Distributive Justice, Catholic Social Teaching, and the Moral Responsibility of Marketers

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This commentary uses as its platform an essay by Karpatkin (1999) titled "Toward a Fair
and Just Marketplace for All Consumers: The Responsibilities of Marketing Professionals."
This article supports Karpatkin’s position that, too often, large corporations are willing to
exploit weak and vulnerable consumers as the means to unsavory financial gain. Vulnerable
groups include the poor, children, and the disadvantaged elderly. Essentially, Karpatkin
raises questions about the lack of distributive justice for these consumer segments in the
marketplace. In answer to this, the author presents a religion-inspired business ethics.
Using a body of writing sometimes called Catholic Social Teaching (CST), the author
describes and discusses a set of four guiding ethical principles. At the foundation of CST is
the principle of human dignity. Building on this base, the author explores three additional
principles: stewardship, preferential option for the vulnerable, and worker dignity.
Together, these principles provide a “blended” moral theory that outlines a rationale for
giving economically or socially disadvantaged consumer segments distinct and special
moral treatment in the marketplace.

In her thoughtful and poignant article, “Toward a Fair
and Just Marketplace: The Responsibilities of Market-
ing Professionals,” Karpatkin (1999), the president of
Consumers Union and publisher of the nonprofit magazine
Consumer Reports, argues that a particularly unsavory
brand of unethical practices has become tolerated in the nor-
mal functioning of the market economy. With too regular
frequency, business organizations are taking advantage of
weak consumer or worker segments to maximize their bot-
tom line. The specifics of her lament include the following:

• Predatory lending practices that exploit the poor and economi-
cally naive,
• Life insurance selling that needlessly churns policies and tar-
gets the elderly especially,
• The gross exploitation of low wage workers in Third-World
countries to yield pricing advantages, and
• Excessive persuasive messages directed at young children.

In her article, all these increasingly “tolerated” practices are
illustrated with multiple examples drawn from a recent issue
of Consumer Reports and the popular press. Those details
will not again be recounted here because Karpatkin (1999)
addresses them in her document. What is particularly insid-
ious about the growth of these dubious marketing tactics is
that they are not ploys orchestrated by economically mar-
ginal organizations. Rather, they occur under the umbrella
of well-known corporations. Indeed, the lending practices
described that target the heavily indebted are not the
product of the neighborhood “loan shark” but rather are orga-
nized by the division of a powerful regional bank. The net-
work of off-shore sweatshops mentioned is not the patch-
work of an independent “job shop” operation but instead
involves the premeditated production strategy of U.S.-
headquartered corporations. In short, Karpatkin finds a
growing tendency for major organizations of substantial
economic power to operate without social responsibility and
with increasing impunity.

Karpatkin’s (1999) commentary constitutes a significant,
powerful, and provocative essay for all marketing practition-
ers to consider. It underscores a macro perspective that she
advocates regarding the economy, which seems to have been
sublimated by many top managers in the race for interna-
tional competitiveness. That suppressed perspective is this:
The economy should be not only viewed through the prof-
itability prism of individual corporations, but also evaluated
on the basis of the social effect that the collective of eco-
nomic organizations has on society. More will be noted about
a possible justification for this perspective subsequently.

Regrettably, I predict that Karpatkin’s (1999) documenta-
tion of hurtful, anticonsumer business practices will be
received by many sectors of the business community with
skepticism and dismissal. For example, the exploitation of
the poor consumer, a particularly virulent form of social
injustice, likely will be shrugged off with the usual free-
market mantra that there will always be an underclass of
consumer because of the unequal distribution of entrepre-
nurial talent and negotiation skills across the population.

In reading Karpatkin’s (1999) essay, I am struck by the
despairing tone of her indictment. She implicitly asks, given
such exploitive marketing practices, where is the ethical out-
rage? Unfortunately, she is addressing an increasingly
uncivil economic society, in which the moral character of
business practitioners is normally not a central concern, as
long as corporate profitability targets are achieved. Even
when corporate performance is poor, there is mounting evi-
dence that top management is typically well rewarded (Salas 1998).

As a business school dean once related in a private conversation, “Money is the only motivator; the key ingredient of leadership is the ability to appear sincere, and ethics is something to be peddled to children and fools because the black letter of the law is the only social constraint that matters.”

Because of the prevalence of such views, more than likely, the response to Karpatkin’s (1999) article from too many marketing practitioners will gravitate along one or more of the following lines:

• The “social technicians” will complain about the lack of statistical information supporting Karpatkin’s complaints. They will ask: Exactly what percentage of insurance policies have been churned? What proportion of such victims have been elderly? What does social science research say about the emotional susceptibility of children to targeted advertising campaigns? And so on.

• The “deep thinkers” will question the evenhandedness of Karpatkin’s concerns. They will cite the high percentage of corporations that recently have promulgated codes of ethics. They will calculate the millions of dollars that have been spent on corporate ethics training. They will point to the recent growth of corporation “compliance programs” for legal conformance that has been a result of the 1990s corporate Federal Sentencing Guideline regulations (LeClair, Ferrell, and Fraedrich 1998).

• The “free-market types” will remind consumerists such as Karpatkin of the triumph of capitalism. They will invoke the laws of competition and explain that the global economy naturally will seek the lowest wage, appropriately skilled workers, wherever they are located, to enhance systemic economic efficiencies. They will admit that, on occasion, a few consumer eggs must be broken to cook a healthy economic omelet. They will point out that if one competitor forgoes a profitable opportunity because of ethical cautions, some other will step forward, and the wheels of economic production will continue to turn.

• The “free-trade gang” will grant that, though some exploitation is inevitable and unfortunate in developing countries, the policy of constructive engagement with Third-World workers will stimulate economic development. The subsequent tide of financial riches will float all economic ships beneficially, including those of the poor.

Although all these responses have some validity, if they are advanced, they miss Karpatkin’s (1999) fundamental point. Large corporations increasingly seem willing to use certain consumer market segments as exploited means to their profitable ends. The number of cases in which this occurs, especially for vulnerable consumers with limited economic power, seems to be on the rise. This approach runs counter to an important and plausible ethical dictum pertaining to the economy, which was mentioned previously. That is, the economy should be at the service of the people in society, not of individual corporations. Members of the human community, particularly those most subject to exploitation, should never be used as an expedient means to a financial end. Vulnerable members of the community include those who are economically (e.g., the poor), cognitively (e.g., children, the illiterate, the mentally handicapped), and emotionally (e.g., the lonely elderly, the bereaved) vulnerable (Brenkert 1998).

Some managers might characterize such “person-primary” views of the impersonal economy as socialistic, anticompetitive, and hopelessly idealistic. Yet these tenets are a central part of mainstream moral philosophy. Long ago, Immanuel Kant, in his The Metaphysics of Morals (1787), warned about the immorality of treating people as means to an end. Contemporary Harvard philosopher John Rawls (1971), through his difference principle, offers a tight and cogent argument that rationalizes the protection of the most vulnerable elements of society as a focal social objective. Proponents of virtue ethics from Aristotle to McInerney (1984) have espoused living up to aspirations that seek to avoid win–lose exchanges in transactional relations. Most of the marketing practices that Karpatkin (1999) complains about have been addressed by business ethicists over the years and have been judged by many as “unethical” (Laczniak and Murphy 1993).

The basic issues raised by Karpatkin (1999) involve questions of distributive justice (Jackson 1997). She essentially asks what rules should guide the fair and nonexploitive allocation of goods in a complex economic system. And, more broadly, what principles should inspire managers who control the resource decisions in an advanced economy? In other words, Karpatkin wonders whether there is a normative business ethic for marketing managers that can serve as a counterbalance to the emergence of exploitive, opportunistic marketing practices that target the weak.

Religious Values and Catholic Social Teaching

Although searching religious values as an inspiration for a guiding business ethic has been unfashionable in recent decades, a body of writings, sometimes called Catholic Social Teaching (CST), provides a philosophy of business practice that serves as a unifying and humane counterpoint for the exploitive marketplace incidents that increasingly seem to flourish.

I describe the essentials of this Catholic social tradition subsequently, as applied to marketing practice. I also articulate how these principles serve as a unified business ethics to protect the vulnerable. It is worthwhile to examine such perspectives because of the substantial number of U.S. managers who claim that religious values influence their managerial judgments (McMahon 1989).

My thesis, then, is that there is a Catholic business ethic. This set of guiding ethical principles is grounded in a tradition of religious and scriptural writings referred to as CST. The set of core principles is rooted specifically in a long and elaborate written doctrine, including papal encyclicals, that extends back more than one hundred years to Leo XIII’s (1891) Rerum Novarum, a papal letter that addressed the rights of workers at the inception of the Industrial Revolution. In addition, CST includes councilor documents such as the recent statement on Ethics in Advertising issued by the Vatican’s Pontifical Council for Social Communications (1997). Finally, the tradition encompasses various Episcopal writings of the U.S. Catholic bishops, including their powerful and sweeping letter regarding the moral role of the economy in society, titled Economic Justice for All (National Conference of Catholic Bishops 1986). The basic
principles of CST also are summarized in the revised *Catechism of the Catholic Church* (1994). It should be recognized that the fullness of CST goes far beyond economic considerations in its intended scope of application. Some of its articulated principles have major implications for the ordering of institutions in society (e.g., family versus government), as well as for prioritizing the broader moral obligations that extend to others (e.g., domestic versus transnational moral duties). My focus here is on the application of CST to managerial duties and responsibilities and how these writings provide ethical guidelines that address the very set of marketplace inequities considered “unacceptable” by Karpatic (1999) and others.

**CST as a Blueprint for Business Ethics**

Business ethics commonly has been understood as the application of moral standards (including dictums of right and wrong) to economic behaviors, decisions, and institutions. Furthermore, the purpose of business ethics normatively has been regarded as a force for the creation of a fair and just economic place (Smith and Quelch 1992). The burning debate always has involved whose standards and what values should shape the judgment and propriety of economic decisions in the marketplace. An examination of CST makes it abundantly clear that a set of moral principles exists, resulting directly from the Catholic faith tradition. From the standpoint of moral philosophy, CST is a blended philosophy. It is *deontological*, or duty based, in that it is driven by basic obligations that are premised to be morally correct. These principles are derived explicitly and implicitly from the aforementioned writings of the Catholic Church. In addition, CST has a dimension of *virtue ethics*, in that it advocates personal self-actualization through aspiration to the highest ideals, as personified by teaching of Jesus in the Gospels. Finally, CST represents an endorsement of one form of *distributive justice* theory, because it embraces principles that favor those who are the weakest in an economic system. Catholic managers who take their faith life seriously and believe that their religion should inform their professional lives are obligated, at minimum, to give considered reflection to the propositions that compose CST. Because these principles are also consistent with the exhortations of other religious faith traditions (Camenish 1998; Pava 1998), they are intended for all men and women of goodwill who accept religious values as instrumental to their vocation as managers. I explore the fundamentals of CST as applied to marketing practice briefly in the following paragraphs. Four principles are highlighted, though CST includes others that are not discussed in this context.

**The Principle of Human Dignity**

The central foundation of the Catholic social tradition is the sanctity of the human person. Every person has inherent value and dignity, independent of his or her race, gender, age, or economic status. Because every human being has inherent worth, people are always more important than things. From a managerial standpoint, this suggests that all corporate stakeholders, be they customers, employees, or business partners, never should be treated mainly as a means to an economic end. This means–ends distinction should not be regarded as an outright rejection of cost–benefit analysis, which focuses on outcomes and is a mainstay of business analysis. All complex economic decisions involve trade-offs. Every business decision cannot produce all winners. But the principle of human dignity implies a rejection of gross utilitarianism because it holds that managers have an ethical obligation not to allow a foreseeable major harm to accrue to particular stakeholder groups to achieve an economic objective (Kelman 1998). Exactly what constitutes a “major harm” remains, of course, a prudential judgment, though philosophers have provided some guidance in making these judgments (Garrett 1966). The principle of human dignity explicitly reminds managers that financial gain should not occur as the intentional by-product of a violation of human rights. Following this principle, the exploitation of workers in Third-World countries to achieve cost advantages is clearly unethical. Similarly, charging premium credit rates to those least likely able to handle their debt load seems an unambiguous violation of this principle.

**The Principle of Stewardship**

This principle insists that people show their respect for the Creator by their stewardship of all creation. The principle recognizes that the business manager is frequently a moral agent. It presumes that corporate managers regularly and routinely make decisions with ethical consequences and that, in so doing, managers should perceive themselves as temporary stewards of the economic resources they control. Managers have a defined responsibility to enhance long-run shareholder value. However, this never relieves them of the special ethical duties to future generations regarding the impact of their actions, especially on the physical environment. This principle also reminds managers of their special obligations not to externalize company-generated costs that damage the air, water, or other natural resources. A variety of writers have proposed specific and practical steps that marketers should consider to implement their strategies in a manner benign to the physical environment (Ottoman 1993; Wasik 1996). Such approaches would be aligned with the stewardship principle. Among the often recommended actions would be the adoption of the CERES principles, formally known as the Valdez principles. These comprehensive commitments to safeguard the ecological environment include promises to periodically conduct environmental audits and provide for environmental expertise at the Board of Directors level.

**The Principle of Preferential Option for the Poor and Vulnerable**

Consistent with the challenge of the Hebrew prophets, as well as the admonition of Jesus in the Gospels, the Catholic tradition appeals to everyone to recognize a special obligation to the poor and socially vulnerable (*Catechism of the Catholic Church* 1994). Building again on the principle of human dignity, this proposition implies that all people, whatever their economic station in society, have a right to participate fairly in the economic marketplace. The opposite of rich and powerful is poor and powerless. The promotion of the common good implies a system that helps all people, whatever their position, to participate in the fruits of eco-
nomic development. This principle suggests that the moral measure of how justly an economy operates involves observing how the least well-off in the economic system at focus are doing. Also consistent with distributive justice theory, this proposition suggests that managers must take special care to avoid actions that further disadvantage the most economically marginalized persons within an organization’s sphere of influence (Rawls 1971). Finance schemes that target the debt-laden or using fear tactics to sell second-rate products to the elderly surely would violate this principle. Securing market research information over the Internet from unsuspecting children would be another clear trespass of this doctrine.

The Principle of Worker Dignity

The principle of worker dignity specifies that workers hold certain rights that give them preeminence over other capital assets of the organization. This moral dictum envisions work as having a special role in God’s plan for mankind (John Paul II 1991). The principle perceives work as a continued human participation in God’s creation, and in that sense, the concept of work has an inherent worth that requires protection. Managers and workers can be viewed as partners not only in an economic enterprise, but also in the ongoing creation of God’s kingdom on earth. Derived from such partnership thinking, managers may have an ethical obligation to consider strongly company mechanisms that

- Provide for significant employee input and participation in organizational decision making,
- Enable employees to gain partial ownership in their enterprise, and
- Create training and development opportunities for all workers (Naughton and Laczniak 1993).

According to CST, this principle further suggests that employers always have a special obligation to treat workers with respect and not reduce them to mere commodities. The exploitation of migrant labor to secure price advantage or the use of adolescents to conduct particularly dangerous work would constitute a clear violation of this principle (Armour 1998; Mondovi 1999). This principle also implies that workers have a claim to meaningful work, fair wages, and the right to organize or join unions so that their economic stakes and job environment might be protected better (John Paul II 1991). It suggests that managers have a moral obligation to create trusting, nurturing communities in which employees can improve as persons, even as workers should be motivated to provide a productive work week for their employer (Novak 1996).

Conclusion

In the end, Karpatkin’s (1999) article is an indictment of organizations that have placed profit on such a high pedestal that they are willing to use certain classes of consumers as a stepping stone to unsavory financial gain. Catholic Social Teaching provides a set of ethical principles, consistent with many nonsectarian commentaries, that suggests that the corporate practices condemned by Karpatkin are unethical and immoral. More important, these principles provide directives to help marketing managers make better moral choices in the course of discharging their vocational duties.

Together, these principles sketch out a set of managerial guidelines that address ethical obligations that go substantially beyond economic factors. They are derived from the inherent nature of the human person, as reflected in the writings of the Catholic Church. They make clear that the economic system can never justifiably exploit those persons who are the most vulnerable in the marketplace. Fundamentally, the CST guidelines suggest that profit cannot be the exclusive norm or even the ultimate end of economic activity (Catechism of the Catholic Church 1994). Indeed, though profit is a motivator, the collective economy must be judged on how well it serves society, not on how efficiently individual managers optimize the bottom line of particular corporations.

References


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