Rethinking the Purpose of Business: Interdisciplinary Essays from the Catholic Social Tradition
S. A. Cortright and Michael J. Naughton (Editors)
Notre Dame: University of Notre Dame Press, 2002 (333 pages)

Rethinking the Purpose of Business is, as the subtitle indicates, a collection of “Interdisciplinary Essays from the Catholic Social Tradition.” The contributors include academics and practitioners in the fields of management theory, moral theology, economics, ethics, engineering and law. The articles center on the question of whether Catholic social thought provides a meaningful contribution to the contemporary debate about the structure and purpose of business firms and, more generally, the entire enterprise of business. In particular, the force of the essays, when considered together, is to call into question the sufficiency of both the shareholder and the stakeholder models.

This collection of essays grew out of an academic conference sponsored by the John A. Ryan Institute for Catholic Social Thought at the University of St. Thomas in Minnesota. In 1997, the Institute organized an international conference in Belgium, examining the relation between Catholic social teaching and management education. Out of that meeting, the organizers picked eighteen authors to present revised versions of their papers at an intensive seminar held in 1998. From that seminar, the editors chose thirteen essays.

The result of this multi-stage process is a collection of interdisciplinary essays that gives the reader an introduction to some of the broad range of approaches, through which serious thinkers are applying the tradition of Catholic social thought to questions about the meaning and purpose of business. For those not familiar with the tradition of Catholic social teaching, this volume is not an introduction. Knowledge of key concepts from papal encyclicals and other Church documents is assumed.

The main benefit of this book is that it shows how widespread the interest is among scholars and businesspeople to use the categories of Catholic social thought to understand business activity. The contributors are diverse not only in terms of disciplinary approach but also geographically, ranging from both coasts and the Midwest, with several European contributors as well.

The essays are divided into three sections. The first section concerns the shareholder model. After an introductory essay framing some of the issues, there are five articles that try to use Catholic social teaching as a corrective for deficiencies in the model. These authors all seem to agree that the shareholder model is flawed, although they disagree on the precise nature of the deficiency. For example, Charles Clark sees the shareholder model as a destructive fiction, while Peter Koslowski argues more modestly that it is incomplete and one-dimensional. Additionally, there seems to be agreement among the writers that a new perspective is needed to think clearly about the purpose of business firms, but there is subtle disagreement about what is needed.

For example, the chapters by Alford/Naughton and Gordley suggest that Catholic social thought articulates virtues and a vision compatible with practices, to which, business firms are already committed, while Kennedy seems to suggest that the principles and virtues of Catholic social thought are at odds with the dominant economic paradigm.

With the shareholder model having been questioned and rejected (to a significant extent), the next five essays are grouped around the main alternative, the stakeholder model. Timothy Fort’s essay, “Business As a Mediating Institution,” strikes me as the most helpful essay in this group and as a good starting point for continued conversation. Fort is more attuned to the work of the neoconservatives than are the other writers in the volume, and his work extends the conversation in a helpful way. In contrast, I have more fundamental concerns about some of the other essays in this part of the text. For example, with regard to the principle of subsidiarity, some authors seemed not to appreciate sufficiently the difference between the role played by subsidiarity in the 1986 Pastoral Letter by the American Bishops, Economic Justice for All, and the more central function it plays in the thought of John Paul II as exemplified in Centesimus Annus. Further, there seemed to be a tendency to conflate the Kantian presuppositions typical of the stakeholder model with the more Thomistic and personalist approach that is used in the social encyclicals. In summary, the authors have not left us with a conversation that is exhausted.

The final section contains two chapters with ideas for concrete proposals about possible ways to implement insights from Catholic social thought into business firms. The introduction to this section warns that there was not agreement among the contributors about these concrete proposals. The first chapter seems idealistic in ways that failed to appreciate the realism in Catholic social thought, while the second focuses on designing humane workplaces—an important topic, but one that does not quite bring the volume to a natural conclusion.

—Robert G. Kennedy
University of St. Thomas, St. Paul, Minnesota

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This is a short but provocative book, the depth of which should not be gauged by its length. As the articles previously appeared in professional ethics journals, the book itself is geared more toward ethicists and those with a substantive background in philosophy than to practicing managers. Nevertheless, Klein’s message is an important one for business managers, who should hope that it will receive the attention that it deserves.

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The “Afterword” is more helpful in this regard, (in part because it brings the conversation back to the encyclical tradition). Rethinking the Purpose of Business concludes by suggesting that the flaws in both the shareholder and stakeholder models are such that there is a need for management theories to consider Catholic social teaching as a player at the table. This volume does not give a unified account of how Catholic social teaching provides a better model, so the conclusion drawn in the “Afterword” is quite modest. As someone who already accepts that the encyclical tradition provides central concepts that provide a better way to think about business and human life, I am sympathetic with the book’s conclusion. The editors concede that there has not been enough interaction between Catholic social thought and management theory, and that this volume is only a beginning. May the conversation continue.

—Gregory R. Beabout
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Justice and Its Surroundings
Anthony de Jasay
Indianapolis: Liberty Fund, 2002 (351 pages)

Anthony de Jasay is one of the few, truly original minds in contemporary social science. He is well-known for combining analytical rigor with a realistic approach to social phenomena—a rare quality, given that the industry of political superstitions, which has no purpose but to dress the emperor, is still working at full capacity.

Jasay has been opposing such a tendency for some time. His acclaimed book, The State (1985), perhaps the finest treatise on the subject, has opened the eyes of more than a few readers to the true nature of the institution par excellence, in the realm of modern political philosophy.

Five years after Against Politics (1997), a collection of penetrating essays, Jasay is back with Justice and Its Surroundings. This book, as the title proclaims, is dedicated to justice and to the issues that typically surround it: freedom, sovereignty, distribution, choice, property, agreement, etcetera.

Jasay bravely asserts that “by promoting clear thought … one would be doing a greater service to the good society than by promoting good principles” (vii). His goal is to resolve the tangle of definitions upon which some of the most common assumptions of political thought are based. If “a thing is what it is, and not something else,” then, he trenchantly reminds us, “wealth is wealth, and not freedom … a freedom is a freedom, and not a right … justice is justice, and not fairness or equality of some kind” (vii).

This quest for clarity and rigor leads Jasay to scrutinize and refute not just theories elaborated by people with whom he is in substantial disagreement (such as John Rawls, to mention but one) but also the often confused and unsatisfactory theoretical options endorsed by people with whom he is supposed to be in substantial agreement (such as F. A. Hayek). Although Jasay has already devoted a chapter of Against Politics to criticizing some of the shortcomings of Hayek’s mature political writings (his attempted synthesis of classical liberalism, as put forward in The Constitution of Liberty and Law, Legislation, and Liberty), here he deals in depth with the Hayekian approach toward redistribution.

Jasay focuses on Hayek’s assessments of redistribution since he correctly points out that “the intellectual tolerance of redistribution, even in quarters where one would expect it to meet with severe condemnation” (for example, within the borders of those traditions of thought commonly labeled as “conservative” or “classical liberal”), is “a phenomenon worth closer analysis” (86). Hayek’s political thought, notwithstanding his marvelous achievements as an economist, presents curious dichotomies, such as the one between coercive and non-coercive government actions (as though any policy carried out by government were not based upon a coercive transfer of wealth), which leads him to some bizarre statements. One of these is the well-known Hayekian assumption that taxation is not to be regarded as a coercive activity of government per se. Another one is the distinction he makes between two “concepts of security.” One is “the assurance of a given minimum sustenance for all”; the other is “the assurance of a given standard of life.” Basically, the latter is the kind of redistribution that Hayek rejects, while the former is what he accepts and praises.

This apparently small concession to the Zeitgeist is actually the first link of a chain. Jasay’s view, at the end of which, Hayek endorses a system of compulsory insurance. He “seeks to separate compulsory insurance, and for that matter the provision of welfare in general, from redistribution, as if the first were logically conceivable—and practically possible—without the second” (89). Jasay’s shrewd debunking of this naïve presumption is an example of sound scholarship and rigorous thought: “Believing that compulsory social insurance is at least potentially non-redistributive … is to miss essential features of it. It is a truism that in any insurance pool the premiums of some are ‘redistributed’ to pay the claims of others. Yet, there is a strong presumption that if the participants in the pool have freely agreed to pay the premium, they must have valued the insurance at least as high as its cost…. Both classes of insured—those who did and those who did not claim for losses—made a Pareto-improving bargain. ‘Subjectively’—and how else can the matter be evaluated?—no redistribution from one to the other took place” (90).

In striking contrast, “compulsory insurance … is inevitably redistributive” (90), as Jasay shows in a tight analysis of the nature of insurance (see 90–93). These are but a few of Jasay’s accomplishments in the second part of the book (precisely devoted to redistribution), where his dissection of causes and effect of “social insurance” and redistributive policies merges with demolition of political superstitions such as the one that “capitalism was saved by government’s asserting novel powers to regulate it” (108).

Part 1 of Justice and Its Surroundings (significantly entitled “The Needless State”) is devoted instead to the problem of social order, generally speaking. The essays here reprinted largely build on the insights of Jasay’s Social Contract, Free Ride (1987),