BUSINESS IN CATHOLIC SOCIAL THOUGHT

MARTIN SCHLAG
THE CENTRE FOR ENTERPRISE, MARKETS AND ETHICS

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THEOLOGY AND THE MARKET

Welcome to our Theology and the Market publications series.

Our aim is to explore the central role of the market economy built upon ethical foundations. We want to encourage business professionals, church leaders, policy makers, academics and other interested groups to think deeply about the foundations of economic life. Our authors bring their intellectual and academic skills to this task.

Contributors are free to debate the intellectual arguments and express opinions. These views are not necessarily those of CEME, its Board or staff, but we hope they will stimulate further discussion and reflection.
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CHAPTER 1

INTRODUCTION

Why does Catholic theology deal with business and the markets if sound epistemological principles limit theology – as any other science – to its field of competence? In the case of theology this would be religion, God and the relationship to him. Why therefore does theology reflect on business and markets? Because God is the creator and the final cause of all that exists. In all we do we should aspire to live according to God’s will and to love him; also in economic dealings. Thinking about the moral dimension of business means thinking about God as the aim of all our activities. Besides, the Catholic tradition reflects on the economy from a viewpoint of faith because Christian faith has a public or, as one might say, a cultural dimension, as John Paul II wrote: ‘a faith that does not affect a person’s culture is a faith “not fully embraced, not entirely thought out, not faithfully lived”’.¹

¹ John Paul II, Apostolic Exhortation Christifideles laici, n. 59. The inner quotation is from one of his earlier statements.
CHAPTER 2

GENERAL PERSPECTIVE ON THE DEVELOPMENT OF CATHOLIC SOCIAL THOUGHT

For the Protestant reader it might be important to understand the differences between the course the Catholic tradition took as compared to the Christian communities that emerged from the Reformation. The Catholic and Protestant traditions both attempt to solve a tension immanent in Christianity as such: the tension between temporal power and spiritual authority, a distinction that stems from Christ's injunction to give to God what belongs to God and to Caesar what belongs to Caesar. In religions in which those who wield the temporal power are entrusted also with the religious questions, as was the case in pagan Rome, or in which the spiritual authority also regulates temporal affairs, there is theoretically no intrinsic tension between the two because religion and politics are exercised by the same people, who belong to one and the same system. Even when they ideally distinguish the profane from the sacred sphere, the people who are in charge of the vertical relationship with God are also in charge of horizontal earthly affairs. There will be different interpretations or political alignments among these people, but on principle the tensions will not be between 'Church and state'. This is the system of 'monism'. Christianity, by contrast, has universalised 'dualism', starting with the Old Testament distinction between the royal and prophetic institutions. In the name of God, the prophets of the Old Testament raised their voice to defend justice against the abuses of civic power. Christ reinforces this. In dualism, both functions, the spiritual and the temporal, serve the same people but are entrusted to two different sets of institutions in one and the same society: the Church and the civil power structures. They can each oppose the other. This 'Christian dualism' thus opens a field of tension and has also had the consequence, which Pope Benedict XVI summarised, that 'Unlike other great religions, Christianity has never proposed a revealed law to the State and to society, that is to say a juridical order derived from revelation.'

Unlike Islamic sharia, Christianity has generally not proposed a revealed civil law. However, the Christian Church was and is challenged to make its faith fruitful for social life. In its millennial endeavour to find a social order that was compatible with Christ's revelation in the specific historical circumstances of its time, the Church throughout the centuries up to the Reformation strove, with varying degrees of success, to maintain two principles: first, the distinction and institutional separation of temporal power and spiritual authority; second, and at the same time, the moral ascendancy of Christian moral law over politics. This second principle expresses the conviction that the state is not the supreme authority in the universe, or in other words that God is the Lord of history and of all things, and that therefore God's moral law also binds politicians. This second principle is a common heritage of all Christian denominations.

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1 See Matt. 22.21 and parallels in Mark and Luke.
Since the Reformation, Protestant and Catholic social thought have taken different roads in the relationship between these two principles.

In contrast to Luther’s two-kingdoms doctrine and the tendency in Protestant countries to entrust the secular sovereign with the government also of the visible and external affairs of the Church, the Catholic tradition developed the theory of *potestas indirecta*. This theory is linked to late Scholasticism, in particular the School of Salamanca. It was spread and made known to a wide public by Francisco de Vitoria and Robert Bellarmine SJ. In a nutshell, the *potestas indirecta* doctrine meant that the pope had the right to teach the moral principles – and these alone – to the Christian princes, who were obliged to put them into effect through their civil power apparatus. This was a limitation of papal power because it denied the pope direct political power. Popes, Bellarmine taught, usually had no right to interfere in the political affairs of Christian monarchs, and obviously none at all in those of non-Christian princes. On the other hand, differently from the Reformers, the Catholic Church taught and teaches that it is at the same time the visible and the invisible Church, and the pope is sovereign over both of these spheres. The Church is also called to speak out on temporal matters; and Christian behaviour in temporal matters, not only grace, is decisive for salvation. The moral principles for politics and the social order, including the economy, which the Catholic Church taught, were not based on revelation but rather on reason, and were called ‘natural law’. In the words of Benedict XVI, the Catholic tradition “has pointed to nature and reason as the true sources of law – and to the harmony of objective and subjective reason, which naturally presupposes that both spheres are rooted in the creative reason of God”.

The problem of the *potestas indirecta* doctrine was the case of conflict. What happened if the Christian monarch did not obey, stalled or even acted in a way that contradicted the pope’s injunctions? In that case, says Bellarmine, political power devolved to the pope, and he could legislate, pass sentences, exercise administrative powers and even depose kings and queens. This was one of the reasons this theory was only partly successful.

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8 Benedict XVI, *Address to the Bundestag*.

By the time of the Second Vatican Council (1962–5) it had become completely untenable. In 1962, in most countries, pluralist democracies had replaced monarchies, and after the terrible experience of totalitarianism the Holy See had become very wary of assurances by authoritarian governments that they defended the interests of the Church. However, it is important to note that during the first half of the twentieth century the potestas indirecta doctrine was the ‘default position taken by bishops in Catholic countries: the Church was the guardian of moral and spiritual values that the government should uphold and implement, while respecting the Church’s freedom to Christianise society.’ This was also the situation in Argentina, where Pope Francis grew up.

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In the Second Vatican Council’s Pastoral Constitution *Gaudium et spes*, the Catholic Church undertook a paradigmatic shift. It is already expressed in the wording of the Constitution’s title, which is not merely terminological. While Leo XIII had defined the relationship between faith and society as one between Church and state, the Second Vatican Council envisaged the Church ‘in the world’.

What this implies is a change in the way the mission of the Church and its evangelisation are conceived. Whereas before the Council there was a tendency towards a top-down approach, this was replaced by a bottom-up one. In other words, whereas before the Council the stress was put on facilitating the conformity of society with moral law through the aid of political instruments (laws, decrees, concordats and so on), after the Council hope was placed on the apostolate of the laity and culture. This process has been called the ‘voluntary disestablishment’ of the Catholic Church, which opted

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1 The Constitution’s title is ‘the Church in the modern world’.