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Caritas in Veritate: Updating Catholic Social Teachings for Macromarketing and Business Strategy

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Abstract:

In an effort to assess the latest thinking in the Roman Catholic Church on economic matters, this communications note briefly highlights the recent publication of a new encyclical by Pope Benedict XVI, Caritas in Veritate (Charity in Truth). Core ethical values, consistent with previous examples of Catholic Social Teaching (CST), are retained. However, some important nuances are added to previous treatments and certain points of emphasis are shifted to account for recent global developments. Key areas that relate to abiding marketing issues are spelled out and some brief commentary on matters of importance to macromarketing is offered.

Keywords: Catholic social teaching, consumer vulnerability, consumer welfare, cooperative association, corporate social responsibility, development, distributive justice, emerging and transitioning markets, environment fairness

The authors recently published "Applying Catholic Social Teachings to Ethical Problems in Marketing" in this journal (Klein and Laczniak 2009). Our objective therein was to provide a perspective on ethical issues in marketing, consumption, and public policy that was

novel in terms of its roots in the moral theology of the Roman Catholic Church. At the same time, the authors maintained that these core ethical principles likely could be derived from moral philosophy, that is, have a corresponding root source in some secular rather than religious tradition, thereby enhancing the validity and appeal of application for all business managers. Our major purpose in taking on that task was to show that Catholic Social Teaching (CST) could be seen as a useful principles-based theory of business ethics rather than a niche in sectarian moral theology.

That presentation was organized around key themes in CST juxtaposed against major areas of ethical concern in marketing, such that the intersection of principle and problem provided guidance for action. The key principles discussed were human dignity, the common good, subsidiarity, preferential option for the poor and vulnerable, the dignity of work and workers, solidarity, and care for creation. For summaries of the principles, the authors again refer readers to Klein and Laczniak (2009). The marketing issues identified for inclusion were product design and management, promotion and pricing, consumer ethics, public policy and regulation, and globalization. The point of our exposition was to show how one or the other of these key principles could guide action authored by managers, consumers, or policy makers. For example, the principle of human dignity guides product designers to “ ... place a high priority on safety”

Soon after that article went to press, on June 29, 2009, in Vatican City, Pope Benedict XVI released the third encyclical of his papacy titled, *Caritas in Veritate* (Charity in Truth). Many eagerly awaited this papal letter because Church officials had hinted for some months that aspects of the communication would address the global financial recession. At over 30,000 words—divided into 6 chapters and 79 organizing paragraphs—the final document is extensive even by standards of previous encyclicals. The letter is certainly sweeping in its scope, touching not only on the publicized topic of the great world recession but also on the role of human solidarity in economic development, the benefits and detriments of new technologies, and the responsibilities of humanity to the physical environment of the planet. In this note, the authors touch on a few elements in the letter that have direct application to macromarketing questions. The authors hope this primer encourages readers to examine *Caritas in Veritate*

(CiV) as well as the principles of CST more carefully because of the arguments the authors made in their earlier *Journal of Macromarketing* publication (referenced above). Specifically, CST can be seen as principles-based, blended ethical philosophy that can be derived from reason alone and that is useful in the normative analysis of macromarketing issues—the connections of markets, marketing, and society.

The specific title-theme of the letter stems, in part, from the centrality of the Christian virtue of Charity in motivating authentic human development. Charity is portrayed as the uniting force behind CST because humanity is a brotherhood created in the image of God; love of neighbor (broadly speaking) is the greatest commandment because it encompasses the importance of the key CST principles discussed in our previous essay: human dignity, common good, and so on. In the short section below, the authors select five quotations from the letter (the bracketed number indicates the source paragraph) along with a brief comment concerning its possible macromarketing implications. The authors chose these selections because of their market-centric focus, but there are many other passages as well that hold social and ethical implications for the practice of business in a global economy.

Five Excerpts from the Letter (CiV) with Commentary

On the Role of Markets, Trust, and the Importance of Distributive Justice

“In a climate of mutual trust, the *market* is the economic institution that permits encounter between persons, inasmuch as they are economic subjects who make use of contracts to regulate their relations as they exchange goods and services of equivalent value between them, in order to satisfy their needs and desires. The social doctrine of the Church has unceasingly highlighted the importance of *distributive justice* and *social justice* for the market economy, not only because it belongs within a broader social and political context, but also because of the wider network of relations within which it operates If the market is governed solely by the principle of the equivalence in

value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. *Without internal forms of solidarity and mutual trust, the market cannot completely fulfill its proper economic function.* And today it is this trust which has ceased to exist, and the loss of trust is a grave loss” [35].

Comment. In these remarks, a historic position of CST is affirmed—that is, the market should be the primary mechanism by which people exchange goods and services. However, the commentary also implies that markets should be governed by the mutual interests of participants, *fair* in response to those interests. In other words, drawing on the concept of distributive justice, the emphasis of market workings is put on transparency and cooperation, taking into account differences in power among market participants and providing due regard for any vulnerabilities that those participants may bring to market transactions (see Laczniak and Murphy 2008). Each of these elements is seen as critical for establishing a just marketplace.

On Stakeholders and the Importance of Social Sustainability

“ ... from the perspective of the Church’s social doctrine, there is ... a growing conviction that business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference. In recent years, a new cosmopolitan class of managers has emerged, who are often answerable only to the shareholders ... which ... determine their remuneration. By contrast, though, many far-sighted managers today are becoming increasingly aware of the profound links between their enterprise and the territory or territories in which it operates ... [40].

Comment. In these remarks, the letter endorses both the stakeholder model of business leadership and the investment approach that looks to long-term gains, avoiding both undue speculation and short-term financial perspectives. As argued by Laczniak and Murphy (2006, 167), “The adoption of a stakeholder orientation is essential to

the maintenance and advancement of ethical decision making in all marketing operations." They contend that a basic normative approach to ethical marketing should emphasize the stakeholder concept and deconstruct the more prevalent "shareholder primacy" model and that the "stakeholder orientation" is the new "marketing concept" because it makes both good economic and ethical sense.

On Business Ethics

"The economy needs ethics to function correctly—not any ethics whatsoever, but an ethics which is people-centered. ... Much in fact depends on the underlying system of morality. On this subject ... social doctrine can make a specific contribution, since it is based on ... the inviolable dignity of the human person and the transcendent value of natural moral norms. When business ethics prescind[s] [is detached] from these two pillars, it inevitably risks losing its distinctive nature and it falls prey to forms of exploitation; more specifically, it risks becoming subservient to existing economic and financial systems rather than correcting their dysfunctional aspects. Among other things, it risks being used to justify the financing of projects that are in reality unethical" [45].

Comment. For macromarketing, this would seem to be a very significant passage underscoring the import of placing ethical concerns at center in decision making about the nature of markets and the construction of marketing campaigns. In addition, without referring to it directly, this statement argues for a Kantian framework for marketing conduct, that is, persons should never be used as a means merely to achieve an economic end; economic consequences ought to advance human welfare beyond the narrow interests of the individual business organization.

On the Collective Responsibility to Developing Markets

"Development programs, if they are to be adapted to individual situations, need to be flexible; and the people who benefit from them ought to be directly involved in their planning and implementation. The criteria to be applied should aspire towards incremental development in a context of solidarity—with careful monitoring of results—inasmuch as there are no universally

valid solutions. Much depends on the way programs are managed in practice. "The peoples themselves have the prime responsibility to work for their own development. But they will not bring this about in isolation" [47].

Comment. With respect to market development efforts, the principle of human dignity leads to the application of two corollary CST principles: *solidarity* implies the extension of market development efforts to marginalized populations, not merely those that are already linked to the economic system, and *subsidiarity* implies that those affected populations should participate in planning and implementing those efforts. Since the 1970s, academic marketers have charted the special obstacles faced by disadvantaged consumers (Andreasen 1975). Santos and Laczniak (2009b) categorize distinct streams of research involving vulnerable consumers of various types including the poor, the homeless, the illiterate, and the physically disabled. In another article, Santos and Laczniak (2009a) specifically derived the characteristics of a "just" market when sellers engage impoverished consumers from developing economies using the principles of CST as the foundation of their arguments. Based on that analysis, they defined and discussed the importance of concepts such as "authentic and non-exploitive intent," "cocreation of value," "interest representation," and "investment in future consumption" as necessary conditions of justice when marketing to the poor. As globalization explodes in the coming decades, new ethical perspectives for the construction of fair and just markets would appear to be a seminal concern in macromarketing.

On the Ethical Responsibilities of Consumers

"Hence *the consumer has a specific social responsibility*, which goes hand-in-hand with the social responsibility of the enterprise. Consumers should be continually educated ...with respect for moral principles without diminishing the intrinsic economic rationality of the act of purchasing. In the retail industry, particularly at times like the present when purchasing power has diminished and people must live more frugally, it is necessary to explore other paths: for example, forms of cooperative purchasing like the consumer cooperatives In addition, it can be helpful to promote new ways of marketing products from deprived areas of the world, so as to guarantee

their producers a decent return. However, certain conditions need to be met: the market should be genuinely transparent; the producers, as well as increasing their profit margins, should also receive improved formation in professional skills and technology; and finally, trade of this kind must not become hostage to partisan ideologies [66].

Comment. This passage addresses the prospect of a consumer ethic that corresponds to the responsibilities of businesses concerning the impact of purchasing, usage, and disposal decisions on the environment and those less fortunate. In short, this appears to be a clarion call for more responsible consumption including “fair trade” marketing initiatives. There appears to be a call for institution building in the form of consumer cooperatives, in which the Church, historically, has played a major role (Mittelstaedt, Klein, and Mittelstaedt 1998).

Conclusion

These passages and comments address only a sampling of the economic commentary contained in CiV. Initial public reactions to the letter in the mainstream press seemed to find its approach mostly evenhanded. The authors offer brief excerpts from two reviews:

Ross Douthat (2009), writing in the *New York Times* wrote:

“Caritas in Veritate” promotes a vision of economic solidarity rooted in moral conservatism. It links the dignity of labor to the sanctity of marriage. It praises the redistribution of wealth while emphasizing the importance of decentralized governance. It connects the despoiling of the environment to the mass destruction of human embryos.

This is not a message you’re likely to hear in Barack Obama’s next State of the Union, or in the Republican Party’s response. It represents a kind of left-right fusionism with little traction in American politics. ... For liberals and conservatives alike, “Caritas in Veritate” is an invitation to think anew about their alliances and litmus tests. Why should being pro-environment preclude being pro-life? Why can’t Republicans worry about economic inequality and Democrats consider devolving more power to localities and states? Does opposing

the Iraq war mean that you have to endorse an anything-goes approach to bioethics? Does supporting free trade require supporting the death penalty?"

And from *The Wall Street Journal*, Tyler Cowen (2009) offered this:

" ... for all its left-wing rhetoric on economic matters, the encyclical is not quite the 'progressive' document that it has been trumpeted to be. The underlying assumption of the document is the continued reign of the status quo—a globalized, wealth-creating market economy—with some ethical adjustments. This is a fundamentally conservative piece of work."

By way of summation, the concluding statement of our earlier article bears repeating:

"Catholic Social Teaching [as carried forward in *Caritas in Veritate*] offers guidance that goes substantially beyond that of a denominational morality. It usefully provides a set of principles—universal and coherent—for solving important contemporary problems in marketing having prominent social implications. Marketers, public policymakers, and consumers concerned with discharging their ethical responsibilities can benefit from following these principles. Academics testing or articulating the efficiency, efficacy, and ethicality of marketing systems can also gain from the general insights provided by Catholic Social Teaching" (Klein and Laczniak, 2009, 243).

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