Executive's Scoreboard: CEOs Respond to the Economics Pastoral

T. R. Martin
Marquette University

Gene R. Laczniak
Marquette University, eugene.laczniak@marquette.edu

EXECUTIVES’ SCOREBOARD
CEOs RESPOND TO THE ECONOMICS PASTORAL

T.R. MARTIN &
GENE R. LACZNIAK

When the Catholic bishops of the United States announced in 1984 their intention to prepare a pastoral letter on the U.S. economy, the general reaction among business managers was skeptical at best, antagonistic at worst. Between the announcement and the publication of the final draft in November 1986 not much changed insofar as the reaction was concerned. And even now, the business community’s evaluation of the merits of the letter remains decidedly negative.

The bishops have been challenged on two points: their warrant to make such a pronouncement, especially their economic competence to do so; and the actual content of the document. The warrant argument aside, just where do business leaders stand on the issues addressed by the bishops? Are they really as negative about the bishops’ economic proposals as the press reports?

In order to probe this question, we conducted a poll of immediate past CEOs of large U.S. corporations. (The sample of 750 was drawn from Forbes’s list of the thousand largest U.S. corporations; past CEOs were chosen because of common corporate policy not to respond to opinion polls.) Usable returns were received from seventy-one ex-CEOs, almost all of whom still serve as corporate directors.

In the survey, twenty-three statements from the pastoral letter, pertinent to the concerns of business managers, were posed verbatim, and the participants were asked to choose among five options from “strongly agree,” to “strongly disagree.” The responses to the survey show that the bishops and executives see the world rather differently, especially on economic matters.

The bishops believe that to be a Christian calls for the application of Christian moral principles to all aspects of life, including the economic realm. In the pastoral letter, they apply these principles specifically to poverty, unemployment, agriculture, and the development of the third world. All but two of the former CEOs identified themselves as Christians and presumably share the bishops’ Christian beliefs. But they show a strong attachment to another view, that of capitalism. When these two ways of looking at the world overlap, the CEOs agree strongly with the bishops’ propositions. And although the two views are not necessarily antithetical, when they seem to clash, the CEOs’ agreement with the bishops tends to wither and sometimes even disappear.

To illustrate: The letter states, “in order to protect basic justice, government should undertake only those initiatives which exceed the capacity of individuals or private groups acting independently.” This “principle of subsidiarity” corresponds to the tenets of limited government, a bedrock of capitalist beliefs. The CEOs overwhelmingly agree with this statement. On the other hand, the letter says that “industrial cooperation requires a strong role for labor unions in our changing economy.” This elicited the second highest disagreement score from our respondents, and sums up a significant portion of the businessman’s creed: small government, weak unions, and low corporate taxes.

The highest disagreement scored was garnered by the letter’s most basic theme, the “preferential option for the poor.” The bishops “find the disparities of income and wealth in the United States to be unacceptable.” The CEOs disagreed. And they were distinctly negative about the bishops’ assertion “that so many people are poor in a nation as rich as ours is a social and moral scandal.” One respondent wrote, “the principle of taking from the rich to give to the poor—according to their needs—is professed to be followed in Communist countries.”

On the other hand, these retired top managers agreed rather strongly that “all members of society have a special obligation to the poor and vulnerable,” so their view does not appear to

T.R. MARTIN and GENE R. LACZNIAK are professors in the College of Business Administration, Marquette University, Milwaukee, Wisconsin.

“If you’re trying to interject love into this transaction, Lollich, it’s not going to work.”
be so far removed from the bishops’ as their opposition to the preferential option suggests. More likely, they are drawing a distinction between the behavior they try to practice in their private lives and their perceived responsibilities to the corporate world.

Another bedrock of capitalist ideology is the pursuit of profit. The bishops say, “the Christian ethic is incompatible with a primary or exclusive focus on maximization of profit.” The CEO’s clearly disagree. For the capitalist, the primary (but probably not exclusive) focus should be on profit which implies a vigorous effort to be efficient, to take risks, to make private investment, to create wealth, etc. The bishops would not disagree with the legitimacy and value of the driving force of profit, but what they see as an overemphasis thereon strikes them as being out of conformity with Christian moral principles.

Several statements referred to employment issues. Aside from the disagreement on unionism, the executives and the bishops were not so far apart as might be expected. The former CEOs were surprisingly favorable toward employees’ sharing in the ownership of their employer firms, the right of all to participate in the nation’s economic life, public training and apprenticeship programs, and full employment policies.

Most startling, perhaps, was the level of agreement (about 50 percent) with the claim that employment is a basic right. If employment is a fundamental right, then it follows that someone has a corresponding obligation. This implies that if the private sector does not provide sufficient jobs, the public sector must pick up the slack. That is, employment is too important an issue to be left entirely to the vicissitudes of free-market forces. A rather favorable executive attitude toward affirmative action also emerges (51 percent are in favor), especially when viewed against the initial corporate opposition to it.

The respondents were also invited to make comments about the letter, and a considerable number did. Typical observations were “naive,” “unrealistic,” and “lack of economic understanding.” Few were any more flattering than “good intentions.” A number labeled the bishops’ perspective as “socialistic” or even further left-wing. It is problematic to quantify spontaneous comments, but it is not difficult to conclude that the CEOs do not think highly of the bishops’ effort taken as a whole.

Given the clearly negative overall reaction of the CEOs, it would be reasonable to expect a high degree of consensus among them in their responses, but this is not the case. The participants agreed among themselves on somewhat less than 60 percent of the statements; on the other 40-plus percent, they did not. On the matter of taxation based on ability to pay, the vote was almost evenly divided. Thus, while businessmen like low taxes, many feel these should at least be “progressive.”

In view of the wide disparity in the reactions to many of the pastoral’s propositions, it is fair to say that no one, not even bishops, can relate Christian concepts to the assumptions implicit in the classical capitalistic model and still find broad support among executives. There is simply too much collec-
tive ambivalence among the business leaders on this score.

The bishops have a problem, but it is not primarily their failure to understand worldly matters. Christian moral principles and free-market principles do not spring from totally compatible sources. The hallmark of the marketplace is efficiency. When managers formulate discretionary policy, their decisions are usually predicated on utilitarian theory, i.e., take the action if economic benefits exceed costs. Christian concepts, applied in the business realm, are more equity-oriented. They stress social justice outcomes in order to provide special benefits for those who are least well off. ("As you did it to one of the least of my brethren, you did it to me.")

The bishops are not against the notion of efficiency but wish to see it tempered by social justice. The executives are not necessarily opposed to that, especially if it is expressed in terms of Christian charity, but while it tugs them in one direction, the efficiency imperative, a fixture in the corporate culture, pulls them in another. When acting out their roles as managers, they are heavy buyers of utilitarian theory. The bishops are committed to a different view. Since these two approaches differ fundamentally in orientation, a philosophical clash is a logical outcome. That is our hypothesis.