

Peace Through Commerce Part I: The new role for business

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This is Part I of a two-part commentary by Oliver Williams, CSC. Part II is available here: [Peace Through Commerce Part II: Business as a vocation.](#)

While capitalism has brought the good life to some, there are still many who suffer in our time. Capitalism has numerous flaws, and throughout its history, there are those who have made fame and fortune exposing these flaws.

Michael Moore, with his “Capitalism: A Love Story” is the most recent example of such an entrepreneur. One feature of capitalism that many critics overlook, however, is that the economic system is not static, but rather, a dynamic one, ever adapting to the expectations demanded by society. I am reminded of a book by a former *New York Times* business editor, Leonard Silk, entitled “Capitalism: The Moving Target.” Silk’s point was that the free enterprise system survived and even thrived because leaders understood that it was an evolving system that needed to respond to the times. One such response in our time is that business is increasingly lending it resources, especially management skills, in helping to solve some of the dire poverty problems in the world. For many, this is an amazing shift in the role of business.

What is the role of business in society? This essay argues that we are in the midst of a major paradigm shift in our understanding of the purpose of business and that this new understanding holds much promise for business being a significant force for peace in our world. Examples of what companies are doing and why they are doing it will be provided. What we are seeing is the emergence of a view of the firm as a socially responsible political actor in the global economy and as an institution that can generate not only material wealth but also wealth that nourishes the full range of human needs, what some call spiritual capital.

Neoclassical economics asserted a strict division of labor between the private and public sectors. Governments are charged to provide public goods and deal with the challenges of social justice, while collecting taxes to pay for these services. If the people are not pleased with the way elected politicians establish priorities and mediate interests, they can vote them out of office.

Business, on the other hand, has another task: to produce goods and services at a reasonable price while returning on investment. Business has made tremendous progress not only in the quantity of goods and services available but also in the quality of life. Technology that enables us to enjoy good music, medicines that increase life expectancy and decrease infant mortality, and machinery that humanizes work, are only a few of the fruits of capitalism.

The strict division of labor between the private and public sectors is no longer a reality in our time. Under the rubric of corporate social responsibility (CSR), corporate citizenship or sustainability, companies are taking increasing responsibility for problems in the wider society. At least in practice, there is clearly a change in progress in the way the responsibilities of the private and public sectors are apportioned.

Religious social thought has long championed a wider role for the purpose of business than simply making profit. Catholic social thought expresses this well in the 1991 encyclical of Pope John Paul II, *Centesimus Annus*. A central thesis of this document is that the purpose of business is not simply to make a profit; but rather, that business is a community of persons and that this community can foster development of society as well as people (Para. 35).

Perhaps the biggest driver of this enlarged role of business in society is the changing expectations of consumers. A May 1999 poll by GlobeScan revealed that two out of three respondents wanted companies to go beyond their traditional economic goals (provide jobs, create wealth, pay taxes and obey laws) and to help solve some of the problems in the wider society. Called the Millennium Poll on Corporate Social Responsibility and based on 25,000 interviews, the poll reported that one in five consumers claimed to reward or punish companies based on their perception of the companies' social performance.