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An Historical Perspective on the Interplay of Christian Thought and Business Ethics

Darlene Bay¹, Kim McKeage², and Jeffrey McKeage

Abstract
To provide effective guidance for business decisions, a set of ethical principles must be stable over time, rather than responding to changes in the business environment for expediency sake. This article examines the ability of religious principles to maintain such stability by reviewing the historical relationship between commerce and Christianity, beginning with early Christianity and concluding with the Enlightenment. The changes in five constructs are examined: ownership of land, acquisition of wealth, attitude toward work, charging of interest and acceptability of trade. For each construct, the attitude evidenced in early Christianity was, at least to some degree, inimical to business as we view it today. That perspective changed over time, with the practice becoming at first acceptable and later even admired. The authors conclude that ethical principles based on referents from outside business are ineffective as a check on the undesirable effects of business on society.

Keywords
business ethics, history of business ethics, Christianity and business ethics, religion and business ethics

For tyme . . . has taught all Ages that noe penalties nor policie, could yet interpose between ye Merchant & his profit.

William Sanderson as quoted in Robertson (1933).

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²Longwood University
From the time of the writing of the Code of Hammurabi to the more recent Kenneth Lay trial, a tension has existed between the individualistic goals of business and the pluralistic goals of society. Models of a just society, for example Rawl’s (1971), emphasize limiting social and economic inequities. Business, on the other hand, is supposed to provide for individual gain, not to promote equal opportunity or equal distribution of wealth. Commerce does benefit society by promoting a higher general standard of living that supports the development of loftier pursuits such as the arts and education and by providing luxury goods and encouraging progress, but it may also cause social dissatisfaction and venality.

As eminent historians like Braudel (1981) and McNeil (1963) have noted, most civilizations have chosen to err on the side of caution, instituting customs and/or rules limiting the status and influence of business. Throughout nearly all of human history in virtually all localities, there was a conscious check on commerce. However, at some point in time, the civilization of Western Europe and North America took a different course, resulting in a society that allows business more free reign than ever before.

Regardless of the reasons that this normative repression of business eased, when it occurred exactly, and whether the spirit of capitalism was inherently benign or malicious (all matters of great and ongoing debate), some limits were still needed. Business still encouraged—and even rewarded—behaviors inimical to the goals, and immoral by the standards, of society as a whole. The task of controlling the degree to which business was allowed to affect society increasingly became a matter of individual conscience and personal ethical principles.

Historically, as Western culture moved away from societal controls on business, it was the Christian religion that was expected to fill the gap (Tawney, 1938; Weber, 1958). The effort to ameliorate the ill effects of business in this manner should have been successful, because religions comprise sets of ethical principles as strong as any others, their ethics fundamentally aspiring to higher purposes for both individuals and community. Christianity has been termed “one of the most powerful influences over men’s minds for all time and the most potent single source of inspiration for individual conduct.” (Roll, 1957, p. 25) Thus, the ability of religious principles to exert effective control on business behavior is an important question.

In what follows, we examine the stated principles of the Christian religion as regards various aspects of business beginning with the early Christian era and continuing through the Middle Ages to the time of the Enlightenment. It is important to stress that the paper examines normative beliefs and expressed tenets of the religion rather than the behavior of individuals or of the church.
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as an institution. The interest is whether religion provided a set of principles compatible with successful business behavior and the stability of those principles, not whether the principles were consistently applied. As Tawney (1938, pp. 43-44) stated, “The denunciation of vices implies that they are recognized as vicious; to ignore their condemnation is not less one-sided than to conceal their existence; and, when the halo has vanished from practice, it remains to ask what principles men valued and what standards they erected.”

There are several reasons the investigation of history is important for business ethics research. The potential usefulness of historical information to inform current theory and research has been noted for the management literature (Goodman & Kruger, 1988) as well as the accounting literature (Parker, 1997). The benefits cited apply to the business ethics field with equal validity: the improved understanding of current situations in their context, the possibility of finding old solutions to newly perceived problems, the ability to gain multiple perspectives, assessment of the reasons for the impact or failure to impact of some ideas and the opportunity to avoid repeating past errors (Goodman & Kruger, 1988, Parker, 1997; Feldman, 2002; Marens, 2005).

In addition to these potential benefits, others specific to business ethics may accrue. Business ethics research frequently applies theories (mainly philosophical theories) that were developed in periods when multinational corporations did not exist. The discipline must, therefore, remain sensitive to the question of the continuing applicability of these theories in a modern context. If it can be argued that agency theory should not be applied uncritically to business contracts of the past (Gray & Calvasina, 1995), then it may also be true that philosophies from earlier centuries could suffer in the attempt to apply them to current practice.

A further benefit of a review of history with respect to business ethics is the potential to highlight assumptions that have become so well accepted in current research practice that they may occasionally be forgotten. For example, the questions that are investigated in most business ethics papers are frequently stated in terms of the corporation and its stakeholders rather than individual decision makers: “Corporations make decisions that have impact around the world” (Dawkins, 2002, p. 273) and “evidence of reprehensible firm environmental behavior” (Sharfman, Shaft, & Tihanyi, 2004, p. 15). Certainly, all concerned know what is meant by such statements. However, Kimber and Lipton (2005, p. 205) express hope, but not certainty, that “those in senior roles are aware that the sustainability of corporations, economies, and societies rests ultimately on their personal capacity to maintain high standards, principles, and foster ethical practices.” In the past, it was more clear than it perhaps is...
today that individuals, not corporations, make the decisions that result in the positive or negative impact of business on society.

Another implicit assumption that is sometimes glossed over in business ethics research is the ethical status of the business system as a whole. Critiques of the system itself are rare, though not nonexistent (see for example Corlett, 1998). However, many business ethicists begin with the current system as the starting point (see Solomon, 1993, who makes the point explicit). Discussion of concerns that were considered important prior to the establishment of the current capitalist (for lack of a better word) system may provide insight on the questions that are considered relevant today.

Although those reasons for the use of historical information are clearly benefits of the current study, we employ a historical perspective mainly because it is the only way to answer the question in which we are primarily interested: the ability of a set of personal ethical principles to provide a stable basis to control the potential of business to do harm to society. Feldman (2002) has argued that in a business world characterized by change, ethical principles must be stable if they are to have the effect of overcoming the effects of short-run expediency, opportunism and economic pressures: “Moral authority that changes too fast soon loses all credibility” (p. 174). This claim can only be investigated with longitudinal data and a fairly long time horizon (see Marens, 2005, for an example).

Survey of Christianity and Business Ethics

To examine the stability of Christianity’s principles with respect to business, we trace the relationship of Christianity and business ethics through five distinct time periods. The first era, early Christianity, covers the time immediately following the death of Christ when the Christian religion was very new. Next is the Patristic period, which is the time over which the Christian religion began to be more firmly established and the basic tenets more widely discussed. Following that, we proceed to the Dark and Middle Ages, the Reformation and finally the Enlightenment.¹

For each era, we begin by providing a brief description of the position held by the Christian church in society. The relative power of the organization is important to understanding the influence it could expect to wield with its teaching and proclamations as well as the pressures that would be exerted on it by other forces in society. We then look at the teachings of the church with respect to five constructs: the purpose of work, ownership of land, amassing wealth, charging interest on loans and conducting trade, and making a profit. See Table 1 for a summary of manner in which each
<table>
<thead>
<tr>
<th>Status of church in society</th>
<th>Early Christianity</th>
<th>Patristic Period</th>
<th>Dark and Middle Ages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isolated and persecuted</td>
<td>Most emperors were Christian but many aristocrats were not</td>
<td>Church was a major authority</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose of work</th>
<th>Work to emulate Jesus</th>
<th>Encouraged to be self-sufficient</th>
<th>According to station</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership of land</td>
<td>(Mostly) prohibited</td>
<td>Discouraged</td>
<td>Fully accepted</td>
</tr>
<tr>
<td>Wealth</td>
<td>Prohibited if acquired at others’ expense or if neighbor was in need</td>
<td>Must be used to support church and assist poor</td>
<td>According to station</td>
</tr>
</tbody>
</table>

| Interest                    | Prohibited            | Prohibited                      | Not allowed (some limited exceptions) |

| Trade and/or profits        | Irrelevant            | No merchants                    | Accepted but profits limited by just price |

<table>
<thead>
<tr>
<th>Reformation</th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Status of church in society</td>
<td>Fragmented by sects</td>
<td>In one’s calling</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Purpose of work</td>
<td>Full accepted</td>
<td>A sign of God’s favor</td>
<td>Work to make a living</td>
</tr>
<tr>
<td>Ownership of land</td>
<td></td>
<td>Allowed (fewer exceptions)</td>
<td>Fully accepted</td>
</tr>
<tr>
<td>Wealth</td>
<td></td>
<td>Could be one’s calling and should be diligently pursued</td>
<td>Pursued rationally</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td>Allowed (some legal limits)</td>
</tr>
<tr>
<td>Trade and/or Profits</td>
<td></td>
<td></td>
<td>Considered good for society</td>
</tr>
</tbody>
</table>
construct was viewed during each time period. Although none of these appears frequently, if at all, today as a topic of business ethics research, they were all once seen as important issues and the resolution provided by the Christian religion changed over time. Had society continued to uphold the original views of the Christian religion with respect to these concerns, our current business system would not be what it is today.

The first of the five topics is the attitude toward work. Hard work has not been a respectable occupation in all cultures through all times. It has sometimes been denigrated as fit only for the lower strata of society and has sometimes been held to be an important aspect of a fulfilled life. It has sometimes been deemed important only in so far as it results in the ability to consume and live a comfortable life and has sometimes been touted as an important activity, an end in itself. These various attitudes have important implications for the relationship of employees to the firm, as well as the obligations that the firm may have to its employees, both of which are current business ethics topics.

The right to own land is similarly not today seen as an issue by many business ethicists. It is important to remember that agriculture once comprised the far the major portion of economic activity. Thus, ownership of land was the key to potential economic and social advancement. Societal changes that caused the proportion of the population that owned land to shift had far reaching implications for other aspects of economic activity such as production of goods and trade (Gordon, 1988). Even very recently, it has been argued that failure of a society to provide for a clear avenue to ownership and control of property can jeopardize its economic development (De Soto, 2000).

Wealth may be amassed in a number of ways, only one of which is as a result of the conduct of business. However, the ability of individuals and cartels to amass sufficient funds to increase the scope and geographic reach of their enterprises has often been cited as necessary to the beginning of the capitalist system (Tawney, 1938; Weber, 1958). In addition, Solomon (1993) claims that the core purpose of business is distributive justice:

It sounds trite, but it is time to remind ourselves that prosperity for all and not just for a few really is the purpose and justification of business life and that there is an assumption of shared public life and the social virtues without which business would still be—as it was for thousands of years in Western civilization—a marginal and largely contemptible set of activities confined, for the most part, to the outskirts of proper society. (P. 21)
If that is the case, then the relative wealth of business people and others is precisely a business ethics issue during all ages.

We now rarely question the charging of interest on loans, or the right to buy items and sell them at a profit to be restricted only by the laws of supply and demand. However, those are both activities that were seriously questioned at one time. In the past, usury (charging any interest) was strictly prohibited. In much the same way, merchants were not widely respected and commerce was a suspicious activity that was believed to bring out the worst in man. The pursuit of business goals was anathema to the ancient Greeks and pre-eighteenth-century European civilization alike (Gerde, Goldsby, & Shepard, 2007). The manner in which formerly ethically questionable behavior was transformed into a respectable and even honored activity is important to business ethics. Imagine a business system in which the type of behavior we all decry in Enron executives has become expected and admired!

We now turn to an examination of each of these topics through time.

**Early Christianity**

Christianity began as a small movement, attracting largely marginalized people, and was often proscribed. Although inspired by religious ideals, its leaders also had to attend to group identity, cohesion, and survival. Many early Christians came from the poorer members of society, so their tight-knit groups may have made it possible for members to survive where individually they would have struggled (Laveleye, 1878). During times of hardship such as famine or disease, the Christians were often the only ones who were able to organize relief efforts (Avila, 1983). It should be noted that these people did not withdraw from the world, as did the monks of later centuries, but remained within societies where there was sometimes active hostility to the new religion.

The earliest Christians gathered in communities sharing common beliefs, common ownership of earthly goods, and common use of the product of their labor. New converts were expected to give everything of themselves to the community (Avila, 1983). Members of the community were expected to work, not to secure profits from their labor, but to support the community, keeping it as self-sufficient as possible, and to glorify God by imitating Christ. In contrast to the negative attitude toward physical labor that had been common for many centuries, the first Christians honored hard work for itself (Roll, 1957).

Ownership of land by an individual was proscribed. Any land should be owned by the community and dedicated to the use of the community (Zumkeller, 1986). Personal wealth should also be given to the poor or to the
communal stores. It was not considered appropriate for an individual or family to acquire more than necessity dictated; accumulating earthly goods would indicate one had abandoned the all-consuming concentration on God that was expected.

Business was sometimes regarded by the early Christians as something external and irrelevant. Economic success or failure was not looked on as a sign of God’s favor or lack thereof (Gordon, 1988). A new world was imminent and the precept of brotherhood in Christ prevented anyone from becoming wealthy at the expense of his neighbors, or from enjoying plenty while allowing his neighbors to suffer want. Usury, which was then defined as taking anything (even “gifts” or foodstuffs) in interest was strictly forbidden (Gordon, 1988).

It would have been impossible for the early Christians to apply one set of principles to their business lives while using another set in their personal lives—every aspect of daily life was colored by religious beliefs. All activity was to be conducted in a spirit of brotherly love untainted by self-serving motivations (Zumkeller, 1986). The strong belief in community and the priority of spiritual needs before all else would have precluded any substantial business activity.

From time to time over the centuries, splinter groups of Christians have attempted to return to the radically communitarian principals of the earliest Christians. Some have adapted and practiced manufacture and trade (Shakers) or nonsubsistence farming (Mennonites). However, these groups, when they have survived, still tend to be very small and marginalized, and are forced to practice a degree of withdrawal from the world, and devote a great deal of energy to group identity.

**The Patristic Period**

As early as the second century, the new religion needed teachers and theologians. The men who filled these roles attempted to clearly state the tenets of the religion, to provide explanations of disputed points, and to defend their particular beliefs from those of the many rival sects that had sprung up (Frend, 1988). The foremost among these theologians became known as the “Fathers of the Church” and their teachings were considered fundamental for many centuries afterwards. The Roman Empire was still a pluralistic society, but the Christian Church gradually gained more adherents and more power during this time (Gordon, 1988).

Some Christians still lived in communal organizations, but they were a special kind of Christian known as monks. They lived apart from the world
to avoid secular influences and distractions and to attend to their spiritual lives. Most Christians no longer lived in tight-knit communities, but the basic tenets of brotherly love and a community in Christ had not been abandoned. Rich and poor worshipped together. It was one of the challenges for the growing church to forge and maintain a feeling of community among diverse constituencies (McLynn, 1994). Christians were no longer threatened so much by the animosity of the external world as by problems of ideological conformity and internal strife (Brown, 2000).

Working was still admired and expected of all. St. Paul was often quoted in this regard: “Whosoever will not work, let him not eat.” St. Augustine of Hippo (354-430), whose teachings became the basis of much of later Christian thought, wrote that, “whatever task men perform honestly and without deception is good” (Zumkeller, 1986, p. 169). Thus, work was to be done for its own sake, rather than a means of securing worldly goods. Even the wealthy were encouraged to do physical labor (Applebaum, 1992). In direct opposition to the invisible hand theory, man was assumed to have his needs satisfied as a result of his good living (Gordon, 1988), rather than the good of society being assumed to happen as a result of each person satisfying his own needs.

Some of the words of the Fathers have been interpreted to mean that private ownership of land was not acceptable, although the injunction was not echoed by all. For some of the writers, it was the use of the land to help others that mattered, not its ownership (Gordon, 1988). Others believed that the land had been given by God to be held by all. Perhaps the clearest speaker on this subject was John Chrysostom (344-407), the Bishop of Constantinople: “We have received all things from Christ. Both existence itself we have through him, and life, and breath, and light and air, and earth” (Avila, 1983, p. 58). He went on to state that no one has more right to the use of these things than his fellow, and that the use of the terms mine and thine creates waste, poverty, and war (Avila, 1983).

It was not expected that converts would give up all their earthly life or possessions. However, the Fathers of the Church stressed that worldly goods were to be used, not possessed for their own sake. The wealth of the rich had only one true use—the care of the poor. In addition, the wealth commanded by rich converts was valued for the contribution it could make toward the maintenance of the church and the monasteries. St. Augustine compared the wealthy to the cedars of Lebanon that support the sparrows (the monks) (McLynn, 1994).

According to St. Augustine, those who simply accumulated wealth for its own sake committed an injustice: “Certainly, what is lawfully possessed is not another’s property, but ‘lawfully’ means justly, and justly means rightly.
The one who uses his wealth badly possesses it wrongfully, and wrongful possession means that it is another’s property” (Brown, 2000, p. 110). This requirement was for the benefit of the rich as much as anyone. Excessive wealth was considered a burden to the possessor—it could make it difficult for the Christian to worship God as the primary function of his life (Tawney, 1938). Wealth and its pursuit would come to require more and more attention, detracting from the spiritual life.

A further reason for the strong prohibitions against too much wealth and too great a concern for acquisition of goods was the concept of brotherhood and the belief that all Christians should strive together to improve conditions on Earth. Acquiring more than one truly needed was considered the same as robbing others (Avila, 1983). Several of the Fathers of the Church believed that the avarice of the rich was directly responsible for the poverty that existed alongside. Poverty could be considered the cause of many evils, such as theft, insult to human dignity, dissension, and even wars (Avila, 1983).

Although some believed that poverty was a sign of the care and favor of God (Gordon, 1988), it was also believed that one in a condition of abject poverty could not be expected to strive after “higher things” and thus would have difficulty maintaining a devout attitude (Avila, 1983). Therefore, poverty was not to be sought for its own sake. Clement (150-215), head of a Christian school in Alexandria, wrote that Christians should be as self-sufficient as possible, requiring as little as possible. In this way, man could be closer to Jesus, who had required nothing to live. For example, one must eat to live, not for the enjoyment of the feast (Behr, 2000).

Usury (the charging of any interest on loans), which was to become an issue during the Middle Ages, was still strictly forbidden at this time. Some writers even suggested that return of the principal should not be sought from an impoverished debtor (Gordon, 1988). Usury was numbered by others among the many ways in which the rich do damage to the poor (Avila, 1983).

The general acceptance and respect for those who worked hard did not extend to merchants (defined as one who “buys cheap to sell dear”). In society, there were two basic functionary groups—those who worked and a hereditary elite, who controlled most of the wealth. Merchants, however, were sometimes able to acquire wealth without having inherited it. The elite reviled them as having secured their wealth in an inappropriate manner, and this attitude seems to have been accepted by the Fathers. John Chrysostom wrote that “there is hardly anything a merchant can do that pleases God” (Avila, 1983, p. 97). Trade and commerce were assumed to provide too many opportunities for deceit and greed (Gordon, 1988).
During the Patristic period, religious beliefs continued to rule all aspects of life—no need was seen to produce a separate “business ethic.” For example, Clement wrote rules of deportment that were intended to guide the behavior, speech, and even physical demeanor of Christians at all times. It was important that every moment of every day be dedicated to serving God (Behr, 2000). Carrying on daily life, working on the land, or even serving as a governmental administrator were all expected to be done in accordance with Christian principles of hard work, love toward one’s fellow man, and maintenance of the proper calm.

These beliefs could hardly have guided the commercial conduct of any but the simplest transaction, such as selling the product of one’s labor to a neighbor. Only a scrupulously honest businessman, who took care to make sure none of his employees and none of his customers lived in poverty, did not increase his own wealth above that necessary for survival, and used any profits to help the poor or support the Church, could be said to be following the religious principles laid out by the Church Fathers. Business conducted in this manner could never have evolved into the multinational corporations of today. That “no Christian should be a merchant” was a generally accepted truism during this time (Roll, 1957).

Already some shifts are apparent in the Christian teachings. Ownership of land and acquisition of wealth, although still seen as potential problems, are no longer absolutely precluded as they were under very early Christianity. As more wealthy people became converted to the new religion, some allowances began to be made for their station in life. However, trade as a profession was still unacceptable.

**Dark and Middle Ages**

In the fourth century A.D., Constantine, the ruler of the Roman Empire became interested in and later converted to Christianity. The rule of Constantine marked the end of persecution of Christians and the beginning of Christianity as the dominant faith in Europe and other parts of the Roman Empire (Frend, 1988). In 325, Constantine called all the bishops of the church together for the first time to join him in a council at Nicea (Frend, 1988). This meeting would set the tone for the future of the new universal or Catholic Church as the state religion. The Catholic Church edged out most of the alternative sects (Brown, 2000) and developed into the largest, most influential, and, sometimes, most wealthy and powerful institution in Europe.

During this time, it was considered a matter of divine design that some were born into the aristocracy and others were born to work the land and
provide the necessary labor. Everyone had his or her place in the hierarchy and was expected to stay there (Tawney, 1938). Early in the Middle Ages, work was expected to maintain one’s personal self-sufficiency, and that of the community and to guard against the problems created by idleness. During the latter parts of the Middle Ages, work became increasingly a means of acquiring economic benefits, containing a much smaller element of spiritual value (Applebaum, 1992).

By the Middle Ages, only “mad priests” would be heard to criticize private ownership of land (Tawney, 1938, p. 68). St. Thomas Aquinas’s reasons for allowing private ownership of land were basically pragmatic. Joint ownership may lead to social conflict or may result in each individual leaving the responsibility of care of the asset to others (Parel, 1979). The Church, at this time, was one of the largest land owners and expected rents and other tribute just like any feudal lord. However, the mere fact that some “mad priests” still disputed the issues points to continued concern on the part of some members of society that land should belong to all.

Believers were no longer taught that they should strive to acquire only enough wealth on which to live but were instructed to maintain adequate wealth according to their station in life. This shift in ideology can be seen as encouraging the peasants to be content with their earthly life, while justifying the wealth and comfort of the nobility (Avila, 1983). However, attempting to gather too much wealth was still condemned by writers of the Middle Ages. A 14th-century schoolman wrote, “He who has enough to satisfy his wants and nevertheless ceaselessly labors to acquire riches—all such are incited by a damnable avarice” (Tawney, 1938, p. 48).

Although everyone was still exhorted to give to the poor, it was no longer necessary to be sure that the poor were completely cared for—one only had to give alms. In fact, St. Thomas Aquinas specifically stated that alms should not be given so freely that the giver was forced to live below his station in life (Roll, 1957). The deplorable conditions in which the serfs lived were mostly ignored by church doctrine (Roll, 1957; Tawney, 1938). The plight of the poor was no longer blamed on the acquisitive nature of the wealthy as had been the case during the Patristic period.

The problem of usury was widely debated in the Middle Ages—it was compared to selling time, which clearly belonged to God (Tawney, 1938). Because most loans, particularly in the early Middle Ages, were taken out to survive a temporary hardship and were for consumption rather than business, charging interest of any kind was forbidden to all Christians throughout the Middle Ages (Nelson, 1969). However, many exceptions came to be allowed, such as when the debtor did not repay the principle on time, as a “gift” by the
debtor to the creditor or when goods are sold at the prevailing price to be paid for later when the future price is uncertain (Gilchrist, 1969). Some believed that one could demand interest of one’s enemies, especially if those enemies were also enemies of the Church (Nelson, 1969).

The attitude of the Church toward trade evolved gradually during this time. In the early Middle Ages, trade was considered a necessary evil. Business was generally equated with fraud (Baldwin, 1959). However, not all buying and selling was forbidden. Three separate categories of trade were recognized to clarify which activities were acceptable and which were not. The first category occurred when a man bought something for his use and then later, due to necessity, was forced to sell it. In those circumstances, selling at a higher price than originally paid was acceptable. The second type of sale related to artisans and craftspeople. Because these people bought raw materials and added value with their own labor, they were allowed to sell at a higher price as a compensation for their labor. Later, care of the item and assumption of risk were added to the activities that could be compensated. The third case, however, of simply buying cheap to sell at a higher price was still forbidden (Baldwin, 1959).

By the 11th century, “pure” trade (buying high to sell at a profit) began to be allowed to the laity, although it was still forbidden to the clergy. However, the intention of the merchant now became the deciding factor in justifying the activity (Gilchrist, 1969). If the merchant plied his trade only to provide life’s necessities to himself and his family, to give money to the church, and donate to the poor, then the career was allowed. Trading simply to earn a profit and increase one’s wealth was still considered evil (Baldwin, 1959). In Thomas Aquinas’s hierarchy of occupations based on their value to society, commerce was at the bottom (Donkin, 2001).

Once it had been determined that a merchant could sell his products for more than he paid for them, the issue of the “just price” had to be settled. The just price should be the true value of the goods. Sellers could not increase prices due to individual circumstances of the buyer, such as ignorance or need (Tawney, 1938). Some writers suggested that the just price should be computed as the cost of the goods plus an adequate compensation for the expenses and labor added by the merchant (Baldwin, 1959). However, most often the just price was equated to what we would call the market value. As such, it varied with time and location (Gilchrist, 1969). The price of those goods that did not have a market value should be negotiated between buyer and seller. The seller must not conceal any defects, nor lie about the quality of the goods (Baldwin, 1959).

During the Middle Ages, it became clear for the first time that specific business principles were required. One could not simply rely on the commandment
to love thy brother and expect that business would be conducted in a Christian manner. It is important to note that these discussions took place in the religious literature—theologians and canonists (writers who tried to codify religious precepts) put a great deal of effort into defining acceptable business behavior. However, the basic assumptions of these writers remained the same as it had been in earlier eras: “that economic interests are subordinate to the real business of life, which is salvation, and that economic conduct is one aspect of personal conduct” (Tawney, 1938, p. 44, emphasis added).

As trade became a more important segment of the economy, it became recognized as contributing to the well being of the community by bringing in necessities from afar and redistributing commodities in times of plenty and famine (Baldwin, 1959). Thus the merchants who conducted these activities must be fitted into the social and ideological hierarchy. The basic Christian principle of universal brotherhood could not be abandoned, but some specific applications and rules needed to be changed (Gilchrist, 1969; Nelson, 1969). It is notable that the church could have refused to enter this arena—after all, even in the Middle Ages it seemed that commerce brought out some of the worst of man’s characteristics (greed and selfishness). However, rather than relegate itself to the spheres where it had evolved and traditionally been applied, the church was determined to apply its principles to society in all its aspects (Tawney, 1938).

However, some of the teachings of the church were gradually modified as it became hegemonic; “systems of religious ethics were forced to make compromises with the facts of economic and business life” (McHugh, 1988, p. 7). The parables of Christ and the writings of the church Fathers, when insufficient, were supplemented by reliance on such classical writers as Aristotle (Roll, 1957) and precepts from Roman Law (Baldwin, 1959). The exceptions allowed for the charging of interest, the codifications as to how trade was to be conducted, the increasing acceptance of ownership of large fortunes even when abject poverty was the lot of many all represent shifts away from the teachings of Early Christianity and the Patristic Period that would have stood in the way of the development of business.

Taken together, these changes represent a fundamental compromise for the Christian religion. The earliest Christians believed in the imminent return of Christ and were preparing for the heavenly life that was promised, and thus saw no need to be overly concerned with their earthly lot. By the Middle Ages, it seemed that the second coming was far away, and that greater attention must be paid to life on earth with its political, social, and economic issues (Brown, 2000).
The Reformation

The Middle Ages ended with swift developments in nearly all arenas: economic, governmental, social, and religious. A two-tier system of Christianity had developed. Many monasteries housed monks who lived in poverty and rejection of worldly influences in imitation of the early believers. Ordinary people could be Christian, but only those called to live the pure cloistered life were considered truly good Christians by the Church (Tawney, 1938). Other major issues beset the church universal, stimulating a Reformation movement. These included the following: continued use of Latin rather than local vernacular languages, conflict between the authority of the local governments and the authority of the Church, and the contrast between the poverty of a large portion of the population and the huge, enormously expensive churches (Smart, 1989). Changes resulting from these problems took the form of new sects, often led by theologians who proposed new ways of worship to bring religion more in line with their own understanding of the original teachings of Christ.

Perhaps the two reformers with the largest impact were Martin Luther and John Calvin. An offshoot of Calvinism, called Puritanism, would become very important and controversial in the history of the relationship of business and religion. In The Protestant Ethic and the Spirit of Capitalism, Max Weber (1958) developed the thesis that the beliefs of the Puritans were a direct cause of the rise of capitalism.

During the Reformation, the meaning of work came to be strongly influenced by the concept of the “calling.” Luther believed that people received grace directly from God, without the intercession of any institution such as the Church. Once a person perceived that she had been visited by God’s grace, she would know the talents or abilities that she had been given and how they were to be used for God’s glory. This was her calling and she should work ceaselessly in that calling (Tawney, 1938). Luther’s idea of the calling was fairly traditional; as before, man should work to support himself and his family and should stay in the station of life where God had seen fit to place him (Weber, 1958).

Calvin propounded a similar concept—only those chosen by God could expect salvation. The Chosen must work very hard and live righteously to demonstrate the fact of their salvation (Tawney, 1938). The Puritans were most stern in their support of hard work. They demanded a rigorous and ceaseless labor in a gainful calling, the earnings from which must not be used for pleasure, but for the demonstration of one’s righteousness (Gerde et al., 2007; Weber, 1958). Thus, work came to have a deeply spiritual meaning, far more
than simply the means to self-sufficiency and support of the Church and the poor.

The right to own land and to be or become wealthy were rarely questioned now. In fact, one of the important contributions that Weber (1958) believed the Puritans made to the rise of capitalism was the ability to accumulate large stocks of wealth that could be used to increase the size of their business undertakings. Puritans were required to continually increase their stock of wealth to feel any confidence about their own salvation. Importantly, the accumulated funds could not be spent on earthly luxuries, but could be used to further their efforts in their calling or to provide for the common good (Gerde et al., 2007). Puritans were among the first Christian writers to consider worldly success a sign of God’s favor: “when God bestows upon one man a larger fortune and possession than on another, he doth thereby prefer and advance him into an higher sphere and condition” (From New Whole Duty of Man, as cited in Robertson, 1933, p. 24).

In strong contrast to other sects and earlier periods, Puritans expressed some disdain for the poor: those individuals who were poor were so because they were not among the chosen and/or had not applied their will and strength of character to improving their circumstances (Tawney, 1938). Thus, the earlier requirements that wealthy people must help the poor were loosened, again adding to the amounts that could be accumulated by a diligent Puritan.

Although Luther sometimes seemed to accept the necessity of charging interest, he believed that true Christians would neither charge interest nor insist on repayment of a loan if either constituted a hardship for the debtor. Calvinists allowed interest to be charged on loans, provided the rate was not too high. What constituted “too high” was endlessly debated (Nelson, 1969). Puritans also accepted that interest could be charged.

Luther was still suspicious of business, and particularly banking (Tawney, 1938). However, trade was permissible if it resulted in an exchange of necessities and the seller was only compensated for his labor. Because selling was considered to be to a neighbor (else how could it be simply an exchange of necessities?), the price should be one that would not damage that neighbor. Christian business people should be completely honest, and use the proceeds of their enterprise to glorify God by helping the poor and supporting the church. Calvin’s followers were more likely to be those who had always worked in business and understood the necessity of trade, banking, finance, and even interest (Tawney, 1938). Even the Catholic Church became more sympathetic to business and businessmen during this time. “Do not seek true piety among the great . . . whose life is only amusement and luxury; . . . [nor] in the huts of a donothing poverty, which has no occupation but begging . . . [seek] in the
middle states of life who subsist by work . . . merchants engaged in the cares of lawful business” (Father Bourdaloue as cited in Robertson, 1933, p. 29).

Weber (1958) contended that before the Puritans, spiritual considerations had prevented the development of “rational economic conduct.” The Puritans, however, with their insistence on rational, orderly, and frugal lives melded spiritual imperatives with business necessities to create an ethos of accumulation of capital and ever-expanding business. It was this correspondence of business attitude with religious requirements that led Weber to the belief that capitalism was a direct result of Puritanism.

During the Reformation, we begin to see a separation between business and religious principles (Gerde et al., 2007). Because Luther believed that few people received the grace of God, it was clear that non-Christian businesspeople would charge interest and commit other acts to destroy the peace, but he called on the secular authorities to deal with these problems rather than the church (Nelson, 1969). For a variety of reasons, Puritans did not develop a strong sense of community with the others in society (Donkin, 2001; Tawney, 1938). Although in prior ages, love for one’s fellow man and a sense of community in God was strongly encouraged, the Puritans were told to place their trust only in God and not to trust their fellow man (Weber, 1958). Thus, Puritan ethics, although clearly applicable to their business, were not a generally applicable standard.

During the Reformation, the ability of the Catholic Church to control behavior in all aspects of life came to an end—each new denomination took over this duty in its own way. As international trade became a more important aspect of the economy, it became clear to some that there was a direct contradiction between the ideology of Christianity and business (Roll, 1957) and that the tenuous compromise that had been worked out during the Middle Ages could not last. The basic values of business and those of society and family were different and conflicting (Grassby, 1995). This can be seen in the increased acceptability of charging interest, and the lack of continued condemnation of those who gathered too much wealth, but most important, in the increasing acceptance and respect given to business as an occupation.

By the end of the Reformation, a somewhat ambiguous attitude toward business had developed, even among the clergy. Business was praised and deplored even within the same sect. Although business might still be considered heresy, the obvious benefit of business to society and to the church through donations and bequests could not be ignored (Grassby, 1995). The changes in the business environment had made some of the old principles as developed by St. Aquinas and others difficult and ineffective. For example, the shift to a more mercantile system, where products are produced in bulk
and sold at some distance made the original conception of a just price obsolete (De-Juan & Monsalve, 2006).

It should be noted that not everyone agrees with Weber’s theory regarding the direction of the causation between capitalism and Puritanism. Some believe that the new sect was simply responding to societal changes that would have occurred in any event (Cohen, 2002; Gilchrist, 1969). However, even those who disagree with Weber note the significant effect that the tenets of the religion had on the broader society. Weber asserts that the Puritan ethic must eventually affect all of society. Individuals who were not willing to work as hard, and firms that were not guided by the principle of making as much profit as possible would be overcome by those that did abide by the capitalistic spirit (Weber, 1958). Calvinism and especially Puritanism did much to legitimate pursuit of gains in business and the work ethic. In fact, much of the Puritan attitude toward business did filter out to affect the rise of capitalism. However, stripped of its religious framework and without the spiritual backing to prevent abuse, the new business attitude may have allowed actions that the Puritans would never have sanctioned (Cohen, 2002).

**The Enlightenment**

The Reformation successfully ended the long rule of the Catholic Church. Many different sects developed and the controversies that erupted were long and bitter, some even resulting in wars. The Enlightenment is often viewed as a reaction to the intolerance and passions occasioned by the Reformation. “Revealed religion” (religion that required unquestioning belief based on reports of miracles) began to be replaced by rationality, skepticism of anything that could not be scientifically proven, and intellectual criticism of old assumptions, including those of the Christian faith. Science developed rapidly and scientific principles came to be highly regarded, whereas religion came to be regarded by the most forward thinkers as “myth” to which science must eventually oppose itself. Many tried to bridge the gap by reconciling science or philosophy with Christianity, but the effort became more and more shallow and less and less successful as the 18th century drew to a close (Gay, 1966). In addition, new societal values that seemed to oppose Christianity became accepted. The new philosophers, who embody the spirit of the Enlightenment, regarded themselves as the antithesis of priests—realists, joyful of life, comfortable with their bodies, and humanistic (Gay, 1966).

During the Enlightenment, the impact of religion on society became less than it had been since the inception of the Christian religion. “To speak of secularization, therefore, is to speak of a subtle shift of attention: religious
institutions and religious explanations of events were slowly being displaced from the center of life to its periphery” (Gay, 1966, p. 338). The demand for increased religious tolerance also tended to dilute the authority of religion because religious and political authority were no longer united or even necessarily tending in the same direction within a given state (Gay, 1966). People began to think of Christian edicts as appropriate for personal life and governmental edicts for public duty (Smart, 1989).

Work came to be regarded in a much less spiritual sense. More and more, people’s work was controlled by others. Discipline and a rational calculus or cost and/or benefit came to replace the concept of the calling. Work was no longer regarded as a means of demonstrating one’s salvation, but came to be more and more a necessary evil (Applebaum, 1992; Donkin, 2001). At best, work could be touted as a patriotic duty. Each nation would improve its lot by the hard work and production of its citizens (McClelland, 1987).

Ownership of property was a much-discussed topic during this time. However, it was discussed by philosophers rather than religious leaders. Furthermore, the topic of discussion was not the right to own property, which was assumed to be a natural right. The source of disagreement had now become the basis for the right, not its existence (Applebaum, 1992).

Acquisition of wealth was no longer proscribed by any religion. Clearly, too much concern for material goods was still viewed negatively. However, “too much” became very unrestrictive. The growing nationalism required that the state be ever advanced and its position relative to other states improved. Gathering wealth was one means to accomplish that (Smart, 1989). In addition, it was no longer the province of the wealthy or even the churches to care for the poor. That role began to be taken by the state (Backhouse, 2002).

Interest was rarely regarded as questionable. The only remaining concern was a limit on how much could be charged. Whereas those discussions had taken place in the religious literature during the Middle Ages and during the Reformation, the role of deciding how much interest would constitute usury now belonged to the state.

Commerce was accepted in this era as a contributor to society and as a means of distributing not only goods but ideas (Gay, 1966). Business began to flourish as it never had before. The Enlightenment has been referred to as the “era of trade” (Morazé, 1957). Massive fortunes were made overnight. The increasing industrialization coupled with the wealth of the middle class and upper classes caused devastating poverty among the lower classes, which were no longer strictly agrarian. Governments began to look to industry to provide jobs to alleviate this new urban form of poverty.
Enlightenment ideologies also affected business through encouraging behavior disciplined only by individual conscience not a set of rules developed under an organized religion. Each man, even an atheist, must act in accordance with the dictates of his own conscience based on principles of “Natural Law” (Gay, 1966). Thus, even as duties to the state were no longer governed by religion, business behavior was likewise liberated. Economic concerns, rather than being subjected to the same standards as every other act, began to be critically examined and one turned to the market rather than God to understand trade as well as supply and demand (Im Hof, 1994). During this time, it became taken for granted that people would behave in a greedy way, and that religion had not been able to control or change that. Instead of agreeing that religion held society together, it was assumed that “interests” of each individual provided the impetus to cooperation. Interests were originally defined as all human aspirations such as honor, love, patriotism, and wealth. During the 18th century, however, interests came to mean only wealth (Backhouse, 2002).

It was at this time that Smith (1909) in his Wealth of Nations described the market, from the smallest barter exchange to the operation of huge trading companies, as a mechanistic process. The market was a domain separate from others, including both religion and government. Business on the micro level and the economy on the macro level were described in terms of observable processes and this most thorough analysis mentioned almost nothing about the influence of religion. By the time of the Enlightenment, it was no longer up to religion to establish important business principles. Charging interest was allowed and the acceptable rates were set by law. The forces of the market determined what types of trade could be conducted and the prices that could be charged. Ownership of property and acquisition of wealth was now termed capital and was necessary to the conduct of business and to national interests. Christians, like all others, must work in order to live.

**Conclusion**

The five constructs (the purpose of work, ownership of land, wealth, interest on loans and profits) surveyed here have followed a remarkably consistent pattern of evolution and all ended outside the purview of mainstream religious principles. By and large, what was initially regarded as unacceptable and immoral becomes acceptable and even admired. For example, the earliest Christians were taught that personal wealth should be given to the poor or added to communal stores. Gradually, however, it became more and more acceptable to be wealthy, and eventually even to forebear from sharing that wealth with the poor. Today, at least to some extent, the wealthy are admired
and emulated, and one does not hear calls from religious leaders for the wealthy to give up their worldly goods in favor of the poor.

Some aspects of business itself were initially regarded as not respectable. Being a merchant was not a Christian occupation until later in the Middle Ages and even then, one must take care not to make too much profit. Later, being a merchant became possible and even laudable if that was one’s calling. Being a successful merchant even came to be considered evidence of God’s favor. Today, one does not hear representatives of mainstream religions suggesting that all businesspeople must find a better occupation. Society has, at least to some degree, been unaware of this progression. Dixon (1999) provides several examples of respected seventeenth century religious writers making statements that buying and trading have “always” been allowed and approved by the church.

The history of usury illustrates the same pattern. Originally, usury was considered an abomination—usurers were classed with murders and similar punishments were recommended. In the Middle Ages, usury was still considered sinful, but a plethora of exceptions were developed, which were creatively taken advantage of to keep credit flowing. Although Luther continued to forbid usury, Calvin would allow it. He established what he believed were acceptable rates and made attempts to prohibit loans at interest to the poor, widows, and so on. By the time of the Enlightenment, the acceptable rate of interest was no longer set by the church but by the state. Interest rates were not determined with the protection of the debtor in mind, but instead based on the greatest benefit to the nation.

One could argue that these changes were simply the response of the Christian religion to prevailing social and economic conditions. In the long run, for example, how widespread could a religion become if it demanded an ongoing condition of poverty for all adherents? How could society progress if no trade were allowed? How could the division of labor that has so successfully improved our standard of living be supported without businesspeople to facilitate production and trade? How could big business even arise without loans involving interest? However, that is precisely the point. Religious principles are supposed to be absolute and immutable, but Christianity has continually adapted to the necessities of business, rather than business accommodating itself to Christian principles (see also Dixon [1999], Marens [2005], and Boardman [2003] who reach the same conclusion based on evidence from difference time periods or different contexts).

If religious principles are seen to have evolved in response to economic conditions and the needs of business, how can these principles be expected to simultaneously provide a check on the behavior of those engaged in business?
Attempts to control the supposed propensity of businesspeople to behave in an antisocial manner by reference to values, morals, and precepts that are inculcated in the individual by parties outside the business system (i.e., churches, parents, and/or schools) have been the norm throughout Western history despite their manifest lack of success. There is no evidence from the preceding discussions that religious precepts (or any other personal or societal set of values) can stand against the economic pressures of business with any success over the long term. Although calls to use religious principles as a basis for business ethics continue to be written and published, even in those articles doubts may be found: “when another experience or need appears, the spirituality is often set aside” (Cavanagh & Bandsuch, 2002, p. 111).

The principles of Christianity were never meant to stimulate economic growth—they were means to personal salvation. Over time, business evolved from being an absolute bar to this goal, to being an obstacle, to being an actual praxis for said salvation. Other sets of principles from other domains, such as philosophy, seem likely to fare equally poorly in evangelizing the business domain. Appeals to higher motives and needs seem to be quite ineffective. An alternative widely practiced historically by other civilizations, dire and draconian regulation of business, seems to have a steep cost in progress.

Ultimately, the success of any corporate social responsibility initiative depends on those at the appropriate level of the organization making principled decisions. To be effective in guiding such decisions, the principles must explicitly recognize the conflicts that arise between the needs of society and those of business and provide a means of achieving some type of balance. A set of principles that dictates always deciding in favor of some “greater good,” will be regarded as impractical and irrelevant and will eventually be ineffective. It may be that any set of external referents (societal, religious, or philosophical values) is doomed to this fate. As long as a good business is defined as one with a strong bottom line, the most convincing principle to be applied in most business decisions will relate to that bottom line, rather than to any religious principles or the good of society.

**Note**

1. Clearly there has always been a range of beliefs under the general heading of the religion known as Christianity. We make no claim to an exhaustive survey of all such beliefs. For our purposes, a very general understanding is sufficient. To the degree possible, we have used well-known sources (Tawney, 1938, for example) or have cited historical figures (St. Thomas Aquinas, for example) who would be known to most students of the period.
References


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