the best in its chosen field through creative marketing, advanced product technology, high distribution efficiency, or low production costs. These long-term goals require a vision and plan for the future. Establishing a long-term viable business requires much more than simply a vision to maximize profit. No business endures for long if employees believe they only work to make a profit for the owners.

While it is true that a chief executive officer’s immediate goals include achieving profit and efficiency for the company, examining the underlying reasons for these goals demonstrates they are not inconsistent with Judeo-Christian morality. To achieve the immediate goals of profit and efficiency a chief executive officer must strive to maximize the company’s service to its customers. If a company fails to provide this service, it will lose those customers to competition that serves them better. No



The church should not work against markets, but instead should provide the moral guidance we need to achieve the necessary balance between suffocating regulation and unbridled chaos. In this the church can help people use their God-given free choice responsibly in a market that can promote good or evil depending on our individual choices.

— Gordon O. F. Johnson

nor the shareholders. Boards can decide on management’s compensation formulas, investors can contribute capital for new buildings, and banks can lend money for new machinery, but it is the ongoing revenues from customers—who choose and pay for the company’s product—that pays the company’s operating expenses, including the salaries and wages of each employee. Profit allows the company to pay the cost of its capital by paying interest on borrowed money and dividends to its investors. Profit is what attracts new investors to provide new capital to finance the company’s growth. Profit is also what attracts competitors who wish to gain some of that profit for themselves, and perhaps provide even better services or products. Companies must be profitable to pay for salary increases, expanded employee benefits, more customer services, engineering for product

matter how charismatic, authoritarian, tax-savvy, or charitable a chief executive officer is, he or she cannot generate a profit year after year simply by focusing on profit, essential as this may be. Companies, as we observed earlier, are made up of many individuals making many individual decisions.

In serving its customers, a company is only as good as its employees. Confucius observed that the most important job of the wise ruler is to pick good people. Today we would add that not only must the wise ruler pick good people, the wise ruler must also empower good people to make their own decisions, granting them the freedom to make mistakes within the area of their assigned responsibilities. Modern business is indeed beginning to learn what God knew when he created us: Things work better in the long run when people are free to choose, free to make their own decisions, than when

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they are coerced into doing something that they do not wish to do and do not understand. In today's modern corporations, "best management practices" emphasize decentralized decision making and empowering workers. The key to success is defining with clarity when the right to make a mistake should be passed up to a higher authority, such as the chief executive officer, the board of directors, or the shareholders.

Allowing Market Forces to Work

We still have a long way to go before the moral potential of the market economy becomes thoroughly implemented, but most business people are not bad. Even when they are, they command no monopoly on malfeasance. Bad actors can be found in the professions of law, medicine, sports, and even the clergy, where embezzlers and pedophiles have been known to abuse our trust. But market forces do work, and corrective action is taken when these abuses are identified. Market systems have built-in, self-correcting tendencies, but one must have considerable patience, sometimes, to allow these self-correcting tendencies to work their way through the system.

Transparency is often the most effective deterrent for bad behavior in business. As a former president of Ford Motor Company, and later Dean of the Stanford Business School, once observed, "Business doesn't need more lawyers to write detailed codes of conduct. All I have to do, to know what is right and what is wrong, is to ask myself, how would this look on TV?" While there is certainly more to morality than avoiding a dastardly portrayal on the evening news, solutions that stress openness and transparency are definitely preferable to passing more laws that require administrators, inspectors, enforcers, courts, and lawyers. An overabundance of laws tends to empower the elite in the society and foster corruption.

Certainly, the world has increased in complexity in the past 2,000 years—more people, instant communications, huge advances in scientific knowledge, but, above all, a plethora of new kinds of institutions to allow cooperative endeavors to achieve far more than individuals could accomplish on their

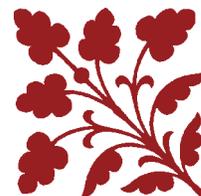
own. These corporate endeavors have caused problems, and they will cause more problems. Rather than disparage these organizations and the market systems that produced them, however, the church should stress forgiveness and understanding and endeavor to provide constructive moral guidance. Christian speakers at seminars should not overreact to problems by recasting all business executives in the image of bad actors. We

all must direct our view beyond an individual's sins to search for the systemic incentives that may well have contributed to these sins. Only in understanding the underlying reasons for the actions of bad actors in the marketplace can the church offer meaningful corrective suggestions instead of negative and counter-productive rhetoric.

Greed does still exist in the world. Individuals do covet, cheat, and steal. But we should not blame their acts on the market system that originates from God's precious gift to us of free choice. Instead, we should look on these "bad apples" as an indicator of a deeper problem. Like the death of the canary in a poisoned mine shaft, the malfeasances of some individuals within our society may actually be signaling a lack of some vital social oxygen in our economic or political system, which all of us must seek God's guidance to root out and correct.

There are perverse incentives built into the market economy by extraneous forces and there are perverse incentives ushered in by the darkness persistently remaining in the hearts of human beings. We must, with God's help, choose how to deal with both.

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Human Dignity and the Limits of Liberty

John Bolt

Advocates of liberty as the highest political virtue are regularly confronted by what I will call the libertarian accusation. When facing a staunch defense of liberty, especially economic freedom, conservatives and collectivists alike often nervously reply, “but isn’t *laissez faire* just morally dangerous? Don’t we need government to restrain powerful business interests? Isn’t it the only way we can stop greed, pollution, and oppression?” In such cases liberty is simply identified as libertarianism, where unbridled freedom trumps all moral, legal, and civic limits.

The tendency to regard a passion for liberty as straightforward libertarianism is a serious confusion, a confusion not remedied by considering the state as the only possible restraint on bad behavior by the powerful. We are then left with the choice between letting everything go or massive state control. Ironically, in both cases the consequence is a form of social Darwinism where the powerful rule unchecked. In libertarian societies there are no constraints on the powerful; there is nothing to stop them from having their way. In collectivist, statist societies the powerful are the only ones who do the constraining and are themselves unconstrained. The fabric of constraint and rule of law is arbitrary. There are no public grounds given for the rule of law other than the will of those who rule. The result is the same as in libertarianism—the powerful have their way unfettered by social norm or legal rule.

Consider the subject area of the volume under review—biotechnology—as a case study of this phenomenon. Modern Enlightenment scientific libertarianism is offended by calls to consider any limits to biotechnological manipulation. If we can, we should. This is the mindset that cannot imagine opposition to human cloning as anything other than the rankest religious, anti-scientific superstition. If we can, we should. Besides, who knows what great medical or other scientific breakthroughs await the adventuresome scientist willing to push the limits of human experimentation? For

example, in the debate over stem cell research, those who push for unrestricted scientific manipulation of aborted fetal tissue trumpet unproven and even as yet undreamt of medical breakthroughs in their aggressive media campaigns. Possibilities are unlimited if freedom is unrestricted. If we can, we should. Who knows what we might yet achieve.

Instinctive fear or intuitive repugnance about such biotechnological possibilities as cloning and genetic engineering must yield public reasons for restraining the scientific will to power. Merely assigning state power the right to set these limits not only results in arbitrary law but also implicitly grants the state control over the power of biotechnological

manipulation. C. S. Lewis knew this well. The will to dominate nature, especially human nature, he argued in *Abolition of Man*, portended the frightful mastery of some over others and a loss of human freedom and dignity. The end result of scientific hubris, he observed, is not liberation but slavery. “Man’s conquest of Nature turns out, in the moment of its consummation, to be Nature’s conquest of Man.” Here humanity

steps into a void. “Man’s final conquest has proven to be the abolition of Man.”

Leon Kass is a keen student of C. S. Lewis who has learned well his lessons from the master. Physician, biochemist, a distinguished medical ethicist, and Professor in the Committee on Social Thought at the University of Chicago, Dr. Kass was appointed by President Bush in 2001 to head the new President’s Council on Bioethics. It is hard to imagine a better choice for that post or a more sure, wise guide in the current minefield of bioethical deliberation. Above all, Kass is helpful in setting moral boundaries and pointing to the limits of our scientific human self-manipulation and subsequent loss of human dignity.

For the debate, in Kass’s view, is all about human dignity. All instrumental and utilitarian reasoning must be secondary. What does it profit a man to gain an extra few months

Life, Liberty and the Defense of Dignity: The Challenge for Bioethics.

by Leon R. Kass

Encounter Books
313 pp. Hardcover: \$26.95

with an alternate heart if he loses his soul? Does the physical heart mean *that* much? Kass's answer is no, a contrarian posture to a secular, Enlightenment, scientific libertarianism. If we can, why not?

For Kass the answer is dignity and respect for life, including all developing life. He suggests that we not use the problematic language of "rights" (as in "right-to-life" campaigns against abortions) but the language of "respect for life." It is here, in this primal respect for life from conception on, a respect and awe generated by the mystery of life itself, where Kass suggests we need to look for limits to all utilitarian biotechnical manipulation. Our capacity for this sort of awe is, he fears, disappearing and with it the hope for maintaining a high view of human dignity in contemporary America.

Kass is concerned that we are no longer even thinking seriously about the implications of the biotechnical revolution for our very humanity. We thoughtlessly go on with the experiment. We have become co-conspirators in our own dehumanization. With respect to cloning, for example, "few seem to care about what it means for a society increasingly to regard a child not as a mysterious stranger given to be cherished as someone to take our place, but rather as a product of our will, to be perfected by design and to satisfy our wants" (11). While we may be "quick to notice dangers to life, threats to freedom, risks of discrimination or exploitation of the poor, and interference with anyone's pursuit of pleasure, ... we are slow to recognize threats to human dignity, to the ways of doing and feeling and being in the world that make human life, rich, deep, and fulfilling" (12).

When we in desperation pursue physical health and perfection in ourselves and our offspring we give up something far more important. The problem is that our will-to-perfection inherently knows no limits. When our own happiness is the only end it becomes an ever-receding mirage. Similarly our anxiety about death—all physical decline to be avoided at whatever cost—has resulted in what Kass aptly refers to as "the biomedical equivalent of a spiraling arms race with ourselves, creating technologies that heal only to cripple or crush, requiring us to respond by seeking more technologies that heal or by electing a technological escape from life altogether" (48). We cannot end this mad race with mere will-to-power resistance, not even by the state. We need to change people's hearts.

Kass is at his best in laying out the limits of science and technology in a liberal democracy and points to the inherent contradictions of much of the modern project. His extensive discussions of the liminal dimensions of human experience—birth and death—are profound and moving as well as morally convincing. He is also right, I believe, in calling for an alternate anthropology, one that does not make the Enlighten-

ment mistake of reducing human beings to their basic physical and psychical wholeness (well-being and happiness). Instead, as he suggests in his conclusion, "The Permanent Limitations of Biology," there are "activities of life, living things, or human living things that biology, *in principle*, cannot come to understand" (277).

Biology as a science generalizes, dissolves the unity of the human person (body and soul), cannot explain the mystery of life itself, and provides no guide as to *how* to live. It is in acknowledging his own limits, as a human being, as a scientist, as the writer of a book on a limited topic, that Kass displays the very humility and humanity so tragically lacking in much medical biotechnical experimentation. This is a wise and wonderful book.

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Book News

The American Cause

Russell Kirk

Edited with a new introduction by Gleaves Whitney

ISI Books

169 pp. Hardcover: \$9.95

Although Communism is waning as the world's menace, the pitiless murders and destruction inflicted on the people and soil of the United States of America by terrorist groups bent on toppling Western civilization necessitate not only a military, but also an ideological defense of "the American cause." In *The American Cause* (as newly edited by Gleaves Whitney and republished), Russell Kirk undertakes the task of ensuring that those who defend America have more than bullets and guns at their disposal. Without lapsing into blind nationalism or apologetic self-consciousness, Kirk explains the philosophical and political underpinnings that make the United States of America a country worth fighting for. Kirk describes how the federal government, Constitution, religious worldview, and free economy of the United States has achieved an optimal balance of justice, order, and freedom. Great care is taken throughout the book to prevent the American cause from becoming a mantra for imperialism or a paltry slogan to maintain a certain monetary standard of living. The typical criticisms that fuel those who oppose the American cause and the answers to these criticisms receive detailed attention. Kirk chastises that "good-natured ignorance is a luxury none of us can afford." The stakes involved demand us to heed his admonition. 

The True Goal for the Free Market



Sometimes we advocates of the free and virtuous society become so wrapped up in defending its technical merits that we neglect to deliberate on the broader, more fundamental reason for promoting a free economy as part of this society. To avoid (or correct) this tendency, we should pause to wipe clean whatever particular lens we have been looking through and ponder what the true goal for the market should be.

That goal should be solidarity. Solidarity includes accepting that we have a social nature and affirming the bonds we share with all other human beings, rightly thought of as our brothers and sisters. Thus, solidarity is a social virtue that bears many fruits and blessings. It creates an environment in which mutual service is encouraged and the social conditions for human rights are respected and nurtured. The ability to recognize and accept the whole range of corresponding duties and obligations that are embedded in our social nature can only occur in an atmosphere enlivened by solidarity. Underscoring the point, solidarity yields the “pay-off” of a healthy society, a thriving economy, care of the needy and marginalized, and structures that protect the family. The natural unity of the human family cannot be fully realized when people suffer the ills of poverty, discrimination, oppression, and social alienation from the larger community.

... the degree to which we achieve solidarity will also be the degree to which we achieve genuine human development on all levels

In a special way, solidarity encourages striving for relationships that tend toward equality on the local, national, and international levels. All members of the human community must be brought as fully as possible into the circle of productive and creative relationships. The subtle yet profound truth is that the degree to which we achieve solidarity will also be the degree to which we achieve genuine human development on all levels, including the economic.

Thus, we speak well of the market economy not because we embrace a soulless ideology about, or practice an idolatry of, the market. It is, instead, because of our respect for human liberty and our desire for social structures that affirm the dignity of all. This implies finding an economic system which, while providing outlets for human freedom in the marketplace, can also help alleviate poverty, increase general standards of living, respect private property, and minimize coercion. We seek economic growth, but not for its own sake. Our true goal is genuine human development through solidarity, a component of which is economic growth. Genuine human development through solidarity implies growth that is aimed at human betterment and the furthering of the common good of all people. Growth must be for the increased welfare of the community and the individual, and not for the isolated improvement of a select few. This means that all must have the opportunity to choose and live in accord with their vocation. All must have access to the physical capital needed to earn a living, whether producing for their own consumption on a farm or producing for exchange in an enterprise where they earn a just wage. Such a system is, nearly by definition, a just economic order. The dignity of the human person leads us to conclude that a society in which we are free (in the sense explained above) is a just social order. The free market economy then is one aspect of this just social order through which we can achieve solidarity.

The Rev. Robert A. Sirico is a Roman Catholic priest and the president of the Acton Institute.

“This is the gravest danger that today threatens civilization: State intervention; the absorption of all spontaneous social effort by the State, that is to say, of spontaneous historical action, which in the long run sustains, nourishes, and impels human destinies.”

—José Ortega y Gasset—