<u>The Theological Virtues and the Theory of the Firm</u>

Abstract

Economic theory has been almost exclusively utilitarian, both from the consumer's and firm's side of the analysis. Business ethicists have shown that the firm as exclusively profit-maximizing ignores the fact that they are communities. Although ethicists have advocated the use of virtue ethics instead of the economists' prudence-driven models, none have applied the theological virtues of love, faith, and hope to the life of the firm, even though they are just as important as the four cardinal virtues (prudence, justice, courage, temperance). The theological virtues (or lack thereof) are prevalent in the day-to-day operations of many firms today, manifesting themselves not only in inter-firm relationships, but also within the firm between departments and employees.

Man, please thy Maker and be merry,
And give not for this world a cherry.

- *William Dunbar*[1]

Introduction

Basic economic theory consists of a demand from consumers and a supply from firms. On the consumer's side economic theory is almost exclusively utility-based. The consumer's main goal in life is to maximize her personal utility subject to certain constraints, income or otherwise. The economist Deirdre McCloskey has shown that such a utilitarian model of humanity falls short as description and more importantly ignores the purpose of human life. She writes:

> The prudent maximization which economists since [Paul] Samuelson have become so fascinated with does not have the context or support of the other virtues. Being intemperate, for example, or lacking in faith, a life of Prudence has no *point.* Those who die with the most toys, win. Those who attend church reveal that they prefer it. Such a utility function is hollow.[2]

It is hollow because the individual is assumed to pursue his choice of actions based on the benefits the course of action renders to himself. McCloskey refers to this as a reduction to the Profane, or adopting a "P-only" view of life—when life also belongs to the Sacred, the transcendent.[3] The "P-only" worldview is unreasonable. It is analogous to a child earning good grades in school in order to receive some material reward from her parents. While doing well in school is good, her goal is not really to be well-educated or to develop her intellectual faculties (Sacred) but only material gain (Profane).

McCloskey suggests making use of virtue ethics as a way forward. Virtue ethics made a comeback into modern philosophical inquiry through the work of the philosophers Elizabeth Anscombe, Philippa Foot, Iris Murdoch, and Alasdair MacIntyre. McCloskey's contribution was systematizing the three theological virtues of faith, hope, and love, and the four cardinal virtues of justice, courage, temperance, and prudence. She argued that the commercial versions of the seven virtues constitute even *bourgeois* virtues.

Much of the analysis, however, has been focused on the economy from the consumer's point of view. What can be said from the perspective of the *firm*?

The Purpose of the Firm and the Role of Profits

Standard economic theory maintains that firms exist to maximize a profit, prestige, market power, or some other function subject to certain constraints. Such theory, however, misses the point on what supply and profits entail.

The economy is fundamentally not profit-driven but driven instead by exchange. Any form of innovation, whether it is the development of new technologies or the discovery of more cost-effective methods to implement already existing processes, enhances exchange. American coffee-drinkers can travel to Ethiopia, Colombia, or Hawai'i to purchase the coffee beans themselves, roasting them on their own, which would be absurdly costly. To enhance the exchange between the coffee plantations and the consumers, the plantations can sell their beans to Starbucks, who can manufacture and provide the coffee drink or roasted beans to the consumer. The total cost to the consumer is probably only a few dollars for the coffee plus the costs of driving to the nearest café or supermarket. The same applies to Bibles. In the Middle Ages when Bibles were hand-copied, only the wealthiest owned them. After centuries of technological improvements and through the involvement of Christian publishing firms, many Christians today routinely own *many* Bibles. Firms exist simply because they greatly enhance exchange for both the producer and the consumer. Profit is the reward for enhancing exchange. It is just for firms to be profitable because it signals an improvement in exchange.

As important as profits are, they are at best secondary to the social responsibility of the business of enhancing exchange. If the firm is successful in that endeavor, it will be profitable. The converse, however, is not necessarily true. This is why Milton Friedman's famous and oft-misquoted statement is not entirely correct. Friedman writes that:

> In [a free] economy, there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud.[4]

The social responsibility of the business in such a view is to enhance exchange. If maximizing profits is indeed the purpose of the firm, then it is released from any non-prudential obligations. Retail outlets could disregard human rights issues and sell products made in Chinese sweatshops by adolescents—that is unless respecting human rights yields more profits than not doing so. Power utility corporations could pollute with no regard to environmental degradation, unless doing otherwise is more profitable.

Such actions may be justifiable on a utilitarian scale, but they are morally reprehensible. There has to be more to the ethics of the firm than simply a profit-maximization model. The late business ethicist R. C. Solomon writes that, "we can no longer accept the amoral idea that 'business is business.'"[5]

But even Milton Friedman agrees, in his more famous statement of the principle, that the firm's responsibility "is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom."[6] And that is the point.

The Firm as a Community

But if the firm is not solely profit-maximizing, then what is it? What should it strive for? Comparing the church and the firm is illuminating. The church and the firm share similarities. Both are, for example, purposeful communities comprising of individuals. Theologically, however, the church is *not* a firm because its purpose is very different than that of the firm.[7] The late Pope John Paul II wrote:

> The Church acknowledges the legitimate role of profit as an indication that a business is functioning well… but profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people—who make up the firm's most valuable asset—to be humiliated and their dignity offended…. In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society.[8]

The firm is a community of employees whose purpose is to improve the well-being of every participant in the economy by facilitating trade. It is in this capacity that it serves the wider society. Firms, of course, are varied in their fields of specialization. Consequently, precisely how ethical principles apply to each firm will vary. A hedge fund, for example, may not have to wrestle with the ethical issues arising from outsourcing labor-intensive jobs to India, but must contend with issues related to assets trading.

We can go further. In his primer on Christian ethics the Methodist theologian Stanley Hauerwas argues that the church is not merely to practice ethics but to *be* a social ethic. To put it differently, the church is not primarily concerned with making the world a better place, but rather is supposed to be an embodiment of the better place the world strives for.[9] Likewise, a firm is called not merely to keep its accounting books accurate or to buy low and sell high. It is called to *be* honest in its accounting and to *be* prudent in its conducting of business. The ontology is crucial in the seven virtues as it applies to the economy because virtue ethics is not about doing but about being.

The reason a firm can exercise virtues is because it is a member of a wider community—the global economy. Solomon writes that:

> If we consider corporations as first of all communities—not legal fictions, not monolithic entities, not faceless bureaucracies, not matrices of price/earnings ratios, net assets and liabilities—then the activities and the ethics of business become much more comprehensible and much more human.[10]

What makes such a business ethic unique is that it understands that a community shapes its members, who in turn complete the cycle by shaping the community's character. "Corporations are made up of people," writes Solomon, "and the people in corporations are defined by the corporation."[11] But a firm (or corporation) is a congregation of *actively interacting* people, which is why he writes later that:

> Communities are essential units of morality, and corporations are ultimately judged not by the numbers but by the coherence and cooperation both within their walls and with the larger communities in which they play such an essential social as well as economic role.[12]

This is contrary to economic models of the behavior of the firm, such as the principal-agent model, which assumes that all members of the firm are prudent-only. The only way for management to encourage effort is through financial incentives. Of course, the model holds true if people really are selfish and avaricious. But are all the participants of the economy avaricious monsters? McCloskey writes:

> It is not the case that market capitalism requires avaricious people… Workplaces are in fact more like homeplaces. We are morally offended when our workmate complains about our dog in our office… A wholly prudential worker would not be capable of such sorrow and indignation. The ethical wholeness of actors in a capitalist marketplace is not a minor, supplementary matter.[13]

Employees, managers, people in general are much more than prudence machines. If Solomon is right that the people in a firm define the firm, then it cannot be prudent-only. A profit-maximizing, prudence-only firm will not enhance people. People are more than merely prudent.

It is not difficult to apply the cardinal virtues to the life of the firm—business ethicists have been doing so for years. The virtues are prudence, courage, justice, and temperance. All four virtues are necessary. Prudence without justice allows a firm to outsource jobs to countries with little legal provisions for employees' rights. A courageous hedge fund without temperance and prudence will take extremely risky positions in their portfolio.

The three theological virtues pose a challenge to business ethicists, probably because they do not sound business-like. A hopeful CEO does not sound assuring to potential investors. A firm that claims to love will probably not experience a rally in share prices. A faithful business sounds like a Christian company. But the church is certainly faithful, hopeful, and loving. If the firm, like the church, is indeed a community, why shouldn't those virtues apply to it as well?

The Faithful Firm

St. Paul wrote that faith is "being sure of what we hope for, and certain of what we do not see" (Hebrews 11:1, TNIV). In one sense, faith is belief. Christians have faith in the Christ that saved them from sin. Note that faith is rooted in the certainty of what was accomplished on the cross, an event that has occurred in the past. In other words, faith is rooted in the present, buttressed by the past. Faith is not, however, merely belief. It must be accompanied by appropriate actions. St. James writes:

> Suppose a brother or sister is without clothes and daily food. If one of you says to them, "Go in peace; keep warm and well fed," but does nothing

> about their physical needs, what good is it? In the same way, faith by itself, if it is not accompanied by action, is dead. (James 2: 15-17, TNIV)

But faith is even more than belief accompanied by actions. C. S. Lewis identifies a higher faith—faith as identity. Christian faith is the worship of God, giving back to God what He has given the church. But what can the church give back that God does not already have? "God doth not need either man's work or his own gifts," as John Milton put it[14]. Lewis writes, "What God cares about is not exactly our actions. What he cares about is that we should be creatures of a certain kind or quality—the kind He intended us to be."[15] In other words, faith is about being, not merely believing or acting. It is virtue ethical.

A firm is faithful when it facilitates trade. For an airline, for example, faith is ensuring that it can provide travelers a means of flying. To that end, it would purchase reliable aircraft, hire engineers to keep the fleet in good condition, employ competent and seasoned pilots, and hedge their fuel to keep fuel costs low, among many other activities. For an investment bank, faith is maximizing the value of the portfolios entrusted to them while minimizing their risk exposure. Thus, it will hire competent analysts, engage in exemplary risk-management practices like hedging risks, and be careful with the positions it takes in the portfolios.

A faithful firm is concerned about its customers, but also about the well-being of its employees. They are participants in the economy, and they also allow the firm to carry out its mission. Employees should be paid fairly and be provided with the resources and environment so that they can do their best work. They should also be faithful people themselves, committed to the firm's transcendent goal of facilitating trade. Engineers would ensure all systems are in proper working order. Accountants would keep account statements accurate and updated. Analysts would ensure their data are analyzed accurately, the appropriate conclusions drawn, and the optimal strategies employed.

Faith affects relationships between employees by encouraging each other and building each other up (1 Thess. 5:11, TNIV). There should be neither overworking nor sloth in a faithful firm because everyone would relieve the overburdened and admonish against laziness. Faith is the answer to the principal-agent problem. Professionalism is merely the economic name for faith. Though some people may operate in accordance to the model, most in reality do not. We do not see complicated incentive schemes in every detail of a firm's life because incentives undermine faith or hope.

The Hopeful Firm

Hope is also rooted in the present but, unlike faith, looks to the future. It looks forward to some ideal state, a perfection, that the individual or firm may not attain in practicality due to constraints. The church, a community of faith, is comprised of imperfect members living in an imperfect world. Thus, the Church looks forward to the coming, the *parousia* of Christ when perfection will be ushered in. Hope, however, is not merely wishful thinking. Karl Barth writes:

> the Christian has not merely to hope. He has really to show that he is a man who is liberated and summoned… to hope. And if he really hopes as he can and should as a Christian, he will not let his hands fall and simply

> wait in idleness for what God will finally do, neglecting his witness to Christ. On the contrary, strengthened and encouraged by the thought of what God will finally do, he will take up his ministry on this side of the frontier. He will thus not allow himself to be disturbed by questions of minorities or majorities, of success or failure, of the probably or more likely improbable progress of Christianity in the world.[16]

True hope drives the present. A firm can certainly place its hope in being able, for example, to continue providing its services despite technological advance and environmental change. But if hope is not accompanied by action, it is merely wishful thinking. An airline, for instance, must continue to update its fleet with more fuel-efficient and faster aircraft. This requires Boeing or Airbus to research new construction materials and new aircraft designs. Hope, in other words, drives firms to continue innovating. Such a hope is similar to that pursued by the church. Pope Benedict XVI writes that the church can face the present "even if it is arduous… if it leads towards a goal, if [the church] can be sure of this goal, and if this goal is great enough to justify the effort of the journey."[17] Here, Benedict is referring to St. Thomas Aquinas' *boni ardui*, which are good transcendent things that are difficult to acquire; things such as compassion or charity. If the firm strives for facilitating exchange, it will engage in *boni ardui*.

In reality, the faithful firm will not be successful with every innovation. It will not always be the best in bringing people together in trade, which is why every firm sometimes suffers losses. Without hope, the firm will find no reason to continue operations. Hope allows the firm to continue innovating, even if some of its inventions are failures. It allows the firm to continue to facilitate trade even if some promising opportunities were overlooked. Hope, in other words, allows the firm to stay faithful to its calling to bring together people to trade. Faith and hope walk hand-in-hand, because hope propels the faith forward, and faith justifies the hope by the present and past.

And this has ramifications for employees as well. The credit crisis in the American economy led to the liquidation or acquisition of famous investment banks in the late summer of 2008, Lehman Brothers Holdings Inc. being one of the victims. The 158-year old firm was heavily involved with subprime-related securities, resulting in billions of dollars worth of losses. When the firm declared bankruptcy on September 15, 2008, thousands of employees left the firm's headquarters with their belongings. *Time* noted that, "throughout the day…some of Wall Street's best and brightest trickled out onto the pavement, their faces crestfallen and their ties yanked askew.[18]"

Such is a picture that hopelessness paints, but the first strokes came from lack of faith in managing its risks properly. When a firm is true to its identity and is committed to being an exemplary participant in the market, individuals associated with the firm, be they employees, customers, or suppliers, naturally hope that the firm will continue to maintain their faith. Hopeful employees are also solutions to the principal-agent model because when others aver in their faith, it is the hopeful employees who admonish each other in the spirit of 1 Thess. 5:17 to steer them towards faithfulness. Faith and hope walk hand-in-hand, because hope propels the faith forward, and faith justifies the hope by the present and past. But when faith is shattered, hope follows quickly.

Friendship and the Firm

Faith and hope are crucial virtues in a firm, but they cannot eclipse the importance of love. St. Paul wrote famously that "these three remain: faith, hope, and love. But the greatest of these is love." Love is greatest because hope and faith will be realized, but love always abides. It is also the greatest because nothing defines the character of an individual or firm more than higher love (*agape*). St. Augustine wrote, "when we ask whether someone is a good man, we are not asking what he believes, or hopes, but what he loves."[19] In fact, the other virtues are ordered by love. If the firm exercises only courage and profitability, its faith will be an idolatrous lust for vainglory, and its hope will be to pounce on any available opportunity to make a profit. It could initiate a hostile takeover of another firm, or take on extremely risky financial positions. As St. Augustine wrote, "he who loves aright believes and hopes rightly." The same applies for the firm.

Love, however, takes on many forms. C. S. Lewis identified four: *eros*, affection, friendship, and *agape*. The role of friendship in business ethics is quite easy to see. Lewis did not define friendship, which is not quite the same as the Greek *philia*, but he did specify characteristics that distinguish it from other loves. Friends are united with some common interest outside of themselves. For Aristotle, there are incomplete and complete friendships. The incomplete friendship is temporary and fleeting because it is formed for utility or for pleasure. The complete friendship, which is superior, is lasting because it is a virtuous friendship. It forms because the friends value each other for who they are, "for the friend's own sake," not what utility they give.[20]

Friendship in business is prevalent in economic life. It is easy, however, to make such friendships utilitarian. A firm befriends its suppliers so they won't foul up future orders. It befriends its customers so they won't buy from competitors. If making friends means acquiring suppliers, then we have the classic solution to the so-called hold-up problem.[21] This is not so much of a friendship as it is a business strategy, a matter of prudence. In MacIntyre's words, it deviates from the practice of good business by focusing on the external goods of the business and the friendship instead of the internal goods. The moment the suppliers cease supplying, for whatever reasons, the "friendship" terminates, because the utility of the "friendship" has been exhausted. Such an incomplete friendship does not explain what occurs in the market: a friendship between a firm and its competitors.

Two similarly hardworking, athletic students could be competing for the honor of being the school valedictorian, or setting the school's athletic records. Even so, it does not mean that they are enemies. Friendships form. In reality those competing for similar goals might form cliques or clubs on account of their common interests (the math team members, for example). Friends might even meet initially for utilitarian reasons (such as homework). But deep friendships don't last if the utilitarianism continues.

Such behavior is common in firms as well, according to the sociologists Paul Ingram and Peter W. Roberts, who did a study among competing hotels in Sydney, Australia. They write:

> It is clear … that we expect friendships between managers to be instrumental for economic purposes. However, we also recognize that there are noninstrumental causes and effects of friendships, and that our treatment of the friendship structure must incorporate these factors. Our view of friendships… is that they are multiplex and are constituted of both sentimental and instrumental elements.[22]

The study reveals that cooperation between competitors improved customer service overall. Social meetings between competing hotels enabled large conventions to be staged in town, drawing in more potential customers. Many would even refer customers to competing hotels in the event of overbooking.[23]

We see friendships in the airline industry with airline alliances. In an intensely competitive environment, airlines would merge and thereby forge a new identity. Yet mergers often prove to be difficult, because two firms with different corporate cultures and philosophies struggle. Airlines in an alliance are no less competitors to each other, but there are unexpected benefits to this from the consumer's point of view. Relatively recent studies by the economists S. C. Morrish and R. T. Hamilton show that the airlines did not experience significantly higher profits from alliance membership because it created more customers and reduced fares at the same time.[24] More specifically, according to the economists Jan Brueckner and Tom Whalen, allied airlines charge interline fares 25% below that of non-allied carriers.[25]

The Firm and Other Forms of Love

The fourth kind of love is *agape* in Greek and *caritas* in Latin. In Christian literature such love is commonly referred to as "unconditional love." The philosopher

Eberhard Schockenhoff notes that there are three facets to this love: the love of God, the love of neighbor, and the love of self.[26] The Anglican theologian Richard Hooker wrote:

> Man doth seek a triple perfection: first a sensual, consisting in those things which very life itself requireth either as necessary supplements, or as beauties and ornaments thereof; then an intellectual, consisting in those things which none underneath man is either capable of or acquainted with; lastly a spiritual and divine, consisting in those things whereunto we tend by supernatural means here, but cannot here attain unto them.[27]

It is important to note that for both Schockenhoff and Hooker, *agape*-love is not directed towards others, but also self-directed as well. This might surprise those who think of ethics as doing what's right to others. St. Aquinas, St. Augustine, and even Adam Smith did not see it that way, but rather as a cultivation of humanity, a search for what the best life for a person is.[28] As noted by Schockenhoff, the commandment in Mark 12: 31 to "love your neighbor as yourself," implies that without loving oneself, one cannot know how to love others.[29] Self-love is not a self-worshipping narcissism, but rather the ensuring of one's own well-being. For someone to love others, then, is to ensure their well-being without sacrificing her own well-being. You can give money and time to help the homeless in Chicago, but it would be foolish to give away your bank account information.

The same principles apply to firm behavior. A firm cannot render *agape* to another without loving itself. It is right for a firm to want other firms, including its competitors, to be successful because in a vibrant economy, any organization cannot stand without help from others. A firm that is free of competitors is essentially a monopoly, which is not beneficial to fair and free exchange. The Roman Catholic

Church, for example, requires assistance from firms to provide its churches with items like liturgical vestments and processional crosses. There is no sin in relying on firms. Ethical problems arise, however, if the Church sacrifices its identity in order for those firms to continue operating. Similarly the firm must not sell away items that allow it to be an effective economic participant, such as proprietary secrets.

Yet *agape* is not complete without *eros*. Erotic love does not describe sexual love alone. It is about the desirability, attractiveness, or allure one has for another. A man who loves another person and engages in *eros* does not love her solely for sexual reasons. Such love is utilitarian, derided by Aristotle as incomplete. The object of erotic love is not the pleasure that accompanies the love, but rather the Beloved. Barth writes:

> [*Eros*] does not have its origin in self-denial, but in a distinctively uncritical intensification and strengthening of natural self-assertion. It is in this that the loving subject finds itself summoned and stirred to turn to another. It is hungry, and demands the food that the other seems to hold out. This is the reason for its interest in the other. It needs it because of its intrinsic value and in pursuance of an end.[30]

Eros, in other words, is not focused on the superficial but on the identity of the object. Something about the identity of the erotic subject beckons others to want to be a part of it.

It is in this sense that *eros* has a significant role to play in any firm or organization. The firm draws others to itself through *eros.* Consumers are drawn to the firm through such love. Apple, for example, attracts many customers to buy its computers, digital music players, or cell phones because of *eros*, not because the goods are cheaper. When a teenager purchases a brand-name sweater, he is not prudent but rather has fallen captive to the *eros* that the firm exudes. *Eros* draws suppliers and even partners to the firm as well. A small regional airline may, for example, want to apply for membership in an alliance not because it is profitable, but because the alliance has something it can never have on its own, such as international flight networks. The firms' identities, in those cases, are what many find desirable—it is not solely because of profit that such cooperation occurs.

What, then, is the transcendent object of love? For a firm, it must be to improve trade. Because a firm desires to improve trade, it will love its customers, suppliers, competitors—in general, the wider community. An investment back with *agape* will not give financially unsound advice to clients. A loving manufacturing firm will ensure its suppliers do not utilize child laborers or underpaid workers to reduce manufacturing costs. They will not straightforwardly abandon a supplier just because a lower-cost option is available to them. A loving firm will not practice predatory pricing to price-out its competitors.

The firm's desire to improve trade also affects its members. A useful illustration would be St. Paul's illustration in 1 Corinthians 12: 12-26, where he calls the Church the body of Christ, with Christians (with their myriad of gifts) serving different purposes within the body. Of course, a body cannot survive long if any part of it decides to act independently. Just as love binds the members of the Church together, as shown in 1 Corinthians 13, love binds the firm together internally for the same purpose. Members of a loving firm truly care for each other. They want each other to prosper. Each member is not an autonomous entity independent of other entities.

Love is important in the life of the firm. The firm, just like the individual, becomes what it loves. If it is profits, then it will stop at nothing, even putting customers at risk (for example, financial institutions taking on overly-risky positions), in order to earn more of it. What the firm loves will translate into the strategies it employs (prudence and temperance), the standards they adopt (justice), and the path the firm will follow (hope and courage).

Why Faith, Hope, and Love Matter.

As McCloskey has maintained, none of the seven virtues are sufficient by themselves. It is dangerous, even sinful, to focus on one or two while neglecting the others.[31] Courage without prudence leads to poor risk management. A faithful firm without justice will find no ethical quandaries with employing child labor. Business ethicists have ignored the importance of the theological virtues in the firm.

For a firm to practice good business the three theological virtues of faith, hope, and love must figure. The inclusion of the virtues does not diminish the substance of the word "business" in business ethics. It answers why firms exist—to enhance people. Entrepreneurs rarely enter the market to only make a profit. The virtues also explain employee relations more accurately than prevailing economic models like the principal-agent. Trust is important in a firm, as it is in an army or indeed a church.

The economic purpose of the firm as solely profit-maximizing is an over-simplistic model of the behavior of the firm. But factoring in justice, courage, temperance, and prudence is still not enough because these four cardinal virtues still do not completely explain the behavior of the firm. Thus, the theological virtues must be included in the analysis. The business must care for itself, its internal community (the community of employees), but also for its external one, the community of which it is a part. It must ensure that its actions and products benefit *all* parties involved in the exchange. R. C. Solomon put it well. The inclusion of virtues in business ethics is "just another way of saying that people come before profits."[32]

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Notes

[1] This is quoted in C.S. Lewis, *The Four Loves* (New York: Harcourt Brace & Company, 1960), 90.
[2] Deirdre N. McCloskey. "Importing Religion into Economics." *Faith & Economics* 46, Fall (2005): 21.
[3] Deirdre N. McCloskey. *The Bourgeois Virtues: Ethics in an Age of Commerce* (Chicago: University of Chicago Press, 2006), 424-432.
[4] Milton Friedman. *Capitalism and Freedom,* 40th Anniversary ed. (Chicago: University of Chicago Press, 2002), 133.
[5] Robert C. Solomon, "Aristotle, Ethics and Business Organizations," *Organizational Studies* 25 (Thousand Oaks, CA: Sage Publications, 2004), 1022.
[6] Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," *The New York Times Magazine* (Paris: New York Times Syndicate, 1970).
[7] There are some, like the economist Laurence Iannaccone, who would model the church as engaging in trading religious goods in exchange for devotion, which is measurable by variables like church attendance or tithing. Such a vein of thought implies that being Christian is not as important as doing Christian activities, which is completely contrary to biblical and theological teachings.
[8] Pope John Paul II, *Centesimus Annus*, 24 March 2003 <http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_01051991_centesimus-annus_en.html> (8 August 2008).
[9] Stanley Hauerwas, *The Peaceable Kingdom: A Primer in Christian Ethics* (Notre Dame: University of Notre Dame Press, 1983), 99-100.
[10] Robert C. Solomon, "Aristotle, Ethics, and Business Organizations," 1029.
[11] Ibid., 1031.
[12] Ibid.
[13] Deirdre N. McCloskey, "Avarice, Prudence, and the Bourgeois Virtues," *Having: Property and Possession in Religious and Social Life.* (Grand Rapids: Eerdmans, 2004), p. 323.
[14] John Milton, "On His Blindness," *Poetry Archive.* 13 Oct 2008 <http://www.poetry-archive.com/m/on_his_blindness.html> (2 Nov 2008).
[15] C. S. Lewis, *Mere Christianity* (New York: HarperCollins, 2001), 144-145.
[16] Karl Barth, *Church Dogmatics IV: The Doctrine of Reconciliation.* Trans. G. W. Bromiley (Edinburgh: T. & T. Clark, 1978), 918-919.
[17] Pope Benedict XVI, *On Christian Hope: Spe Salvi*. (Washington DC: USCCB Publishing, 2007), 1.
[18] Alex Altman, "For Lehman Staffers, a Long Walk Home." 15 Sept 2008 <www.time.com/time/business/article/0,8599,1841434,00.html> 10 Oct 2008.
[19] St. Augustine of Hippo, *Enchiridion on Faith, Hope, and Love* (Washington DC: Regnery Publishing, 1996), 135.
[20] Aristotle, *Nichomachean Ethics* . Trans. Terence Irwin (Indianapolis: Hackett Publishing, 1985), 211-213.
[21] The holdup problem hypothesizes that a firm may acquire another to reduce bargaining power. A common example involves coal power plants and coal mines. A coal plant, according to the holdup problem, will eventually buy out the coal mine since the mine can raise prices to increase its profits. The plant will have no choice but to agree because purchasing coal from another mine could be costly, especially if the other mines are farther away.
[22] Paul Ingram and Peter W. Roberts, "Friendships among Competitors in the Sydney Hotel Industry," *American Journal of Sociology* 106 no. 2 (2000), 388.
[23] Ibid., 391.
[24] S. C. Morrish and R. T. Hamilton. "Airline alliances – who benefits?" *Journal of Air Transport Management* 8 (2002), 401.
[25] Jan K. Brueckner and W. Tom Whalen, "The Price Effects of International Airline Alliances," *Journal of Law and Economics* 43 no. 2 (2000), 503. An interline fare involves code-sharing. So, an interline fare from New York to Tokyo via Chicago on two airlines in the same alliance would be cheaper than if two non-allied airlines were involved.
[26] Eberhard Schockenhoff, "The Theological Virtue of Charity," in *The Ethics of Aquinas,* ed. Stephen J. Pope (Washington DC: Georgetown University Press, 2002), 251.

[27] Richard Hooker, *Ecclesiastical Polity*. Vol. 1 (London: Everymans Library, 1907), p. 205.
[28] McCloskey, "Importing Religion": 20-21.
[29] Schockenhoff, "Theological Virtue of Charity", 252.
[30] Barth, *Church Dogmatics IV,* 734.
[31] McCloskey, *The Bourgeois Virtues*, 285.
[32] Robert. C. Solomon, "Corporate Roles, Personal Virtues: An Aristotelean Approach to Business Ethics," *Business Ethics Quarterly* 2, no. 3 (1992): 338.