

## Article

# Virtues, Vices and the Responsibilities of Business: An Application of Catholic Social Teaching to the Problems of Corruption and Lobbying

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**Abstract:** This paper examines the development of Catholic social thought and teaching on the responsibilities of business. It begins with a natural law and Thomistic framework and shows how the general principles are applied to practical situations, firstly in the work of the late scholastics and, secondly, through the social encyclical tradition. Changes in emphasis are noted in the post-war period. The paper also explores how the challenges of corruption and lobbying have been viewed in the tradition. Despite mention of these topics by Pope Francis, we conclude that they are under-explored areas. As such, we set out a framework for consideration of these topics using the approach presented in the earlier part of the paper.

**Keywords:** business ethics; Catholic social teaching; St. Thomas Aquinas; late scholastics; corruption; lobbying

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## 1. Introduction

This article outlines how a virtue ethics approach to business ethics has developed and been articulated in Catholic social teaching and discusses the responsibilities of business outlined in that teaching. We then take the principles further and show how they can be applied to the problems of corruption and lobbying<sup>1</sup>. Corruption has been mentioned by various popes in encyclical letters, but, along with lobbying, has been discussed at greater length by Pope Francis than it was by his predecessors.

It is interesting how little corruption, in the sense that we define it, is mentioned in the social encyclicals of the Catholic Church given its baleful influence, which has been apparent throughout the ages. It is worth noting that both the calling of Matthew (Luke, 5:27–28) and of Zacchaeus (Luke, 9:1–10) allude to or specifically mention corrupt activity. Lobbying, though never absent from politics, has taken on new forms as democracies have developed and the franchise widened. As the Catholic Church has come to accept democracy as the legitimate form of government<sup>2</sup>, it is, perhaps, time for a thorough analysis of the phenomenon of lobbying in Catholic social thought and teaching. Lobbying is not necessarily problematic, but we suggest that the consideration of corruption and lobbying complement each other, and the virtue ethics approach developed within this article is an appropriate framework for the analysis of both lobbying and corruption.

In developing our analytical approach, we examine the work of St. Thomas Aquinas and the Iberian late scholastics in this area. We then consider the early social encyclicals of the Catholic Church and their teaching on business ethics. We follow this by contrasting those documents with the later social encyclicals published after the Second World War.<sup>3</sup> The earlier social encyclicals were very much influenced by the Thomist ways of thinking and there are strong connections with the thinking of St. Thomas Aquinas and the late

scholastics. The later social encyclicals also make clear the ethical responsibilities of business, but their arguments often have a more secular orientation.

The first section summarizes how virtues, vices and the responsibilities of business can be articulated in the context of the Thomist framework. The following section presents key aspects of the approach of the late scholastics concerning the responsibilities of business. It is explained how the late scholastics—and particularly the School of Salamanca—significantly expanded and developed the Thomist framework to apply it to the new business ethics challenges of their time, while maintaining a consistent analytical and conceptual focus on virtues and vices in the context of economic activity.

The third section proceeds by extending the analysis to contemporary Catholic social teaching, focusing on the encyclical letters from 1891 onwards. Within this section, we begin with the treatment of the ethical responsibilities of business in *Rerum novarum*, followed by analysis of the same theme in *Quadragesimo anno*. The section concludes with an overview of Catholic social teaching concerning business ethics in the post-war period up to the present with a special focus on *Gaudium et spes* and on *Oeconomicae et pecuniariae quaestiones* (OPQ).

After the theoretical and historical sections, the article then proceeds to extend the application of this understanding of Catholic social teaching to two relevant contemporary issues: corruption and lobbying. While these topics have not been entirely ignored in Catholic social teaching, they require further study and Pope Francis's references to the problem of corruption in a number of recent letters highlights this need. The article contributes to a more theoretically sustained reflection on these topics by applying the tradition of Catholic social teaching, and its emphasis on exercising the virtues and restraining from vices, to their analysis.

The approach we take in this paper focuses on the behavior of individuals within the context of the cultural and institutional environment in which they are operating. As such, we are not abstracting from the institutional setting, but the framework we use is one in which individuals are able to take responsibility for their own behavior even if the degree of culpability that can be attached to their behavior depends on the situation in which they find themselves. For this reason, we especially reference virtue ethics frameworks and models of action in the political sphere which emphasize the impact of individual choices. Of course, this is not to deny the validity of other social-scientific approaches, but it helps make the analysis manageable.

## 2. Virtues, Vices and the Responsibilities of Business in a Thomist Framework

In a Thomist framework, drawing heavily from Aristotle, ethics is a practical science, aimed at applying knowledge to action. As noted by Aquinas (1993, p. 10) when considering the branches of theoretical science:

“Other sciences either yield no products but only knowledge (e.g., natural science, divine science) and so are not called arts at all, since art according to Aristotle is productive reason; or yield bodily products (e.g., medicine, metallurgy, etc.) and so are not called liberal [i.e., free-man] arts, since their activities belong to the body, the servant part of a human being. And though ethics too aims at activity, it aims as Aristotle says not at knowing but at acting virtuously; so ethics isn't called an art either, since in such activity virtue substitutes for art. And that is why the ancients defined virtue as *the art of living rightly and well*, as we read in Augustine.”<sup>4</sup>

Thus, as a practical science, ethics will be closely intertwined with the exercise of virtues and with the avoidance of vices in human conduct. For the present analysis, it is of particular importance to consider that some conducts may constitute vices actively (by performing certain actions in some circumstances) or passively (by failing to perform certain actions in some circumstances). Similarly, virtues may require performing certain actions in some circumstances and/or successfully refraining from performing certain

actions in some circumstances. In some business settings, the exercise of some virtues may therefore consist mainly in abstaining from engaging in specific types of conduct.

This can be illustrated by going back to Thomas Aquinas's reflections on cheating in the context of buying and selling, and particularly to his example of the one-eyed horse. When addressing justice in commerce through the analysis of the act of selling a good with a defect, Aquinas (1920), in *Summa theologiae* (IIa IIae, q. 77, a. 3.), frames the issue in the following way:

“Now the seller who offers goods for sale, gives the buyer an occasion of loss or danger, by the very fact that he offers him defective goods, if such defect may occasion loss or danger to the buyer—loss, if, by reason of this defect, the goods are of less value, and he takes nothing off the price on that account—danger, if this defect either hinder the use of the goods or render it hurtful, for instance, if a man sells a lame for a fleet horse, a tottering house for a safe one, rotten or poisonous food for wholesome. Wherefore if such like defects be hidden, and the seller does not make them known, the sale will be illicit and fraudulent, and the seller will be bound to compensation for the loss incurred.

On the other hand, if the defect be manifest, for instance if a horse have but one eye, or if the goods though useless to the buyer, be useful to someone else, provided the seller take as much as he ought from the price, he is not bound to state the defect of the goods, since perhaps on account of that defect the buyer might want him to allow a greater rebate than he need. Wherefore the seller may look to his own indemnity, by withholding the defect of the goods.”

This reasoning can be applied in all sorts of modern commercial situations that are subject to contract law or regulation—such as the sale of financial products. We would argue that both moral and regulatory codes should treat hidden defects and dangers differently from the kind of defects that should be obvious to a buyer.

For Aquinas, failing to disclose a hidden defect that “may occasion loss or danger to the buyer” unsurprisingly makes the sale illicit and fraudulent. But the most interesting analysis is applied to cases in which the defect is manifest, such as a one-eyed horse. In this instance, Aquinas states that the seller is not obliged to disclose the defect of the goods as long as he reduces the price by a fair amount. What explains this difference in treatment and in the requirements of justice in the two situations?

The key to understanding lies in the possibility of vicious conduct by the buyer (“since perhaps on account of that defect the buyer might want him to allow a greater rebate than he need”). In this instance, full disclosure of the defect of the good by the virtuous seller may paradoxically make it less likely that the transaction is settled at a just price. As pointed out above, the virtuous seller will of his own accord enact an appropriate reduction in price whereas disclosing fully about the defect will generate the risk of exploitation in the negotiation by a vicious buyer. This implies that in some circumstances retention of information is actually preferable to an active communication strategy of full disclosure.<sup>5</sup>

This insight should be related to the broader discussion about the nature of commercial and economic activity in the following article (“Is it lawful in trading to sell a thing at a higher price than was paid for it?”). Aquinas starts by echoing the classic distrust of business and trade that dates back to ancient times but nevertheless quickly adds that it would be wrong to regard commercial activity as inherently vicious. For Aquinas (1920), in *Summa theologiae* (IIa IIae, q. 77, a. 4.), even though business and trade activities are not intrinsically virtuous—and because of that carry with them some moral concerns—they also should not be systematically considered to be sinful or vicious because they can be directed to necessary or even virtuous social ends:

“Hence trading, considered in itself, has a certain debasement attaching thereto, in so far as, by its very nature, it does not imply a virtuous or necessary end. Nevertheless gain which is the end of trading, though not implying, by its

nature, anything virtuous or necessary, does not, in itself, connote anything sinful or contrary to virtue: wherefore nothing prevents gain from being directed to some necessary or even virtuous end, and thus trading becomes lawful. Thus, for instance, a man may intend the moderate gain which he seeks to acquire by trading for the upkeep of his household, or for the assistance of the needy: or again, a man may take to trade for some public advantage, for instance, lest his country lack the necessities of life, and seek gain, not as an end, but as payment for his labor."

This makes it possible to frame the main responsibilities of business both in terms of active requirements and also of obligations to avoid certain vices. Amongst the most important active requirements would be right intention on the part of the merchant (intending moderate gain for a rightful purpose rather than for its own sake motivated by greed) and contribution to the common good ("a man may take to trade for some public advantage, for instance, lest his country lack the necessities of life"). Amongst the most important vicious types of conduct to be avoided in the context of economic activity would be fraud, deceit and other forms of injustice aimed at gaining at the expense of others, be they direct parties in a given business relationship or the wider community.

In a Thomist framework, the main social responsibilities of business are ethical responsibilities that require a rightly ordered and informed conscience and start from an understanding of the instrumental nature of economic activity and its contribution to the common good. From this, it is arguably possible to derive an implicit, more general, obligation to conduct business activity in a way that abstains from, or at the very least seeks to minimize, certain practices, a point that is developed in later sections of this paper concerning corruption and lobbying. Avoiding such practices and, if possible, fostering a social environment where such practices are minimized will be an important contribution to promoting a rightly ordered, purposeful business setting.

### 3. Late Scholastics and the Responsibilities of Business

The work and figure of St. Thomas Aquinas is certainly central to any understanding of the ethical responsibilities of business informed by the Christian tradition. This work was consistently developed in many important ways by the late scholastics and particularly by the so-called School of Salamanca (Alves and Moreira 2010).

The School of Salamanca was founded by Francisco de Vitoria, after returning to Salamanca from his studies in Paris. The distinct group of Iberian late scholastics of the sixteenth and seventeenth centuries (mostly Dominicans in the first generation of the school and Jesuits in its second) pursued and applied a Thomistic framework in order to address the vast array of new issues and ethical challenges associated with European expansion into the "New World". Because of the economic and commercial dimension of this expansion, business ethics and matters intersecting economic theory with moral reasoning were an important part of that work. This context is well summarized by Melé (1999, pp. 176–77):

"In the sixteenth century, commerce, trade and banks experienced spectacular development, which was supported, in large part, by the discoveries of the New World and by the influx of precious metals. Spain became a significant center of commerce, acquiring the economic hegemony previously enjoyed by northern Europe and the northern Italian cities. Fairs like the ones celebrated periodically in Seville, Burgos and Medina del Campo, all perfectly synchronized with other European fairs, were privileged settings for the economic transactions of this era: exchange of merchandise, coins, bills of exchange and other financial instruments. [...] These new economic phenomena, coupled with the great religiousness of the people, led them to seek moral guidance from theologians and priests. The authors of the School received abundant requests for consultation from merchants, moneychangers, bankers and even public authorities."

The late scholastics—and particularly the Iberian late scholastics of the School of Salamanca—were thus continually sought after by business people and political and legal authorities looking for practical moral advice to deal with the new problems of the time. It was because of this demand that some Iberian late scholastics produced what were in essence practical manuals for addressing concrete commercial and economic issues (in addition to the traditional treatises on justice presenting theological and moral reasoning in a more structured format). One prime example of this trend was the famous *Suma de tratos y contratos*, authored by Dominican Tomás de Mercado and first published in Salamanca in 1569—published in an expanded edition in Seville in 1571 and 1578 and translated into Italian in 1591, which signals the influence and international reach of this type of practical manual at the time (Alves and Moreira 2010, pp. 17–18).

The bureaucratic expansion that came alongside the European expansion into the “New World” further increased the demand for training and helped foster an academic environment in which the Iberian late scholastics were heavily incentivized to reflect upon and address concrete economic issues and problems.

One important illustration of this can be gathered from their analysis of wages (Alves and Gregório, forthcoming). As in most other matters, the analysis of wages by the Iberian late scholastics developed from the received Thomist framework, but it was refined in order to better address the economic and social circumstances of their time and also reflects their own contributions to economic theory, and particularly to just price theory, which was an area where the School of Salamanca provided several important insights (Elegido 2009). Because the price paid for a given good would often be directly related to the wage of the seller and also because wages are themselves the price paid for labor, just price theory was closely linked with the analysis of what constitutes a just wage. Here, two additional notions come into the forefront: equivalence in value as the main standard of commutative justice; and the idea that “common estimation” (understood as the price fetched by a good in a regular market setting) is to be usually considered the best indicator of its value.

This understanding is clearly reflected, for example, in the Jesuit Luis de Molina’s (1981, p. 168) definition of the concept of the “natural price”:

“They call him so not because it doesn’t depend to a large extent upon the esteem with which men appreciate some things more than others, as happens with certain precious objects, that sometimes are valued in more than twenty thousand gold coins and more than many other things, which, by their nature are much better and more useful; nor do they call him so because that price doesn’t fluctuate and change, since it is evident that it does change; but they call him natural because it is born out of these same things, independently of any human law or public decree, but dependent on many circumstances which make it vary and on the affection and esteem that men have for things according to the several uses in which they can be employed.”

The concept of “common estimation”—in addition to the more general contractual requirements of the absence of coercion and fraud—thus plays a key role in assessing the justice of wages. For Molina, the determination of a just wage therefore requires taking into consideration wage rates paid for tasks and roles of a similar nature in comparable circumstances:

“After considering the service that an individual undertakes and the large or small number of people who, at the same time, are found in similar service, if the wage that is set for him is at least the lowest wage that is customarily set in that region at that time for people in such service, the wage is to be considered just.” (Quoted in Chafuen (2003, p. 106))

The analysis of the issue of just wages, and the related responsibilities of business provides a good example of the importance of considering the practical circumstances when making an adequate ethical evaluation. This is not “situation ethics”. The ethical

principles do not change. However, our precise action when applying the ethical principles will depend on the practical situation. It also provides an example of how, in the context of business, virtuous conduct will often consist of abstaining from certain practices—such as for example not taking advantage of a worker's need or lack of information to engage in exploitation by paying that person below the level of the "the lowest wage that is customarily set in that region at that time for people in such service".

For the Iberian late scholastics, the understanding of the potential for commercial and business activity to contribute to the common good is combined with an awareness of the risks that the common good may be undermined if agents engage in economic activity and succumb to vices. As stated by Domingo de Soto:

"And with the explanation of these aspects we clearly refute the difficulties alleged against it. For humankind has moved from the imperfect to the perfect. And for this reason in the beginning, as it was rude and uncultivated and needed few things, [direct] exchange was sufficient; but later leading a more cultivated, more civilized and more distinguished life, the need to invent new forms of trade was felt, among which the more dignified is the practice of commerce, although there is nothing that the avarice of men will not pervert." (Quoted in Alves and Moreira (2013, p. 630))

Interestingly, in order to elaborate on and illustrate these ethical risks, Soto chooses to go back to the case of selling a good with flaws and what this entails for the seller concerning the information he is (or is not) obliged to disclose, depending on the circumstances of the transaction:

"For example, if you sell to a soldier a limping horse that cannot afterwards be used in combat, or if you sell a house that is in threat of ruin, or a damaged meal. Such omission would constitute a manifestly unjust deceit, and for its kind a mortal sin, that would oblige to restitution. [...] You hide when you do not disclose what you are obliged to reveal; and you are silent when the law does not oblige you to speak. [...] we recognize that if the seller had known that the object was totally useless for the buyer, he cannot be silent about the flaw. For example, if I sell a somewhat handicapped horse to a young noble who has the habit of racing, even if I sell it for its just value, I commit, without doubt, an injustice. If however I sell it to an old doctor that wishes to ride slowly I do not commit any injury." (Quoted in Alves and Moreira (2013, p. 632))

For Soto, the distinction between selling a "somewhat handicapped horse to a young noble who has the habit of racing" and selling it to "an old doctor that wishes to ride slowly" arises because, in the first instance, the seller is abusing his privileged informational position to extract an advantage causing harm to the other part in the transaction (for whom the horse will not fulfill the intended purpose of racing).

A similar notion about the implications of unjustified privilege as a source of injustice in economic activity permeates the late scholastics' understanding of monopolies. The very concept of monopoly was closely linked with the notion of privilege, leading the Jesuit Luis de Molina to define monopoly as a situation in which "one or more persons obtain an exclusive privilege to sell a certain good" (Quoted in Chafuen (2003, p. 93)). The institution of some monopolies by the legitimate public authority could be permissible as long as they had a strong justification and provided that they imposed only a moderate burden on the public, but any granting of privileges by the state was to be regarded with caution. Chafuen (2003, p. 94) summarized Molina's position on this matter in the following way:

"[...] Molina reasoned that the king or the republic that grants privileges in a way that harms its subjects is committing a mortal sin, as are those who ask for such privileges or make use of them. Such privileges violate the consumers' right to buy from the cheapest seller. They also violate the rights of other potential suppliers. Molina therefore concluded that both the prince and those who

benefit from the privilege are obliged to offset the damage caused to buyers and sellers.”

The ethical obligation to abstain from asking for privileges or using them has important implications for the contemporary analysis of the issues of lobbying, rent-seeking, cronyism and corruption, which we will explore below. It can therefore be argued that abstaining from lobbying for privileges and other forms of rent-seeking is an important virtue in the conduct of business. A virtue that consists not so much in knowing and identifying situations of lobbying and rent-seeking, but rather in the acquired and sustained habit of engaging in economic activity without resorting to such practices. In this sense, and in line with the perspective of virtue ethics, what is at stake is a general attitude that needs to be permanently cultivated (rather than primarily theoretical knowledge). A permanent task of learning through experience and practicing how to deal with the challenges in business life while consistently avoiding lobbying for privileges and rent-seeking is required. A type of virtuous conduct that will also be linked to avoiding the vices of lobbying corruption and that, in addition to constituting a guide for the constant improvement of personal behavior and character, will also provide a positive transformative contribution for the surrounding community, by providing a model for others and by reducing (even if only marginally) the overall opportunities for improper behavior. For just as widespread unethical behavior makes ethical behavior harder and promotes vice, one person’s rightful and just conduct has a potential contagious effect on others and promotes virtue more generally in the community.

#### 4. Catholic Social Teaching and the Early Social Encyclical Tradition

The Catholic Church began to issue a series of documents on social issues, mainly in the form of encyclical letters, from 1891. The letters discuss social, political and economic questions, in the context of the “signs of the times”. They make exhortations to the faithful and, often, to all people of goodwill. They are based on scripture, the tradition of the Church and are also guided by natural law and pastoral experience. The ingredients that inform a Catholic social teaching document vary, depending on the author and the political, economic, social and religious context.

The responsibility of business is an issue that has been very prominent in social encyclicals. In the early documents, an important focus was on the responsibilities of businesses with regard to the treatment of labor. Following the financial crisis, documents such as *Caritas in veritate*, written by Pope Benedict XVI and published in 2009, made substantial reference to business ethics in financial markets. More recently, questions related to the natural environment have come to the fore, especially in Pope Francis’s encyclical *Laudato si*.

Given that every social encyclical has had something to say about the responsibility of business, an exegesis of the whole tradition would require a book-length article. We will therefore focus on some general trends and highlights. We will then consider the problems of corruption and lobbying as relatively unexplored areas of Catholic social teaching which we believe to be of great importance.

#### 5. Business Responsibility in *Rerum Novarum*

The Thomistic way of thinking based on natural law and virtue ethics had a strong influence on the early social encyclicals, starting with *Rerum novarum* published by Pope Leo XIII. One of the drafters was Matteo Liberatore. Both Liberatore and Leo XIII were students of Taparelli d’Anzeglio who was a key figure in the revival of Thomistic thinking. Thus, we can draw a straight line from St. Thomas Aquinas to the late scholastics and then to the early social encyclicals.

*Rerum novarum* (RN) was subtitled “Rights and Duties of Capital and Labour” and so its relevance to business responsibility is immediately apparent. The letter opened with the statement: “Hence, by degrees it has come to pass that working men have been

surrendered, isolated and helpless, to the hardheartedness of employers and the greed of unchecked competition” (RN, 3). This is obviously a clear statement of the problem Pope Leo XIII was addressing. He followed, however, by rejecting absolutely the proposed solution of socialism and class conflict whilst noting that “in due measure and degree” workers should have recourse to the law and state authority for the protection of their rights (RN, 17). There was relatively little discussion, however, of what the state should do, but there was much discussion of the responsibilities of business.

The basic responsibilities of business were laid out in paragraph 20. It is worth noting that this followed immediately from a discussion of the responsibilities of workers. The former included:

- Not to look upon their work people as their bondsmen, but to respect in every man his dignity as a person ennobled by Christian character.
- Not to value workers purely in the pursuit of profit or value them solely for their physical powers.
- Ensure that workers have time for their religious duties.
- Not to tax people beyond their strength or employ them in work to which they are unsuited by virtue of their age and sex.

It was then stated that the great and principal duty of an employer is to give every worker a wage that is just, noting that many factors had to be taken into account in determining a just wage.

This statement of the responsibilities of businesses ended with a comment that these responsibilities arose from the fact that the position of the worker was weak and unprotected.

It is notable that the language used by Pope Leo appealed to the religious faith of those whom he was addressing—in particular, a belief in the afterlife and judgement. For example, it was stated:

to exercise pressure upon the indigent and the destitute for the sake of gain, and to gather one’s profit out of the need of another, is condemned by all laws, human and divine. To defraud any one of wages that are his due is a great crime which cries to the avenging anger of Heaven. (RN, 20)

As we shall discuss below, in modern documents, the responsibilities of businesses are often related to social concerns. Throughout *Rerum novarum*, however, the responsibilities of business owners, as well of the rich, were clearly linked to the needs of workers and to the demands<sup>6</sup> made of business owners by God. In paragraph 22, for example, Pope Leo states: “that the rich should tremble at the threatenings of Jesus Christ—threatenings so unwonted in the mouth of our Lord—and that a most strict account must be given to the Supreme Judge for all we possess.”

This is a key point which is, of course, difficult to reflect in secular discourse about the responsibilities of business, but which seems to be downplayed in modern Christian writing too. Businesses have responsibilities to the law, their shareholders, and to workers, but, most profoundly, the Catholic Church believes that business owners and managers will have to account to God for their actions.

*Rerum novarum* also introduces the concept of the “just wage” or “family wage” into modern Catholic social teaching (RN, 43–46). It was stated that it was the responsibility of a business to pay, if it can, a wage that allows a workman to support himself and his wife and family if they live frugally.<sup>7</sup> Freedom of contract might well be the norm, but freedom of contract was not a justification for a business paying less than a family wage even if a lesser wage were freely agreed. As with other aspects of early Catholic social teaching, it was proposed that the state should step in only as a last resort and that workers’ associations (including, but not limited to, unions) should actively engage with companies to ensure that a family wage was paid.

Thus, a very clear theme in this early social teaching document is its concern for both the body and soul of the worker and the soul of the employer or manager. This concern is



expressed in the same kind of dramatic language as is used in the Bible. The quotations above can be compared with, for example, Jeremiah 22:13: “Woe to him who builds his house by unrighteousness, and his upper rooms by injustice, who makes his neighbour serve him for nothing and does not give him his wages”.

#### *Forty Years Later*

*Quadragesimo anno* (QA) continued many of the themes of Pope Leo XIII’s letter. The encyclical was drafted by a theologian, von Nell-Breuning, who had a knowledge of economics and who had published scholarly work at the interface of theology and economics.<sup>8</sup> Within *Quadragesimo anno*, there is an important statement that links economics and ethics, again following the approach of the late scholastics. It is stated that economics and ethics have, to some extent, their own domain, but that they are inter-dependent and “it is reason itself that clearly shows, on the basis of the individual and social nature of things and of men, the purpose which God ordained for all economic life” (QA, 42). It was then noted that we must follow the moral law given by God in planning all economic activity so that we may achieve our “supreme and last end” (that is heaven) (QA, 43).

The sections of *Quadragesimo anno* around paragraph 130 are especially interesting. There is a call to conversion. It begins by stating that the pattern of economic life puts obstacles in the way of the eternal salvation of souls. People may be tempted by greed to a way of life that takes them away from God. This is the result of original sin which leads people to prefer temporal goods to heaven (QA, 131). It is lamented that rulers have little concern for the souls of those in their care. This then allows businesses to act in such a way that prevents workers from following the path to God by imposing working conditions that prevent Sunday and Holy Day worship or that lead to immodesty in the workplace and so on (QA, 135–136). Ultimately, though, the solution is not to be found in political and economic theories:

“No genuine cure can be furnished for this lamentable ruin of souls, which, so long as it continues, will frustrate all efforts to regenerate society, unless men return openly and sincerely to the teaching of the Gospel, to the precepts of Him Who alone has the words of everlasting life” (QA, 136).

#### **6. Catholic Social Teaching and Business in the Post-Second-World War Period**

As has been noted, this way of teaching about ethics in the economic sphere, which relates economic activity to our ultimate end in life and the importance of religious practice, together with the emphasis on heaven, hell, God’s will, redemption and the need to achieve perfection, is an important mark of early Catholic social teaching, which was heavily influenced by Thomism.

These themes are less evident in the post-war documents of the Catholic Church, which discuss business ethics more in terms of distributive justice and the material well-being of the poor. It might also be worth noting the many of the post-war encyclicals and other documents were addressed, explicitly or implicitly, to all people of goodwill in addition to the Catholic faithful, priests and bishops: this might explain a change in tone.

*Gaudium et spes* (GS) is not a social encyclical, but it is one of the documents of the Second Vatican Council and, therefore, important in the historical development of the teaching of the Catholic Church. As a document of the Council, it was drafted by a range of authors and was voted on by the whole Council.

It begins with a long discussion of human dignity. Christians believe that the right to a dignified life derives from our status as children of God and this is made clear (GS, 12). Our innate dignity demands that all have access to basic goods, such as food, shelter and clothing. The common good cannot be achieved without this as the world will be scarred and fall short of perfection if persons are unable to live in dignity: this provides a link between business, the economy and human dignity.

But, instead of rightful behavior in business and economic life being cast in terms of heaven, hell, salvation and sin, it is discussed more in the context of ensuring that the concrete conditions for human dignity exist. In Part 2, Chapter III, economic and social life is discussed. The document notes (GS, 63) that economic progress means that the economy is better able to meet the needs of the family. It is suggested that a certain economic way of thinking leads to a situation such that, at the very time economic life could mitigate social inequalities, it was exacerbating them. It is then stated that economic life must carry on within the limits of the moral order because:

“The fundamental finality of this production is not the mere increase of products nor profit or control but rather the service of man, and indeed of the whole man with regard for the full range of his material needs and the demands of his intellectual, moral, spiritual, and religious life” (GS, 64).

Discrimination is decried because it leads to inequalities (GS, 66). Business owners are exhorted to ensure that “Investments, for their part, must be directed toward procuring employment and sufficient income for the people both now and in the future” (GS, 70). It was stated that landowners and “middlemen” too frequently prevent workers from having the material things necessary for a dignified living in underdeveloped countries (GS, 71).

Samuel Gregg (2013) discusses the drafting of the Vatican II documents, including *Gaudium et spes*. He provides an explanation for the difference in emphasis between those documents and the earlier social encyclicals. The document arose from a conflict between two philosophies which were debated at the Second Vatican Council. Several bishops, notes Gregg (page 10), insisted that any text had to speak to the modern world on its own terms. Others were insistent that it should speak theologically. The result, argues Gregg, was a document that combined openness to modernity with an insistence that the Catholic Church had distinct things to say to the world. It could be thought that there is a tension here. Indeed, this tension is clear from Pope Paul VI's (1965) closing address. He said:

“But we cannot pass over one important consideration in our analysis of the religious meaning of the council: it has been deeply committed to the study of the modern world...[S]o much so that some have been inclined to suspect that an easy-going and excessive responsiveness to the outside world, to passing events, cultural fashions, temporary needs, an alien way of thinking...may have swayed persons and acts of the ecumenical synod, at the expense of the fidelity which is due to tradition, and this to the detriment of the religious orientation of the council itself.”

As Gregg<sup>Error! Reference source not found.</sup> (2013, p. 20) discusses, this tension was noted by Karol Wojtyla, later Pope John Paul II, who contributed to the discussions at the council. Whilst Wojtyla favored dialogue with modern philosophy, he said in the fourth session of the Council that *Gaudium et spes* under-estimated the modern world's sinful features. Josef Ratzinger (later Pope Benedict XVI) also reflected on the document, commenting that the document's drafters did not properly consider what is proper to theology – discourse about Christ and His work:

We would argue that Ratzinger was right to highlight this problem. The Church is entitled to make judgements about the impact of unethical behavior by businesses on the economic and social fabric, informed by social sciences. At the same time, she should also point out the dangers of unethical behavior to our soul. Combining these two aspects of unethical behavior was very much the approach of the late scholastics and St. Thomas Aquinas. As we shall see, it is also an appropriate way to frame a Catholic social thought analysis of corruption.

Perhaps the most important document that the Catholic Church has issued specifically on business ethics is *Oeconomicae et pecuniariae quaestiones* (OPQ) or, in English, *Considerations for an ethical discernment regarding some aspects of the present economic-financial system*. Rather unusually, it was published by both the Congregation for the Doctrine of

the Faith and the Dicastery for Promoting Integral Human Development. As might therefore have been expected, it integrated a theological consideration of ethics with more practical and human considerations. There were some important messages in the document that reflected the philosophy of Popes John Paul II and Benedict XVI.

OPQ suggests that ethical decision-making begins with the realization that, as human persons, we have the ability to choose between right and wrong. The world is fallen, and human persons make the wrong choices. Although we can blame structures and systems, ultimately, the problem is human persons making the wrong choices. Using right reason, we can also make better choices.

It is suggested that, in finance, there may be many activities that, whilst licit in themselves, can provide what could best be described as “occasions of sin” (OPQ, 14–17). An occasion of sin is:

“Any person, place, or thing that of its nature or because of human frailty can lead one to do wrong, thereby committing sin. If the danger is certain and probable, the occasion is proximate; if the danger is slight, the occasion becomes remote. It is voluntary if it can easily be avoided. There is no obligation to avoid a remote occasion unless there is probable danger of its becoming proximate. There is a positive obligation to avoid a voluntary proximate occasion of sin even though the occasion of evil-doing is due only to human weakness”<sup>10</sup>.

Problems of information asymmetries and excessive speculation are mentioned in this regard<sup>11</sup>. It is not necessarily sinful or unethical to partake in speculation or to be in situations where the seller (or buyer) of a contract could exploit information differences between the parties. However, such positions could easily tempt people into unethical behavior where actual exploitation takes place.

Pope Benedict’s encyclical *Caritas in veritate* (CV), published in 2009 in the wake of the financial crisis, also reflected on business ethics. Two quotations are of note:

“Economy and finance, as instruments, can be used badly when those at the helm are motivated by purely selfish ends. Instruments that are good in themselves can thereby be transformed into harmful ones. But it is man’s darkened reason that produces these consequences, not the instrument per se. Therefore it is not the instrument that must be called to account, but individuals, their moral conscience and their personal and social responsibility” (CV, 36) .

And then, in what might seem like a rebuke to business sectors that try to promote themselves as “ethical” when we should be thinking about embedding an ethical culture in all economic decision-making, Pope Benedict wrote:

“The word “ethical”, then, should not be used to make ideological distinctions, as if to suggest that initiatives not formally so designated would not be ethical. Efforts are needed—and it is essential to say this—not only to create “ethical” sectors or segments of the economy or the world of finance, but to ensure that the whole economy—the whole of finance—is ethical, not merely by virtue of an external label, but by its respect for requirements intrinsic to its very nature. The Church’s social teaching is quite clear on the subject, recalling that the economy, in all its branches, constitutes a sector of human activity” (CV, 45) .

There is a clear link between this point and the approach of St. Thomas Aquinas and the late scholastics.

Catholic social teaching documents can read as if they are pointing out unethical behavior. But there is another side to the teaching which is perhaps not so frequently articulated within the documents: the practicing of the virtues in business civilizes economic life. It can have an impact beyond those immediately touched by the ethical actions. *Caritas in veritate* touched on this (see paragraph 45, referred to above). However, it could be argued that Catholic social teaching could emphasize the importance of the virtues in creating an ethical culture more forcefully (Alves et al. 2019).

Not only does ethical behavior have an impact on culture, behavior has an impact on relationships, too. Virtuous business not only spreads prosperity, it promotes wholesome relationships. After all, business exchange requires continual encounter with others (owners and managers, managers and other employees, employees and customers, and so on). This was emphasized by John Paul II in *Centesimus annus* (CA): “It is his [man’s] disciplined work in close collaboration with others that makes possible the creation of ever more extensive working communities which can be relied upon to transform man’s natural and human environments” (CA, 32) .

Pope Francis has often been regarded as being highly critical of a market economy and of business. However, that is a simplification. Pope Francis, for example, has called business “a noble vocation” (*Evangelii Gaudium*, 203). The Vatican document, *The Vocation of the Business Leader* (VBL), published by the Dicastery for Integral Human Development, states in its fifth edition, which is updated to reflect the teaching of Pope Francis:

“The importance of the businessperson’s vocation in the life of the Church and in the world economy can hardly be overstated. Business leaders are called to conceive of and develop goods and services for customers and communities through a form of market economy”<sup>12</sup>.

It goes on further to say:

“Businesses also produce many of the important conditions that contribute to the common good of the larger society. Their products and services, the jobs they provide, and the economic and social surplus they make available to society, are foundational to the good life of a nation and of humanity as a whole” (VBL, 37) .

Key to living out their vocation is for business leaders to ensure that they do not have divided lives—lives of faith divided from the life of work:

“Business leaders who do not see themselves as serving others and God in their working lives will fill the void of purpose with a less worthy substitute. The divided life is not unified or integrated: it is fundamentally disordered, and thus fails to live up to God’s call” (VBL, 10).

This way of thinking very much follows the Thomist discussed above, which makes clear that material goods are necessary but should help us live a life in which we are truly happy and orientated towards God. Business life should reflect this. It is, in a very real sense, a calling.

## 7. Corruption and Lobbying

The phenomenon of corruption can often unite sinfulness in the market economy and in government with catastrophic results. Corruption in political and in economic life may reach levels so that neither business nor the political system are able to perform their proper functions in the service of the common good. In addition, businesses may use their power to try to influence government policy so that it promotes private interests rather than the common good through lobbying. Furthermore, legitimate concerns can and should be raised about how lobbying practices can exclude people in ways that fundamentally corrupt fundamental democratic norms and procedures (Ron and Singer 2020).

The topics of corruption and lobbying have not been entirely ignored in Catholic social teaching, but, given the baleful influence of these phenomena, it can be argued that they require further study. Pope Francis has introduced the problem of corruption in a number of letters, but there has not been a sustained treatment. The intention of our contribution below is to promote more reflection on this topic.

Both these topics fit well in the Thomistic framework developed in the early social encyclicals as they relate to the practice of the virtues and the avoidance of vices in practical situations. Whether corruption or lobbying is wrong can depend on the practical circumstances of the act, as was the case with many of the questions discussed by St. Thomas

and the late scholastics. In terms of the focus of much of the discussion in post-war documents, the practice of corruption and, in certain circumstances, lobbying, also have serious consequences for material wellbeing and inequality. As we have noted, the late scholastics raised the question of lobbying in their reflections on economic practice.

### 7.1. *An Extension of the Application of Catholic Social Teaching (1)—Corruption*

Corruption is defined by *Transparency International* as the abuse of entrusted power for private gain<sup>13</sup>. While this definition may be regarded as reasonably straightforward, it should also be noted that the concept of corruption is complex and often contested, raising difficult ethical issues at the frontier between individuals' public and private roles (Rose-Ackerman 2018). It should be noted that corruption can take place wholly within the private sector or wholly within the state sector, but, here, we wish to consider the interface between the two. An example of corruption would be the bribing of a judge by a commercial party to find in favor of the bribing party in a case regarding the polluting of well water by a mining company.

Corrupt behavior by business and/or government can totally destroy the fabric of society. It does not simply make society poorer, but it can undermine all the features of integral human development (peace, civil order, employment, private property, prosperity, the environment, morality, and so on). It can also undermine the tax base of a country, which is necessary for the provision of those goods and services that only the state can provide.

Corruption can become so deeply entrenched that it is very difficult for good people to change societies beset by corruption or to behave in an uncorrupt way. For example, it is difficult to behave ethically as a politician if all other politicians are obtaining campaign funds from corrupt sources. Individuals, whole communities and businesses, may become excluded from economic life if they are unwilling to pay bribes to obtain contracts. As such, corruption can create what Pope John Paul II described as a "structure of sin" using a phrase—but defining it more precisely—that came from liberation theology. Structures of sin can be thought of as being part of the culture that is ultimately the result of personal choice. The culture creates conditions in economic life which cloud moral judgement and "encourage unjust behaviour by creating the aura of normalcy and legitimacy" in the words of Breen (2008, p. 335).

### 7.2. *Corruption in Social Encyclicals*

In earlier social encyclicals, corruption has been mentioned as an obstacle to development, but only in passing<sup>14</sup>. Pope Francis has discussed the subject at greater length. In his 2020 social encyclical, *Fratelli tutti* (FT), for example, Pope Francis states: "For many people today, politics is a distasteful word, often due to the mistakes, corruption and inefficiency of some politicians" (FT, 176) and "the misuse of power, corruption, disregard for law and inefficiency must clearly be rejected" (FT, 177). In his 2015 encyclical on the environment, *Laudato si* (LS), corruption is mentioned several times. It is pointed out that "when the culture itself is corrupt and objective truth and universally valid principles are no longer upheld, then laws can only be seen as arbitrary impositions or obstacles to be avoided" (LS, 123). Countries are exhorted to combat corruption (LS, 172 and 179). Pope Francis expresses concern that corruption can hide the environmental impact of business projects. Linking political corruption with business, he suggests that the culture of corruption can lead business groups to "come forward in the guise of benefactors, wield real power, and consider themselves exempt from certain rules, to the point of tolerating different forms of organized crime, human trafficking, the drug trade and violence, all of which become very difficult to eradicate" (LS, 197).

Although these mentions are important, the treatment of corruption is not systematic, and we would propose that a systematic treatment could be developed around the importance of the practice of the virtues and the influence of culture.

The cardinal virtues of prudence, justice, temperance and courage, are attainable, according to Catholic teaching, without the benefit of faith. Given that recent papal encyclicals have been addressed to all people of goodwill, a virtue ethics approach to thinking about corruption is one that is especially helpful. In a sense, it unites the spirit of the later encyclicals with the Thomistic method and that of the late scholastics.

### 7.3. *Corruption in Practice*

To illustrate the discussion, the example of alleged corruption by Diezani Alison-Madueke, the former minister for petroleum resources in Nigeria, is worth noting (Harvey 2021). She is said to have embezzled USD 1.6bn by awarding contracts to shell companies owned by business associates. The proceeds are alleged to have been laundered through companies and banks in the UK, US, Switzerland and the British Virgin Islands (including to buy an USD 80 million yacht built in Holland). It was expected that the money would be used to further the re-election of the former president, but it is clear that much has been for personal use. We make no comment on which use of the money would have been least wrong!

Perhaps most importantly, this example is an offence against justice at several levels. Justice is the “constant and permanent determination to give everyone his or her rightful due. It is a habitual inclination of the will and therefore always recognizes each one’s rights, under any and all circumstances”<sup>15</sup>.

Firstly, the acts offend the principle of distributive justice. Distributive justice is the virtue by which the various goods of this world are distributed amongst citizens according to appropriate criteria<sup>16</sup>. Corruption on this scale undoubtedly leads to the appropriation of funds intended for the provision of goods and services to other citizens, or an increase in the burden of taxation, and thus the taking of goods from citizens that are then not used for the legitimate functions of government. Those companies that bid honestly for contracts, and people who worked for such companies, would also have not received what might have been due to them in justice. It is almost certain that the principle of commutative justice has also been undermined—that is the rights of persons, or the state, as laid down in contracts, property titles etc., will have not been delivered.

Many countries experience low-level corruption on a widespread scale. Again, using the example of Nigeria, 30 per cent of Nigerian citizens who had contact with public officials in the 12 months to 2019 were asked to pay a bribe. Those who paid a bribe, on average paid six bribes a year. Roughly half of those who refused to pay a bribe reported negative consequences (UNODC 2019). The link to culture is obvious. If bribery is widespread and a bribe is not paid, one may receive a fine for an offence, which has not been committed, or somebody who needs urgent hospital treatment may not receive it.

The application of virtue ethics reasoning in this case suggests that this example of corruption is wrong given the injustices that result. Other virtues are also relevant when it comes to the problem of corruption. There may be situations where, even if an action is wrong according to virtue ethics reasoning, the action may be the lesser of two evils. Thus, practical wisdom and discernment are important. We will illustrate these points in hypothetical cases.

### 7.4. *Application of the Virtues to Three Hypothetical Cases of Corruption*

We will propose three brief cases to illustrate how corruption relates to the cardinal virtues and, in doing so, address the question of whether acting corruptly, including offering a bribe, can ever be right:

- A sole proprietor owner of a small private school in a slum area educating children who would not be able to get an adequate education elsewhere is asked for a bribe to pass a government inspection when he knows that he either fulfills the regulations or the regulations are irrelevant to the running of the school. The school is also the sole source of the family’s income.

- A business of significant size is competing for a government contract with four other companies and is reluctant to pay a bribe. All the other four businesses are paying bribes. The reluctant company treats its employees and those affected by its business activities impeccably unlike the other companies.
- A business is asked for a bribe to jump the queue for connection to the electricity supply. In all relevant respects, the company is no different from any other company on the waiting list.

All these situations would offend justice. Somebody would receive income to which they are not entitled that was financed by a business owner or, ultimately, a customer. These situations may also lead to a violation of commutative justice if contracts were broken. But, in the first and second cases, there could be a worse injustice if the bribe were not paid. In the first case, children might not get an education to which they are entitled, and the proprietor may lose his or her only source of income and not be able to provide for his or her family (a violation of distributive justice). An unethical firm may get the contract in the second case and mistreat its workers (also a violation of distributive justice). If the bribe is given in the third case, it clearly enriches the recipient and giver of the bribe at the expense of the company, but there is no injustice if the bribe is not given.

The virtues that should be applied by the business owners or managers in these three cases are prudence, temperance and courage.

Prudence is defined in Catholic Church (1994), as the virtue that disposes practical reason to discern our true good in every circumstance and to choose the right means of achieving it (Catechism of the Catholic Church, paragraph 1806). Prudence is necessary because, in the first two cases, a very careful weighing up of the situation is necessary before the decision is taken whether or not to give the bribe. The authors would argue that the first case is more straightforward. It is true that giving the bribe would contribute to the culture of corruption and make it more difficult for public officials to not ask for bribes from school proprietors. The action of giving the bribe therefore contributes to a “structure of sin”. However, giving the bribe does avoid immediate evils and there is no immediate evil arising from paying the bribe. As this is a matter of prudence, others might disagree with this judgement.<sup>17</sup>

The second case is more difficult as the evils that are avoided by the payment of the bribe are less immediate. Additionally, there is no guarantee that the contract would be won if the bribe were paid. Further, the evils that arise from the payment of the bribe are, arguably, greater than those arising from the offer of the contract to a different firm. We offer no opinion on this particular case. Its discussion would merit a full paper in itself.

In our view, the third case is straightforward. Any prudent assessment would lead the business to realize that there was no justification for paying the bribe: it is an offence against justice. There is no clear evil that is avoided by the paying of the bribe.

An analysis of these cases requires the application of the cardinal virtues. Catholic theology teaches that these can be known by reason alone, and the applicability of a virtue ethics approach is therefore not limited to Catholics nor, indeed, to other Christians. We would argue that virtue ethics approaches to considering questions of morality in business have not been sufficiently discussed in recent Catholic social teaching (Booth 2020), though there is an excellent brief treatment in a statement by the Catholic Bishops’ Conference of England and Wales (2010), which was published as a pre-general-election address before the 2010 election.

The evils arising in these cases involve the virtue of justice and vice of injustice. The virtue of prudence is required to assess how to act in these cases. The Bishops’ Conference of England and Wales document, describing the application of the virtues in the field of business, also references the virtues of courage and temperance. With regard to the former, it states:

“The virtue of courage ensures firmness, and the readiness to stand by what we believe in times of difficulty. It is the opposite of opportunism and of

evasiveness. It is the practice of fortitude in the face of difficulty and produces heroism in every field.”

It is very clear that resisting the temptation to bribe in these circumstances requires courage because of the adverse consequences that might arise. The same document describes the virtue of temperance as that which “helps to moderate our appetites and our use of the world’s created goods. It is the opposite of consumerism and the uninhibited pursuit of pleasure.” In the examples above, temperance is perhaps less important when it comes to the party being asked for the bribe. However, the virtue can clearly be applied to many business ethics situations, whether it be the moderating of appetites on trading floors or a business that is making unjust profits from selling products with hidden defects.

In the discussion of corruption and justice, reference has been made to distributive and commutative justice, but no mention was made of “social justice”. In Catholic social teaching, social justice is distinct from distributive justice and involves acts which undermine the common good of the whole community (Booth and Petersen 2020). The common good is defined in the Vatican II document, *Gaudium et spes* (74) as: “the sum of those conditions of the social life whereby men, families and associations more adequately and readily may attain their own perfection.” It is clear that a society beset by corruption is also one in which the common good is undermined. This is related to the concept of structure of sin as defined above. If corruption creates a culture that leads to a structure of sin by which sinfulness becomes normalized and in which unjust acts may be justified by the avoidance of a greater evil, men, families and associations are moving to a lower state of perfection. Such structures of sin and deviations from the ideal of social justice are distinct from the offences against distributive justice, though the two are clearly related: a society with endemic corruption is one which will not achieve the ideal of distributive justice, nor that of social justice.

As a subject for reflection in Catholic social teaching, the consequences of corruption accord with the emphases of the later encyclicals which focused on the social consequences of injustice in economic life. Corruption leads to poverty, exclusion and inequality. At the same time, corruption endangers the soul—the emphasis of the earlier encyclicals. Of course, the two are linked. This way of thinking about corruption also has direct parallels with the approach of St. Thomas Aquinas and the late scholastics. The questions they examined involves the application of virtue ethics complemented by practical reasoning in the context of important problems.

#### 7.5. An Extension of the Application of Catholic Social Teaching (2)—Lobbying

The subject of lobbying has had very little sustained treatment in Catholic social teaching. Indeed, one important reference regards lobbying in a rather positive way (Hornsby-Smith 2006, p. 341), and there is no doubt that it has its positive dimensions where Christian organizations are lobbying on behalf of the oppressed. Miller (2014), on the other hand, argues:

“Businesses should help to maintain a free, competitive, and just market economy that enables innovation and allows new entrepreneurs to compete fairly. Big businesses must resist the temptation to look to governments for protection or try to influence regulation in their favour through lobbying.”

Lobbying can be defined as: “any attempt by individuals or private interest groups to influence the decisions of government”<sup>18</sup>. The conceptual distinction between lobbying and corruption is complex and there is no consensus amongst political scientists, which means it is particularly important to discuss grey areas between the two (Goldberg 2018). Lobbying can be undertaken for good and positive reasons such as those mentioned by Hornsby-Smith. For example, a housing charity might lobby a government to provide drug treatment centers that are designed to help homeless people<sup>19</sup>. It can also be done for reasons that are morally neutral (for example, a bank might lobby governments about



technical aspects of regulatory capital standards in order to ensure that they work more effectively).

However, lobbying can also be undertaken to protect or promote vested interests. This idea is not new. Adam Smith warned against laws that were proposed by business interests. Interestingly, he wrote that such proposals should receive the most “scrupulous” and “suspicious attention” —in other words, we should apply the virtue of prudence to such legislative suggestions coming from businesses (Smith 1776, vol. 1, p. 250). However, the topic has become mainstream within political economy as a result of the work of a number of economists, including Nobel Prize winners such as James Buchanan. Zingales, (2012), has a particularly compelling discussion of the problem of self-interested lobbying in the US political system while Campos and Giovannoni (2007) provide evidence that suggests lobbying is a more effective instrument for political influence than corruption, both in developed and in less developed countries.

The later authors are writing in the context of modern democratic government and, in general, the Catholic Church supports democracy (*Centesimus annus*, 46). Furthermore, democracy must involve participation:

“Democratic government, in fact, is defined first of all by the assignment of powers and functions on the part of the people, exercised in their name, in their regard and on their behalf. It is therefore clearly evident that every democracy must be participative. This means that the different subjects of civil community at every level must be informed, listened to and involved in the exercise of the carried-out functions” (Pontifical Council for Justice and Peace (2005, p. 190)).

It is very difficult to imagine a political system that is able to prevent lobbying, whilst allowing effective participation. This indicates the need for the exercise of the virtues by those who are in a position to lobby.

The usurpation of democracy for particular interests is mentioned disapprovingly in *Centesimus annus*. John Paul II writes in that encyclical that the Church “cannot encourage the formation of narrow ruling groups which usurp the power of the State for individual interests or for ideological ends” (46) . However, this is an end which is not necessarily achieved by lobbying. Pope Francis has indicated an interest in lobbying. In his encyclical devoted to the consideration of problems affecting the environment, *Laudato si* (LS), he wrote:

“Technology, which, linked to business interests, is presented as the only way of solving these problems, in fact proves incapable of seeing the mysterious network of relations between things and so sometimes solves one problem only to create others” (LS, 20).

It is, of course, not surprising, given the understanding that Christians have of human nature, that businesses and individuals will work through the political system to pursue their own interests. Once again, this phenomenon can be analyzed in a virtue ethics framework, consistent with the approach of St. Thomas and the late scholastics. We will illustrate how the virtues might apply to questions related to lobbying by considering two hypothetical cases.

- A trade body representing banks is involved in lobbying the European Union to increase capital requirements and other regulations for banks. The trade body believes that this will make the banking industry safer.
- A trade body representing sugar-producing farmers is campaigning for tariffs on imports of sugar from overseas producers that are mainly located in poor countries. The tariffs increase the price of sugar in the relevant country and reduce employment in industries that use sugar. It is widely known that there are no benefits for any group other than sugar-producing farmers and that their land can easily be used for growing other crops.

In the first case, the trade body may well be correct in its analysis. However, there might also be side effects of the regulation. Regulatory complexity may create barriers to entry into the industry to the benefit of incumbents. It might also make the industry more opaque, which might create other dangers. Some would argue that these factors were at work in the financial crisis of 2008. The virtue of prudence is particularly important here as those proposing the regulation assess not just the immediate effects but the second-round effects too. This is particularly so if the second-round effects benefit the incumbents who are members of the trade body. Lobbying in this case is neither virtuous nor vicious. It would depend on the motives and the impact.

In the second case, it could be argued that the trade body is arguing out of pure self-interest and that an injustice would arise from the implementation of the tariff. Clearly, those campaigning for the tariff gain from it, and so it would take courage to decide not to campaign. Because arguments that appeal to self-interest are not attractive when lobbying politically, the case for the tariffs will be based around the ostensible benefits to others. It may take both prudence and courage on behalf of politicians in order to interpret the information they have and to not commit the injustice of levying the tariff. If some producers break away from the trade body and campaign against the tariff, this would be a particular act of courage. The comments of Adam Smith, referred to above, would seem to be pertinent here.

Lobbying for certain human rights may involve the virtues too and this is recognized in the limited treatment of the subject in Catholic social thought to which we have referred. However, the topic of restraining from lobbying has hardly been discussed at all. Not only are prudence and courage relevant when considering the question of whether to lobby, restraining from lobbying and ensuring that lobbying is directed towards a just purpose involve those virtues, too. The virtues are also required by politicians who may be tempted to succumb to lobbying to harvest votes. Certain actions for which interest groups lobby may also lead to injustices. Those who enact the policies commit the injustice, but those who campaign for it are also morally culpable even if not directly responsible.

We will not discuss this topic in any more depth as the purpose of this paper is to draw attention to the neglected themes of lobbying and corruption and to establish a framework for their analysis. However, the relationship between public choice economics (as the discipline for which Buchanan won his Nobel Prize has become known) and the practice of the virtues in these areas is worthy of a more sustained treatment in the literature on Catholic social thought and teaching.

## 8. Conclusions

The social encyclical tradition, from 1891, has examined important social questions with a focus on challenges that were especially relevant at the time the encyclicals were published. The emphasis in the encyclicals, and other Catholic Church documents, has varied over time. However, they have tended to absorb a virtue ethics approach. There is a continuity from St. Thomas Aquinas to the late scholastics and then to the social encyclicals in a way that makes the Thomistic way of thinking based on natural law and virtue ethics a key analytical tool for the exploration of contemporary ethical issues in the economic and business sphere.

This approach emphasizes that ethical conduct in business involves the exercise of the virtues in everyday economic life. It is therefore an appropriate approach to ethics as a practical science, necessarily linked with effective conduct. The emphasis here is thus on building (even if necessarily only to a limited and imperfect extent) the kingdom here on earth. However, the early social encyclicals also related this to our hoped-for heavenly destination. This is appropriate. Indeed, the late scholastics, investigated particular issues as a result of questions that arose in their pastoral work—such as in the confessional.

While the topics of lobbying and corruption have not been entirely absent from Catholic social teaching, they have hitherto received relatively little attention. The specific

focus in this article, that of corruption and lobbying, show how combining a virtue ethics approach with Catholic social teaching may pave the way for a better understanding of the responsibilities of business and illuminate new answers to these pressing problems in the contemporary world. These are not merely political and economic questions; they are questions of business ethics.<sup>20</sup> The approach we would take would involve understanding how virtues, vices and the responsibilities of business can be articulated in the context of the Thomist framework which was then developed by the late scholastics. It would apply the virtues to practical problems faced by businesses and politicians.

As mentioned by Pope Francis, the themes of corruption and lobbying are relevant both for their moral and for their economic and social consequences. The question of corruption is of particular importance because of its hugely disruptive and destructive effect on societies and it being one of the main reasons why so many people are kept in a vicious cycle of poverty. Lobbying is important because the Church has come to accept democracy and it is difficult to imagine a political system that allows meaningful and effective participation and simultaneously is able to prevent lobbying. This strongly suggests the need for the exercise of the virtues by those who are in a position to lobby. It further suggests the need to promote a robust understanding about the links between self-interest, the virtues, business behavior and the political system. We suggest this can be a new frontier for Catholic social teaching which is already touched upon by Pope Francis. We have sought to answer to this need for further research through the analysis laid out in this article. As the cases discussed show, much remains to be explored. Hopefully this article will encourage further exploration of this topic by making use of the virtue ethics approach and by drawing on Catholic social teaching so as to engage with these and other pressing economic and business ethics problems of our time.

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## Notes

- <sup>1</sup> We define corruption and lobbying below, but corruption may or may not be illegal and involves the abuse of power for private gain. Lobbying is rarely illegal and involves trying to influence the legislative process.
- <sup>2</sup> See, for example, the Pontifical Council for Justice and Peace (2005, paragraph 406). Of course, this relates to democratic processes for the formation and replacement of governments, it does not mean that democracies have an absolute right to over-rule the moral law. Furthermore, the Catholic Church recognises that there will be a division of powers and responsibilities. Representative political authorities will not be the only authority within a country.
- <sup>3</sup> A dividing line between “earlier” and “later” social encyclicals could have been taken as the Second Vatican Council (Vatican II). We discuss the influence of this Council on thinking below.
- <sup>4</sup> The passage quoted is originally from Thomas’s commentary on chapter 2 of Boethius’ *De Trinitate* (incorporating questions 5 and 6).
- <sup>5</sup> For a detailed analysis and explanation of this point, see (Lapidus 1994).
- <sup>6</sup> We use the word “demands” advisedly because this is the spirit in which the encyclical was written.
- <sup>7</sup> In modern discourse, language that recognises the prominence of women in the workplace might be preferred, of course. However, our intention here is to authentically represent the encyclical.
- <sup>8</sup> That knowledge of economics was self-taught: see Nell-Breuning (1985, p. 2).
- <sup>9</sup> Ratzinger *Ergebnisse und Probleme der Dritten Konzilsperiode* Cologne Bachum: translation in Gregg (2013, pp. 31–32).
- <sup>10</sup> See *Modern Catholic Dictionary*: <https://www.catholicculture.org/culture/library/dictionary/index.cfm?id=35228> (accessed on 17 October 2022). An example of an occasion of sin in a different context would be if somebody who was attracted to a married person did not avoid social contact that might lead to immoral acts taking place.

- 11 See Nakrosis (2013) for an excellent discussion of this subject.
- 12 Paragraph 6. See: <https://cas.stthomas.edu/media-library/documents/catholic-studies/vocation-of-the-business-leader.pdf> (accessed on 17 October 2022)
- 13 <https://www.transparency.org/en/what-is-corruption> (accessed on 17 October 2022)
- 14 *Centesimus annus* 48, *Caritas in veritate* 22, *Sollicitudo rei socialis* 44,
- 15 From Fr. John Hardon's *Modern Catholic Dictionary*.
- 16 See Catechism of the Catholic Church 2411.
- 17 Oderberg (2018) provides an excellent discussion of the factors that can be taken into account in making a prudential judgement. Their application to these cases is not straightforward, especially as the source of the injustice is difficult to define. The application of the principles laid out by Oderberg to these problems would provide excellent material for an undergraduate case study or seminar.
- 18 Britannica, <https://www.britannica.com/topic/lobbying> (accessed on 17 October 2022)
- 19 Some people might argue that such centres should be provided by charity. We do not enter that discussion here and assume that the motives of the charity are well-intentioned.
- 20 They are also, of course, questions related to ethics in public life, but that is not the main theme of this paper.

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