

Entrepreneurship in the Catholic Tradition

Anthony Percy. 2010. Lanham, MD: Lexington Books. ISBN 978-0-7391-2514-4, \$27.95 (paper).

Reviewed by John Larrivee, Mount St. Mary's University

As Christian economists we have a challenge in describing markets. We understand how the free market provides an efficient coordinating mechanism for human activity, while simultaneously knowing that the “more stuff for less” side of efficiency is insufficient when some have too little, and when for many the stuff has become the goal. We need a framework that helps us keep all of our goals straight as both Christians and economists.

In recent decades, Catholic teaching has done this by viewing capitalism through the lens of the entrepreneur. This highlights what is good about markets in ways consistent with economic theory, while also pointing out what should remain the primary goals. Those elements include the vocation to work and be co-creators with God, developing ourselves and being productive for the world, offering our abilities as a gift, and the entrepreneur as creative visionary who sees talents in people and provides them with opportunities to use those skills in conjunction with co-workers, to produce goods and services appreciated by others.

In *Entrepreneurship in the Catholic Tradition*, Anthony Percy traces out the development of thinking about the entrepreneur from scripture, through gradual reflections by the church across the centuries, to the more rapid advance over the past century. Though drawing from Catholic thought, these concepts are a resource for all by recognizing the role of the entrepreneur within the common themes of vocation, creation, redemption, and Trinity.

The book is roughly divided into three parts: a chapter on understanding entrepreneurial work, a chapter reviewing the development of thought from scripture to the Middle ages and the late Scholastics, and four chapters devoted to the last century.

Percy begins with a picture of entrepreneurship itself from the works of Kirzner (1973) and Gilder (1984), highlighting the entrepreneur’s alertness to opportunities and creative knowledge. Her work is in the world, and is practically oriented. She must be aware of knowledge of new ideas, or new ways of doing old things. She needs to be attuned to the needs and interests of others, as well as being capable of bringing together others who can carry out the vision. She needs virtues to make it all happen: optimism,

willingness to take risks, the courage to persevere through challenges. As Gilder has pointed out, the entrepreneur is not a pawn of the invisible hand, the object of forces, but an active and creative *subject*.

Percy's historical review is broad, but necessarily is confined to basics: attitudes toward work, money, private property, and commerce, generally from scripture and the early church writings through to the Medieval scholastics, demonstrating the substantial application of reason and faith to economic thought, drawing on ideas from Stark (2005). He would have been well served adding some reflections from the later scholastics, as covered in Chafuen (2008).

Most unique, however, is Percy's tracing out of the development over the past century of thinking about the entrepreneur, to which he devotes the second half of the book. One chapter covers the period from *Rerum Novarum* (Leo XIII, 1891) to just before Vatican II (Second Vatican Council, 1965), covering both formal encyclicals and informal addresses. Percy then devotes separate chapters to Vatican II's Christian humanism and emphasis on the vocation of the laity, *Laborem Exercens*' reflections on human work (John Paul II, 1981), and *Centesimus Annus*' connection of the theological principles on vocation and work to the economic principles of the entrepreneur and the free market (John Paul II, 1991). Given their originality, the following discussion focuses on them.

The vast changes of the 1800s raised enormous challenges. Pope Leo XIII (1891) examined them in *Rerum Novarum*, generally considered the first social encyclical (essentially an official interpretation of how scriptural and traditional principles apply for the times). He argued that socialism was neither a feasible nor just solution to the problem: common ownership would hurt the poor themselves by lowering their own productivity and that of the system, and deprive them of the means of acquiring their own property and investing their own effort. He rejected the Marxist framework in which capitalism necessarily reduced the population to two classes that must fight, a theoretical approach itself likely to foment social tension.

Instead, Leo XIII began with the dignity of the human person (of all people, which requires both that they be treated justly, and that they can grow as people in autonomy and responsibility), and emphasized how differences between people require harmony of everyone (paras. 93, 95). Following Aquinas, Leo argued that private property contributes to both individual and social well-being. Individually, it enables each person to serve his family first, to be productive, and to be free to develop industriousness and exercise reason in long term planning. At the level of society, Leo believed that private property encourages productivity, gives

a sense of rootedness and commitment to nations and communities, and equalizes access to the means of production. Leo also recognized the prior role of the family, the importance of the moral voice of the church, and the necessity of state intervention in the market, but argued that the state should not “absorb the individual or the family” (pp. 96-97).

By 1931, trust in the market had been hammered by World War I, the Great Depression, and the rise of fascism and communism. Nonetheless, Pius XI remained with the framework Leo had begun. Though critical of capitalism, and clear that in many cases it must be reined in by the state, he rejected socialism as a solution. He continued the assumption that private initiative will be superior, but argued that private possession is not enough without the responsible use of property to the benefit of all. According to Percy, Leo faulted individualism for socialism’s appeal: in a spirit of individualism, people had failed to take responsibility for others as they ought. Tyrannical states then moved in where private assistance had failed.

Recognizing the greater promise of efficiency and human freedom under capitalism, and the likely oppression under collectivist regimes, Pius XI introduced the concept of subsidiarity: that each person or social institution should take on its own task to fulfill its own role, and that no higher level person or institution should take over that of a lower. This enables each person the freedom take on his role, a principle flowing from the foundation of human dignity. Subsidiarity placed a strong principle in opposition to the collectivist forces of the time, based upon the dignity of each person to take up his role. Percy also credits Pius with initiating an appreciation of the *social* nature of work, the importance of working with others.

While Pius XI’s successor, Pius XII, did not issue a social encyclical, Percy tracks the development in Catholic themes via Pius XII’s addresses. These include the idea that private initiative is important because it is done by, and for, the human person, and it must be done freely, as each person willingly takes on his task. The first to specifically mention the entrepreneur, Pius XII increasingly described business owners and financiers in vocational terms, and emphasized how the talents of business people—willingness to take risks, courage—serve in the creation of employment for others.

Percy credits Second Vatican Council (1965) with several pieces critical to this development: the intent to ground interpretations of the modern world—including the economy—on a Christian humanist theology, the emphasis on the role of the laity to transform the world, and the implications

of that for work. First, the Council approached the social questions from the human perspective of the person and his vocation. Christ represents how we are to live as human beings. Basic elements of Christian theology—e.g. creation, incarnation, redemption, the Trinity—help us to understand our actions, and our lives ought to reflect these divine elements in ways that witness to God himself. Our creative action should model and witness to the creativity of God. Our life in relationship with others draws inspiration from the Trinity.

Second, the fact that the Holy Spirit is active in the world also accents the laity. The world is a place of encounter with God and a “sacred setting” for transmitting the faith. Thus each person must be active in it, prolonging the work of the Creator, by applying their gifts and talents to bring the world ever closer to God, and to develop themselves and their relationships with others. As Second Vatican Council (1965) states, this is the most important kind of “growth.”

As a participant at the Council, but from a Marxist country, it is not surprising that among John Paul II’s first accomplishments was an entire encyclical devoted solely to the question of human work, *Laborem Exercens* (John Paul II, 1981). According to Percy, it included two general themes (p. 144): first, by work a person shares in God’s creation and fulfills himself; and second, that everything is a gift, from the resources of the earth, to the heritage of the technology developed over time and the knowledge and skills of workers, to the creativity of the entrepreneur. Human action must proceed inspired by this sense of gift, with gratitude and humility.

According to John Paul, work has what he termed objective and subjective dimensions. The objective dimension pertains to how a person transforms the world around him. With his ideas and resources, a worker produces goods and services that provide for the needs of others. This is the clear realm of economics. Percy also notes that in addition, this objective work witnesses to the world the creative dimension of God himself, and reminds it of God.

The subjective dimension pertains to how work matters for the worker himself, how the fulfilling of his vocation involves the development of critical virtues. In the objective dimension, man subdues the world. In the subjective dimension, man subdues himself. By the effort involved, via the choices to become more skilled, more productive, patient, loving, and responsible, a person can transform himself, and grow in virtue and in love of God and of others. This is not Marx’s idea that people are formed *by* the production process, but that people transform themselves. Marx

saw people as *objects*. John Paul continually described them as *subjects*. Though the subjective dimension had been raised in Vatican II, John Paul developed it far more fully with this additional emphasis on the choosing, acting, thinking subject, not only on what work meant for the person. To help people come to understand their work in that way, *Laborem Exercens* also developed a spirituality of work which more deeply examined how the themes of creation, incarnation, and redemption applied to work.

This still left the question of what type of system was most likely to create conditions in which people could experience their work in that manner. This was taken up ten years later in *Centesimus Annus* (John Paul II, 1991), as it pulled together many strands across both economics (the failure of communism, the fact that people themselves had become the most important resource, that work is ever more with and for others) and theology (the vocation of each person to work, to co-create with God, develop themselves and serve others, and to grow in relationship with others). In the final chapter of his book, Percy links these themes with the encyclical's discussion of entrepreneurial ability.

The free market had been more successful because it unlocked human dimensions which the teachings had anticipated, though not fully recognized previously or seen in the entrepreneur. As Percy writes, citing John Paul, work was ever more with and for others. It is *for others* in that societies had to produce output that was appreciated so the workers could sense that their work matters. For this to happen, some person must have the vision to recognize new opportunities, see new circumstances, and be willing to take risks on new ideas, to be courageous and persevere in the attempts to make products that are valued. Work is *with others* in the sense that not only did collaboration with other people matter more than ever in terms of productivity, it afforded more opportunity for developing relationships with others. People had become the most important resource, and also ever more heterogeneous in their personal mix of gifts, talents, knowledge, virtues, etc. Producing a successful business requires gathering people together cooperatively and drawing out from them their own potential, individually and as a team. This element unites the personal and social dimension of the vocation of work for both entrepreneur and employees.

An entrepreneur does not just own a businesses or hand out jobs. Communism had done that, too. By using his creative energy, vision, courage, and perseverance, to make goods and services that succeed in the market, he creates businesses in which people can feel they are serving others through their work, and places which can be a community of persons. Thus not only are people the most important resource generally,

the entrepreneur's gifts and talents are as well, and particularly important ones at that. By living his vocation—creative, other-oriented, dying to self, growing in virtue—his virtues and his vocation enable others to live out theirs. Consistent with the principle of subsidiarity, this keeps the decision process and contribution at the lowest level possible, maximizing the extent to which people can see themselves as participating subjects, and can sense their own need, freedom, and responsibility to contribute.

This is not simply celebrating greater efficiency. *Centesimus Annus* sees capitalism (the free market) as preferred over socialism because it creates conditions (via the entrepreneur) more likely to testify to the importance of people themselves, to draw out their gifts and talents in ways more likely for them to perceive their benefit to others, to gather them together as a communion of persons, and to witness to God himself.

Of course, there is no guarantee this will happen. Should the entrepreneur and the workers themselves not understand their calling, it is likely that they will not find in their work the satisfaction of serving God, others, and growing in relationship. For this understanding, the church herself has the task of preaching a fuller conception of human labor. With their feet in both worlds, Christian economists have the vocation, and joy, of assisting in uniting that economic and theological vision.

References

- Chafuen, A.** (2008). *Faith and liberty: The economic thought of the late scholastics*. Lanham, MD: Lexington Books.
- Gilder, G.** (1984). *The spirit of enterprise*. New York: Simon and Schuster.
- John Paul II.** (1991). Encyclical Letter *Centesimus annus* (May 1). Retrieved October 10, 2011, from http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_01051991_centesimus-annus_en.html.
- John Paul II.** (1981). Encyclical Letter *Laborem exercens* (September 14). Retrieved October 10, 2011, from http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_14091981_laborem-exercens_en.html.
- Kirzner, I.** (1973). *Competition and entrepreneurship*. Chicago: University of Chicago Press.
- Leo XIII.** (1891). Encyclical Letter *Rerum novarum* (May 15). Retrieved October 10, 2011, from http://www.vatican.va/holy_father/leo_xiii/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum_en.html.

Second Vatican Council. (1965). *Pastoral constitution on the Church in the modern world (Gaudium et spes) (December 7)*. Retrieved October 10, 2011, from http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_const_19651207_gaudium-et-spes_en.html.

Stark, R. (2005). *The victory of reason: How Christianity led to freedom, capitalism, and western success*. New York: Random House. ■