

## BUSINESS LEADERSHIP *SINE SPECIE AETERNITATIS* IRRESPONSIBILITY IN A GLOBAL SPACE

LUBOMÍR MLČOCH

*Motto: 'The conviction that man is self-sufficient and can successfully eliminate the evil present in history by his own action alone has led him to confuse happiness and salvation with immanent forms of material prosperity and social action'.*

Caritas in Veritate, 34

### 1. BUSINESS LEADERSHIP TO BE LEARNT

Allow me, please, to start with a personal confession and an expression of gratitude. I have no practical experience with business leadership of great corporations – perhaps with the exception of a very special, involuntary, fifteen-year ‘sabbatical’ in a Prague factory during the communist regime. Also, for historical reasons, there is no equivalent to the English word ‘leader’ in the Czech language. Two similar Czech words ‘vůdce’ and ‘vedoucí’ have negative connotations: the first one calls to mind the German word ‘Führer’ from the period of the Nazi Protectorate and the second indicated a leading party cadre in the command economy for 40 years. Hence, the English term ‘leader’ is now used in the Czech milieu. Readers are asked to note these reservations.

For these reasons it was important for us to learn a proper meaning of business leadership after the fall of communism. For six years, 1997-2002, I had an exceptional opportunity to participate in ‘The Leadership Forum Prague’ project. The first U.S. Catholic university Georgetown/Washington, D.C. offered to the historically first university in Central Europe – Charles University – help in teaching, building and fostering business ethics for emerging markets. I am grateful to God that at that opportunity I met my late friend Milan (Mike) Miskovsky of Woodstock Theological Centre at Georgetown. Mike Miskovsky – who died last year – had a great spiritual charisma

and a gift to teach what business leadership *sub specie aeternitatis* meant – just by ‘doing annual conferences’ – about leadership, about the role of corporate governance and investor expectations in a global marketplace. In 2001, apart from the ‘Success Together’ conference, the Leadership Forum organized a lecture by Professor Stiglitz. At the time Charles University gave him an honorary doctorate, thus anticipating his Nobel Prize, which he received a few months later. The lecture by Professor Stiglitz had a prophetic air, he pointed to the role of trust as a pre-condition for market transactions. The last Leadership Forum Conference took place in 2002. It dealt with the transformation of the Czech banking sector and attracted even the attention of Czech political leaders, including the Minister of Finance...

For these six years Mike and myself shared confidence and a common belief that America was a model and a competent teacher of business leadership. Later, as a consequence of a series of scandals, such as ENRON, this trust was gradually eroded. It happened not only on our side: a crisis of self-confidence developed on the other side as well. The former Governor of the NYSE, Rohatyn, said at that time that these abuses had shaken public faith in the fairness of the American System. I remember my last talk with Mike: although at all previous times he had encouraged me by repeating that ‘positive thinking was needed’, this time he felt that a global crisis was approaching, and that it was a moral crisis – a crisis which included also the Church – that would cause the financial crisis. During his illness, Mike suffered twice, physically and also from distress – from feelings of futility of his professional life effort. At least for me – and I believe also for many of the Leadership forum participants – Mike’s effort was not futile, if for nothing other than a glimpse of eternity that Mike had passed to us. But Milan Miskovsky’s fidelity to the Catholic social doctrine and his obedience to the Church’s Magisterium did not have any spectacular character; Milan was a humble man.

## 2. THE CHURCH HAS ENTERED THE ECONOMY IN TWO DIFFERENT WAYS

I discovered Catholic social teaching for myself at the Fribourg conference ‘Éthique, économie et développement – l’enseignement des évêques des cinq continents’ (1993). Professor Émile Poulat (France) characterised a novelty of this Fribourg conference with his proposition: the Church has entered the economy. Nevertheless sixteen years later, Benedict XVI had to confess that, ‘After the collapse of the economic and political system of the

Communist countries of Eastern Europe and the end of the so-called opposing blocs, a complete reexamination of development was needed...a comprehensive new plan for development...also in the West and in those parts of the world that were in the process of evolving. This has been achieved only in part...' (*Caritas in Veritate*, 23). A series of questions arises here: as regards this challenge of a new plan for development, why did the Church succeed only partially? Why were neither *Sollicitudo Rei Socialis* nor *Centesimus Annus* by John Paul II enough for this task? What share of this only partial success can we attribute to faults and failures of economics? Does economic theory – as one of the sciences about 'earthly realities' – with its legitimate autonomy – bear its own responsibility (*Gaudium et Spes*, 36)? Why is it that only 'the current crisis obliges us to re-plan our journey'? (Benedict XVI in *Caritas in Veritate*, 21).

Émile Poulat had in mind not only new reflections on economic issues in encyclical letters, but also new initiatives for the application of Catholic social teaching at the level of different countries, regions and continents. And the first bishops that started this process and entered the economy were the U.S. bishops in their letter 'Economic Justice for All' (1986). Consequently, in order to understand why the Church, when entering the economy (and economics) stopped half way, we ought to return to the U.S. before 'Economic Justice for All'.

During the preparation of this pastoral letter of the U.S. bishops, a 'Lay commission on Catholic social teaching' published another document entitled 'Toward the Future, A Lay Letter', New York (1984). This lay letter had a greater ambition than applying universal Catholic social doctrine to the U.S. economy. Leading persons would rather like to use the U.S. historical experience to re-formulate the universal teaching of the Church. This lay letter was dedicated to Pope John Paul II and to 'our bishops', nevertheless there was an inner tension between these two perspectives ('good intentions are not enough') o.c., p. X, 'markets do not bend to pious wishes' (o.c., 44). To define one perspective as 'lay' and another one as 'bishop' was probably misleading. Nevertheless, already three years before, in *The Corporation. A Theological Inquiry* (eds. Novak, M. and Cooper, J.W. 1981), a split between the 'clergy' and 'lay people' was even clearer. The perspective of the world, as seen through God's eyes, and the 'Theology of Earthly Realities' (Gustav Thils: 'Théologie des réalités terrestres') have been accepted and newly formulated by the Vatican II *Gaudium et Spes*. John Paul II again stressed this feature of the Catholic social doctrine: 'an ideal orientation' as 'indispensable', i.e. that cannot be dispensed with (CA, 43). Patrick de Laubier (1994)

says in this connection: ‘...la doctrine sociale de l’Église assure une régulation, une orientation idéale basé sur la loi naturelle et les Béatitudes...Les Béatitudes exaltent ce que le monde n’apprécie guère: la pauvreté, la douceur, la pureté, etc.; ce sont pourtant des éléments essentiels qui humanisent une collectivité...contrairement à l’utopie qui est une idée humaine sans chance de réalisation, l’espérance chrétienne d’une civilisation de l’amour repose sur l’Esprit saint qui tout en respectant les libertés humaines qui doivent coopérer à la réalisation du dessein de Dieu’ (o.c., pp. 156-157).

The normative perspective of the Catholic social doctrine includes inherently ‘ought’. On the other hand, M. Novak stresses another perspective, that of ‘is’: ‘We were taught (at Harvard) the importance of the descriptive and warned against the normative’ (Novak, M. – Cooper, J.W. 1981, p. 227). In the theology of earthly realities, it is just this normative perspective *sub specie aeternitatis* that refers to God’s view; without that the Catholic social doctrine is endangered by ‘une sorte de rationalisme retenant exclusivement ce qui est humainement envisageable, sans se préoccuper de la fin dernière surnaturelle...’ (de Laubier, o.c., p. 159). On the other side (A Lay Letter, p. 3) a hope of possible complementarity has been expressed. After complaining that ‘the many contributions of the American experiment to Catholic social thought have been given too little recognition’, there is a desire to learn from each other. To meet half way is surely needed, nevertheless a complementarity between ‘is’ and ‘ought’ has to be clearly defined; otherwise the Catholic social doctrine could result in an utterly confusing and misleading message.

### 3. THE PERSPECTIVE OF THE ‘PROSPERITY GOSPEL’ IS DIFFERENT FROM THAT OF THE GOSPEL

Reginald H. Jones in his contribution about the transnational enterprise and world economic development (in Novak, M. – Cooper, J.W. eds, pp. 129-141, and a discussion that follows) raised the question ‘Is Business Satanic?’ and answered himself that it is not. Another subtitle of his paper says ‘People Want Material Progress’. And – under the subsequent subtitle – Jones expressed one self-evident truth: ‘A church cannot long survive, if its people follow other leaders’... (o.c., p. 140). While Jones was convinced (thirty years ago) that the reason for a split between the leaders and the people is ‘left-wing activism’ by some Church leaders, I would like to offer a rather different explanation and recall the ‘sign of our times’.

Allow me to use James Twitchell's 'temptations' from his 'triumph of American materialism': 'What makes Christian materialism so powerful a precursor to commercial culture is that in both Catholic and Protestant teaching it is so fiercely denigrated' (Twitchell, J. 1999, p. 61). It is *nihil novi sub sole* that 'people want material progress' (Jones, R.H., in Novak, M. – Cooper, J.W. 1981, p. 138) – Moses as a spiritual leader had to face the Golden Calf temptation of his people.

The distinction of the two perspectives – sharply expressed in this well-known story of the Old Testament – is perhaps even more apparent in the Beatitudes of the New Testament. Nevertheless – in our times – there are interpretations confusing 'rules' of God's Kingdom and rules of 'making money'. After Vatican II, the dispute focused on the interpretation of 'the autonomy of the temporal order'. Mark Lowery in his warning against 'coercive Utopians' – that we in post-communist countries have only to confirm – goes further and warns against ideals as such (Lowery, M. 2005). Lowery's note 8 (o.c., p. 451) characteristically quotes from Naipaul's *Magic Seeds*: 'It is wrong to have an ideal view of the world. That's where the mischief starts'. A correct criticism of the liberationists could fuse with a 'libertarian' position. Catholic social teaching has to avoid both Scylla and Charybdis. The historical experience of post-communist countries is a warning: after the fall of 'coercive Utopian' power they succumbed to the temptations of 'seducer Utopians'.

Jones' thesis that 'the poor but happy society doesn't exist anywhere' is not true (Jones, R.H. *ibid.*). 'Happiness and economics' links have been a subject of scientific research for decades, and Robert Easterlin's paradox is known – if we do not want to restrict ourselves just to the Franciscan communities (Short, W.J. 1999). The journal *Science of Happiness* recently celebrated 10 years of existence, and several hundreds of papers – outside the Church – raised doubts about the single-minded link: material abundance equals true happiness.

A famous young man from Assisi had a personal experience of life in abundance. In this key point there is no difference between the 13th century and our times. Raniero Cantalamessa wrote in his *Povert * that the conscience of the Church always rejected a 'Prosperity Gospel' as a clearly misguided idea (Cantalamessa 1996). On the other hand, a 'guru' of consumerism, James Twitchell – in order to support his blasphemic 'prayer' (lead us into Temptation!?) – didn't hesitate to quote a blasphemic 'bonmot' of the founder of the BBC, Lord Reith. Coming after World War II to the U.S., he said: 'What I would like to know is how you Americans can suc-

cessfully worship God and Mammon at the same time?' (Twitchell 1999). This line of argumentation contradicts the words of the Son of God (Lk 16). Jesus' stern warning against temptations in the following chapter (Lk 17) also makes a clear distinction between a 'positive' perspective and a normative one. We Christians would remember Mahatma Gandhi's criticism of our modern Occidental or European civilisation as purely materialistic, adoring Mammon, clearly not adhering to the teaching of Jesus (see Herbert Jean, *Ce que Gandhi a vraiment dit*, pp. 138-139).

The topic of my paper requires me to go further and to try to specify what the Prosperity Gospel means. I would claim that it is a doctrine of another young man from the famous parable of our Lord about the Rich Young Man (Mt 19, Mk 10, 17-31, Lk 18, 18-30). I would dare to say that all of us in the first world – as we are very rich – are 'going away sad' from our Lord. The so-called Judaic-Christian civilisation of our times has become a victim of this confusion between Gospel and Prosperity Gospel, and it may be possible – in a provocative way – to address Blaise Pascal's old anti-Jewish condemnation to all of us. So, we Christians (in the West) became 'peuple cupide, axé sur la concupiscence et l'amour de soi, esclave des biens de la terre...pires que les païens ils demeurent tournés vers les biens terrestres tout en connaissant le vrai Dieu'. Let's put aside a gnostic attitude of Pascal with his segregation from the point of view of 'chrétiens spirituels – vrai chrétiens', nevertheless a warning against a 'drug addiction to consume' leading to a super-development 'oblige us to re-plan our journey', and 'to shape a new vision for the future' (*Caritas in Veritate* 21).

The last lecture given by Cardinal Ratzinger before he was elected Pope (2005) – concerns a crisis of culture in St Benedict's Europe. In Autumn 2006 the European Commission published a consultation paper entitled 'Europe's Social Reality'. The Bureau of European Policy advisers stated, that 'the social well-being of all Europe's citizens should be...at the heart of everything the EU and its Member States do'. The authors realise that 'well-being embraces something more than material living standards that our societies achieved'. The point is that our culture is predominantly materialistic, and the root of the present crisis is in this materialism. St Benedict's Europe observed her patron's maxim *Ora et labora* for centuries and God blessed the European effort with material progress...While by increasing her wealth – and 'catching up' with the U.S. – Europe has lost her willingness to pray (cf. Mlčoch 2009).

#### 4. FROM THE RELIGIOUS FOUNDATIONS OF CAPITALISM TO A ‘CORPORATE AMORALITY DOCTRINE’

What happened to our culture that we lost our faith? Till recently great sociologists have tried to explain the birth of capitalism – a system with historically unprecedented dynamism – from its spiritual roots and a comparison with different world religions. Sombart (1902 and 1922) formulated a hypothesis about the Jewish foundations of economic, trade and financial activities that define ‘moderne Kapitalismus’. Weber (1904-1905 and 1920) came with his famous ‘explanatory variable’ – protestant ethics that was breathing a spirit of capitalism. Michael Novak, with some delay, raised not a competitive but rather a complementary hypothesis about Catholic ethic that esp. in Northern Italian cities also helped the evolution of a giant cosmos of contemporary capitalist market economy. No matter to what extent we can provide empirical tests of these perhaps too idealistic hypotheses, there is a historical fact that capitalism was born within our Euro-American culture with its Judeo-Christian roots. Only later did this genie expand to other continents; so it is our own culture that not only can be proud of the triumphs of capitalism, but also responsible for the global consequences of this evolution.

There is a paradox, unfortunately a symptomatic paradox, in our late capitalistic culture, that ‘the only appropriate word, “transcendent”, has been so misused that I hesitate to use it’ (Hayek, F. 1989, p. 729). Friedrich von Hayek provided a penetrating analysis of both orders typical of modern global capitalism, that of *cosmos* and *taxis*, nevertheless the idea of a transcendent ordering and supernatural power of an omniscient God is no longer acceptable for him (Hayek, o.c., pp. 72-73). God seems to be dead for Hayek but his belief with regard to the capitalist market was still alive.

The ‘secularization hypothesis’ was formulated some three decades ago in the modernization school of sociology, and it became a subject of research in today’s ‘economics of religion’. Faith in God and eternal life are to be explained as an endogenous variable dependent on economic development (GDP per capita, education, demographic or sexual revolution, growing life expectancy and ageing of population and so on).

One may have doubts about this theory, nevertheless I would appreciate some clarity of thinking esp. as to my point of *specie aeternitatis*. What I mean is: the ‘generalized utility theory’ and consumer behaviour in an infinite horizon concern not only ‘secular goods’ but also expected *post mortem* consumption. If the secularization hypothesis is valid, there is a historical

tendency to a loss of faith in eternal life. In a society of agnostics *post mortem* goods completely cease to exist and economic life is governed by laws *sub specie mortis*. A 'motive of salvation' has no meaning for the population of agnostics, and a 'motive of consumption' in a finite time horizon dominates the behaviour of people. For Manfred Spieker it is precisely this loss of faith in eternal life which is the deepest reason for the crisis of the 'welfare state' in Europe: there is no chance to finance health and pension systems for citizens living in the shadow of death (Spieker 1994). And I would only add that, according to Russian classical author F.M. Dostojevskij, if God does not exist, everything is allowed. The fear that a loss of faith would lead to a decline of morals, even agnostic Friedrich von Hayek was prepared to appreciate the role of religion as a 'beneficial superstition' in business. In his *Fatal Conceit* Hayek warned against 'the errors of socialism'. Nevertheless, religion reduced to a utilitarian calculus is in the end condemned to assist to another fatal conceit, that of a 'turbo-capitalism'. We have seen that a pure materialistic calculus with 'beneficial crimes' of privatization lead to a gangster economy in Russia and other post-communist countries (see Edward N. Lutwak's apotheosis of turbo-capitalism in the global economy – Lutwak 1998). Even more, only a few years later, when Lutwak's turbo-capitalism seemingly conquered the world and Twitchell's American materialism celebrated triumphs, the business leadership *sine specie aeternitatis* lead the world to the margin of a global catastrophe. Benefits of religious superstitions were not enough to balance moral hazard within a 'paradigm of greed and fear' in a short time horizon but in a globally unlimited dimension.

The crisis of welfare state *sub specie mortis* (Manfred Spieker) seems to concern just consumers and delusions of consumerism. But the lost perspective of eternity in our dominant culture is deeper, it is rooted in structures of property rights and patterns of production, in marketing communication, in a 'business culture'. Robert Keen at the Angelicum's 'The Good Company Conference' (Keen 2006) referring to MacIntyre's work *After Virtue* stresses 'that business leadership now has only an inadequate understanding of morality and possesses no proper comprehension of the "good" ...This...entails management's failure to admit any comprehension of transcendent'. Consequently, a fiction of moral neutrality of management only encourages moral quandary and indifference. Just in the same year (1981) when a *Theological Inquiry of Corporation* (Novak-Cooper, eds.) was published, MacIntyre rejected the claim that omnipresent pressure for effectiveness could be a morally neutral value. His warning about a manipulation

of human beings – with its contrivance of means – clearly showed that this instrumental thinking is incompatible with the moral Christian tradition. Keen further refers to Charles Taylor in a core argument that in the evaluation of the ‘good’ the function of transcendent is singular and crucial.

So, a business leadership *sine specie aeternitatis* suffers from the absence of adequate justification. Its long-term managerial effectiveness is doubtful. For those who still accept religion at least as a superstition, God remains an item in the risk analysis. Nevertheless business leaders without any glimpse of eternity are free to make their choices within a ‘paradigm of greed and fears’. There is no room for ‘good’ and ‘evil’ in an economics that has completely cut its roots with religion. The confusion of happiness and salvation with immanent forms of material prosperity is criticised as evident sin in *Caritas in Veritate* 34. I used the relevant sentence in the entrance motto of this paper. An interpretation of economic theory as a ‘theoretical physics’ imperially reigning within social science, that also serves our material prosperity, is a sign of our times of spiritual loss of way. No mathematical form of this ‘economic physics’ is able to give economics its ethos. But every science needs to have its own ethos. Neither is mathematics exempt from a temptation to be misused as an ideology.

Our business civilisation urgently needs more virtue, no doubt. Unfortunately, this deep need for virtue is in conflict with a new, technological totalitarianism born within our civilisation (Cardinal Martino presenting *Compendium* at the Montecassino Abbey, 30 April 2006). Moreover a universal hunger for liberty is innate in contemporary men. Nevertheless this hunger for liberty can lead men to a joyful vision only in the light of and with a glimpse of eternity, only *sub specie aeternitatis*. Without it, man is just a victim of market manipulation, a slave to the temptations of civilisation. Universal hunger for liberty needs a countervailing power of universal hunger for eternity.

Promises of terrestrial prosperity, i.e. of ‘sustained material progress’ (M. Novak) are features of political and election programs everywhere, and the business corporation has become the central institution of western and later also of global markets. It has evolved to fulfil these promises. R. Coase and O.E. Williamson explained where are the rational frontiers between the corporation and the market (*taxis* and *cosmos* in Hayek’s terms) and together with the principal-agent theory we acknowledge very big enterprises as typical for late capitalism. Within the corporation men are subjected to orders, loyalty, obedience and discipline in the name of rationality, and tempted by their own opportunism. Lynn Sharp Payne (Payne 2003) pointed to a moral

weakness of this cooperation between market and corporation: 'coagulations' of very big organizations can create orders endangering the cosmos of (global) markets, an adored cooperation between twins – orders *taxis* and *cosmos* suffer from apparent irrationalities. The reason is that corporation has 'lost its religious underpinnings' (Payne) according to jurisprudence experts that believe in the concept of the corporation's legal fiction. As a consequence, a doctrine of corporation amorality arises: business leadership *extra bonum et malum* – with only one exception, i.e. that of maximum profits. As the corporation has no body and soul, it is unable to sin by definition. Business leaders seem to be exempt from eternal punishment. In such a world, even the beneficial superstition of religion ceases to be needed.

From my long 'sabbatical' in a communist corporation I have some experience with such exculpations and attempts to evade responsibility. Both the old central planning machinery and contemporary global capitalism display one similar feature, which causes their extreme fragility. It is the phenomenon of 'bigness': a wilful moral hazard rooted in feelings that 'we have become too big to fail'. A calculus of this kind leads to extortion by governments and to new forms of rent and wealth-seeking behaviour. Look at this moral weakness of late capitalism: while profits are taken for granted as privates, losses of the 'sufficiently big' are socialized. This is a 'wisdom' based on moral hazard and the practice of extortion. I believe that for agnostic Hayek this kind of risky calculation, which endangers the stability of the system, would be just another 'fatal conceit', a new 'road to serfdom'. And a believer can remember the warning: the scripture says, 'I will destroy the wisdom of the wise...God traps the wise in their cleverness' (1 Corinthians, 1-3).

##### 5. IRRESPONSIBLE PRIORITY OF CAPITAL OVER LABOUR: THREATS OF GLOBAL DISORDER

Besides the extortional potential of 'bigness' to transfer risks and conquer new rents from the state, there are other negative features of the late capitalism. Shareholders that have lost *specie aeternitatis* from their 'inner model of perception of the world' seem to be 'unrestricted by spacial element' (Screpanti, E. – Zamagni, S. 2005). 'The investors' newly acquired mobility tends to give rise to a wide divergence, unprecedented in economic history, between economic power and social obligations...Today capital appears to have acquired a new freedom: no longer does it have to account to the people in the countries where its profits are made' (o.c., p. 457). An

extra-territorial status of economic power and the freedom it involves is still restricted by different tax and customs regimes. Nevertheless great players on global markets have a lot of degrees of freedom in their 'tax avoidance', 'tax evasion', 'creativity' in transfer pricing, in short, in 'tax optimization'. Another part of the cleverness of the wise concerns a different understanding of banking secrecy and various opportunities for money laundering. Investors and taxpayers are free in their choice of residence. The existence of tax paradises and even criminal sovereign states open questions about political roots in western parliamentary democracy that tolerates this clear hypocrisy. From time to time we are the victims of the operations of these structures of sin, but political will to face these forces of global disorder is strikingly missing. According to Professor Lynn Sharp Payne's warning, 'doctrine of corporate amorality is untenable...otherwise, we find ourselves living in an amoral society'.

I have found many of the points made above in the journal *Finance&Common Good*, esp. in No. 12/2002, 'Ethics of Taxation and Banking Secrecy'.

I argue that in the Catholic social doctrine all these examples of irresponsibility in a global space have to be described and analysed in terms of factual priority of capital over labour, and considered as completely opposite to the principle of the Church teaching. The meaning of the priority principle is different from that of Marx's class war between labour and capital: the Church doctrine stresses the need for cooperation and collaboration between employers and employees in the service of men. The former German CDU-CSU Minister for Social Affairs, N. Blüm, used a picture of marriage between labour and capital in this context, and his parable had its grounds in the post-war German Social Market Economy, where the institution of private property served the welfare of working men (Anton Rausher). N. Blüm says that today there is a divorce between labour and capital. To continue Blüm's parallel with family economics, I would add that capital-labour relations in the era of globalisation resemble unmarried cohabitation of couples living temporary together and even (globally) apart from each other. It is unlikely that a global common good can issue from this short-lived cohabitation – as a parallel to a likely disadvantageous conditions of children born outside marriage. In order to heal the dysfunctional relation between capital and labour, we urgently need 'a new wedding between labour and capital'. But this new beginning in the marriage of capital and labour has a small chance of taking place without a glimpse of eternity. Only *sub specie aeternitatis* would the capital be able and willing to respect the priority of labour and to serve to men.

## 6. A POSTSCRIPT: A HINT AT POSITIVE STORIES OF TRANSCENDENT ENTREPRENEURSHIP

My paper is devoted to a broader perspective analyzing the origins of crisis; consequently my attempt is affected by negativism. Considering the absence or deficit of the transcendent in contemporary business – *sine specie aeternitatis*, I am tempted to fall into negative thinking. Remembering the key advice of my late friend Milan Miskovsky – to adhere to positive thinking all the time – I end with three positive stories of business leadership *sub specie aeternitatis*. They demonstrate a sense for transcendent values in business and they are not just pious wants or fairy tales for adults. Looking at these good examples in our Czech economic history I realised that it can be a venture to make a choice from the recent history of one small nation – on top of it – a nation with a weak tradition of business leadership. Nevertheless two important anniversaries and one paper that turned up just in time encouraged me.

Recently (2008) we in the Czech Republic celebrated the 100-year anniversary of the death of architect, entrepreneur, first President of the Czech Academy of Sciences and Arts, and the greatest Czech Maecenas, Josef Hlávka. The Hlávka Foundation (1904) survived all political and social reversals in Central Europe, the communist expropriation included, and still provides research grants, scholarship and support for poor students. After the fall of communism – according to the last will of the Founder – holy mass is again celebrated in the chapel in the residence of Josef Hlávka twice a year. Hlávka's workroom in the residence looks like he left yesterday.

This April the Christian Democratic Party remembered another anniversary in the Czech Parliament: 75 years from the death of MP František (Francis) Nosek SFO. Brother Nosek is a candidate for beatification not only for the sanctity of his life as MP and minister. Francis was an exemplary husband and father of his family, a sponsor and organizer of social works and a developer and builder of several churches. But František Nosek was also a business and spiritual leader of the Czech people's capitalism, deeply rooted in Christ. An alliance of some 100 agriculture cooperatives and 70 mutual saving banks, with one bank at the top of the governance structure, successfully overcame the crisis and Great Depression after Nosek's death in 1935, World War II and the Nazi Protectorate period. Only communist nationalization after 1948 terminated Fratišek Nosek's businesses. In contrast to Josef Hlávka, Nosek didn't accumulate any real 'visible' capital; an MP and a banker, he died in absolute poverty. After his

death, a group of his friends and collaborators had to collect money for his funeral. A Franciscan entrepreneur – a contradiction *in adjecto*? No, just a businessman maximizing the wealth of his neighbours, devoted to the *post mortem* perspective. Trust as an invisible asset (K. Arrow) and trust in Almighty God, rather than almighty gold, were his maxims.

Among ‘all good things that come in threes’ – in preparing this paper I was interrupted by a request to write a report on a paper about Bata Management System. It was not so difficult to recognize the anonymous author: Professor Milan Zeleny (Fordham University, New York, and The Tomas Bata University in Zlín, Czech Republic), the Czech emigrant, helped me to fulfil a legacy of Milan (Miskovsky) to engage in positive thinking (See Zeleny 2010). Milan Zeleny’s story about the famous Czech entrepreneur and leader in the interwar shoe industry is a positive story par excellence. Moreover, Professor Zeleny comes with a very strong idea for the main goal of this PASS Annual conference about *Re-Planning the Journey* and finding a way out of the crisis in the global economy. The idea of ‘a built-in resilience against crisis at the micro level’ is a lesson taken from the history of BATA’s leadership. His case study is real, nevertheless it reads like a Utopia or a ‘miracle’: a flourishing company steadily growing during the time of crisis and the Great Depression, thanks to unprecedented resilience at the level of micro-economics. This ‘resilience’ had deeper roots, not only in the specific BATA system of management and organization, but also in the form of entrepreneurship, leadership, corporate governance and firm culture. Tomas Bata created a family firm in the multinational (today global) space. The Founder – just the first employee in the firm according to his own maxim – was asking every other employee to become ‘an entrepreneur in his position and working place’. Personal accounts of employees served as a very simple and transparent system of rewards and penalties, economic motivation with personal safeguards. No external capital was needed in this firm: re-investment of profits and savings from salaries was enough to finance the growth of the firm. Every business has a purpose; economics belongs to the teleology, not to *phusicos*-physic. The aim of Bata enterprises was to serve society and profit was just a mean to this purpose. Bata’s business was closer to the ideas of the last encyclical letter *Caritas in Veritate* (article 40) than to a standard capitalist enterprise.

In part 4.1 of his paper, Milan Zeleny (*The Purpose of Business*) shows a clearly different logic of shareholder company and that of Bata’s enterprises. Bata was first of all a producer of ‘invisible assets’ such as trust, human, social, and cultural capital, creativity of employees. This ‘resilience’

grew from a very special firm paternalism and partnership within the firm. It rested on the ability and willingness of the staff to accept Bata's recipe to face the crisis: a radical reduction in both expenses and prices of the company's shoes (by 50%). 'In a conversation with Mr. Sonnenschein, the CEO of Vítkovice metal works, Bata was asked how he expected his workers to survive a 40 percent wage cut. After informing him that he would supply them with essentials at highly subsidized prices, the steel baron facetiously asked Bata if he was also a grocer. Bata replied proudly: Yes, I am also a grocer'. (Zeleny, o.c., p. 110).

The Zlín region in the center of Moravia at that time was a more religious part of former Czechoslovakia. I do not know about the personal faith of Tomas Bata. Nevertheless I have chosen to use his personal credo as a memento from this essay about 'the singular and crucial function of the transcendent in the qualitative evaluation of "the good"' (Charles Taylor). This credo has convinced me that Bata was doing his business *sub specie aeternitatis* – regardless of the fact that his creed apparently had a secular form (Zeleny 2010, o.c., p. 112).

'Our life is the only thing in this world that we cannot consider to be our private property, as we have not contributed anything to its generation. It was only conferred to us with the obligation and expectation to pass it on to our posterity, multiplied and improved. Creation and enhancement of our own life is our duty and privilege: we are presenting the accounts of our conferred gifts of life to our contemporaries as well to the next generation. Our accounting should not end in a deficit, a loss, or impoverishment of our contemporaries and successors. We start with the "debit" and we end with the "credit" and only we are responsible for the final balance. Life is a capital and therefore it must, in the same way as a fertile seed, create something more, something to be left for the "spring sowing"'.  
 What to add? Perhaps just – Amen!

#### REFERENCES

- Assländer, F. – Grün, A.: *Spirituell führen mit Benedikt und der Bibel* (Czech translation, Karmelitánské nakl. 2006).
- Booth, Ph.: *Catholic Social Teaching and the Market Economy*, IEA, London 2007.
- The Business Executive: Social Responsibility and Globalisation*, Uniapac & Justice and Peace, Vatican City, 5-6 March 2004.

- Cantalamessa, R.: *Povertà* (Czech translation, Karmelitánské nakl. 1996). *Caritas in Veritate*, Encyclical Letter of Benedict XVI 'On Integral Human Development in Charity and Truth', Libreria Editrice Vaticana 2009.
- Casson, M.: *Entrepreneurship and Business Culture. Studies in the Economics of Trust*, Edward Elgar, Aldershot 1995.
- Compendium of the Social Doctrine of the Church*, Pontifical Council for Justice and Peace, Libreria Editrice Vaticana 2004.
- Dembinski, P.H.: *Finance servante ou finance trompeuse?*, *Parole et Silence*, Paris 2008.
- Ditz, G.W.: *The Protestant Ethic and the Market Economy*, *Kyklos* (International Review for Social Sciences), 33, 4 1980, pp. 623-637.
- Dommen, E.: *Calvin et le prêt à intérêt*, *Finance & Common Good*, 16, 2003, pp. 42-58.
- Economic Justice for All. Pastoral Letter on Catholic Social Teaching and the U.S. economy*, U.S. Bishops' Conference 1986.
- Éthique, économie et développement: l'enseignement des évêques de cinq continents*, Institut Jacques Maritain, Fribourg 1993.
- Fessard, G.: *Autorité et Bien commun*, *Théologie* 5, Aubier, Paris 1944.
- Frey, B.S.: *Not Just For the Money. An Economic Theory of Personal Motivation*, Edward Elgar, Cheltenham 2000.
- Hampden-Turner, Ch.: *Corporate Culture. From vicious to virtuous circles*, Hutchinson Business Books Ltd., London 1990.
- Hayek, F.A.: *The Fatal Conceit. The Errors of Socialism*, The University of Chicago Press, Chicago, and Routledge, London 1988.
- Keen, R.: *An Aquinas in the boardroom*, *The Good Company Conference*, Angelicum, Rome 5-7 October 2006.
- Klos, J.: *Review of Michael Novak's book 'The Universal Hunger for Liberty'*, *Journal of Markets & Morality*, 8, 2, 2005, pp. 526-528.
- de Laubier, P.: *Le temps de la fin des temps. Essai sur l'eschatologie chrétien*, F.-X. de Guibert, Paris 1994.
- De Laubier, P.: *Quand l'histoire a un sens. A la lumière de l'Apocalypse*, Éditions Salvator, Paris 2009.
- 'The Leadership Forum Prague' (and New York), Documents from annual conferences 1997-2002.
- Liddle, R.-Lerais, F.: *A consultation paper from the Bureau of European Policy Advisers 'Europe's social reality'*, Brussels 2006.
- Lowery, M.: *The Eschatological Principle in 'Catholic Social Thought'*, *Journal of Markets & Morality*, 8, 2, 2005, pp. 435-453.

- Lutwak, E.N.: *Turbo-Capitalism. Winners and Losers in the Global Economy*, Orion Business 1999.
- Lynn Sharp Paine on the morally and ethically responsible corporation, Leader's Edge, *Ives Business Journal*, March-April 2003 by editor Stephen Bernhut.
- Mlčoch, L.: The ethical dimension of the reestablishment of private property in the Czech Republic, *Cultural consequences of economic transition*, Centro Alletti-Rome, Éditions Fates, Troyes-France.
- Mlčoch, L.: Czech Privatization: A Criticism of Misunderstood Liberalism, *Journal of Business Ethics*, 17, No. 9-10/1998, pp. 951-959.
- Mlčoch, L.: The Economics of Trust, *Finance&Common Good* No. 13-14, Geneva 2003, pp. 8-18.
- Mlčoch, L.: From Institutionalized Irresponsibility to Institutionalized Responsibility, The Czech Experience, *ibid.*, pp. 142-157.
- Mlčoch, L.: Social-economic well-being needs a glimpse of transcendental dimension: Back from 'Prosperity's Gospel' to the Gospel, The First Catholic Social Days for Europe, 8-11 October 2009, Gdansk (Poland).
- Murphy, W.F.: Bishops Urge Congress, 'Bush Administration to Find Moral Response to Financial Crisis', New York, September 26, 2008.
- Novak, M. – Cooper, J.W. (eds): *The Corporation (A Theological Inquiry)*, American Enterprise Institute for Public Policy Research, Washington and London 1981.
- Novak, M.: *The Spirit of Democratic Capitalism*, Madison Books, Lanham, Maryland 1991.
- Payne, L.Sh.: *Value Shift*, McGraw-Hill 2003.
- Piotte, J.-M.: *Les grands penseurs du monde occidental*, Ed. Fides, Québec, Canada 1997.
- Ratzinger, J.: *L'Europa di Benedetto nella crisi delle culture*, Cantagalli, Roma 2005 (Czech translation 2006).
- Screpanti, E. – Zamagni, S.: *An Outline of the History of Economic Thought*, Second edition, Oxford, Oxford University Press 2005.
- Short, W.J.: *Poverty and joy. The Franciscan tradition*, Darton, Longman&Todd, London 1999.
- de Soto, H.: *The Mystery of Capital*, Bantam Press, London 2000.
- Spieker, M.: *Der ruinöse Sozialstaat*, BKU-Rundbrief 3-4, 1994.
- Toward the Future. Catholic Social Thought and the U.S. Economy*, A Lay Letter, New York 1984.

Stiglitz, J.E.: *Whither Reform? Ten Years of the Transition*, Annual World Bank Conference on Development Economics, The World Bank, Washington, D.C. 1999, pp. 27-56.

Twitchell, J.: *Lead us into Temptation. The Triumph of American Materialism*, Columbia University Press, New York 1999.

Zeleny, M.: Bata Management System: A built-in resilience against crisis at the micro level, Prague, Charles University, *Acta Universitatis Carolinae-Oeconomica* (AUCO Czech Economic Review No. 1/2010), pp. 102-117.