



Tax Morale and the Church: How Catholic Clergies Adapted Norms of Paying Taxes to Secular Institutions (1940s–1950s)

Korinna Schönhärl

TAX MORALE IN HISTORY

The term tax morale says it all. Paying taxes as an economic act is so strongly morally encoded that almost all languages have a special term for it: the German *Steuermoral*, the Spanish *moral fiscal*, the Swedish *skattemoral* and the Greek *forologiko ithos* [φορολογικό ήθος], to name just a few examples. Transepochal studies show that the moralisation of taxpaying is not a temporary phenomenon, but has been recurrent from antiquity to the present day in very different regions of the world and in completely different cultural contexts (Schönhärl et al. 2023; Guex and Buclin 2023). Taxes were to be paid honestly despite a lack of regulation because they were an expression of solidarity with the weaker members of the community; because they were supposed to make a more just society

K. Schönhärl (✉)
Paderborn University, Paderborn, Germany
e-mail: korinna.schoenhaerl@uni-paderborn.de

© The Author(s), under exclusive license to Springer Nature
Switzerland AG 2023

T. Skambraks and M. Lutz (eds.), *Reassessing the Moral Economy*,
Palgrave Studies in Economic History,
https://doi.org/10.1007/978-3-031-29834-9_12

possible; or because they were used to finance public goods that were essential for survival, in the sense of the “fiscal contract”. Or they were *not to be* paid because such a refusal was a lever of resistance against an occupying regime or an autocracy. In all these cases, tax (non)payment was about much more than the transfer of money from citizens or subjects to their state or ruler. Rather, it was about negotiating social hierarchies, social power relations and norms of society that were used to legitimise paying or not paying. These norms differed according to space and time. They had to and still have to be renegotiated again and again in discourse: What is allowed and what is forbidden? Which practices of tax saving are sanctioned and how? From this perspective, tax morale appears as the set of norms on which a particular group agrees, and which serves the purpose of preventing (or allowing) deviant behaviour by group members.

This process of negotiating norms is a starting point for historians analysing the discourse on honest tax payment (Schönhärl 2019a). Who were the actors who have a say in this discourse and moralise about taxpaying, what norms did they refer to, how and with what motives did they do so? Many voices were involved. As we move into the modern era, these voices could emanate from actors as diverse as the press, politicians, authors of tax guides, etc. Time and again, however, faith communities and churches also spoke out as moral authorities in the discourse on honest tax payment, referring to a higher authority, to God, in the propagation of norms. Because they understood the discourse on honest tax payment as a field of negotiation for a fair, God-ordained social order, the religious communities felt called upon to take a stand.¹ So did the Catholic Church. The dogmatic history of tax morality in Catholic theology has been sufficiently studied by theologians (Hamm 1908; for a very helpful overview see Furger 1995), but the topic has received little attention from modern historiography, although it is very suitable for a study of the connection between morality and economics. The interventions of the Catholic Church in the discourse on honest tax payment are at the centre of the following analysis, focusing on the 1940s and 1950s as a period of rapid social changes which particularly challenged all the voices involved in this discourse.

¹ For historiographical approaches concerning US Protestantism and public finances see Jones (2002); concerning Judaism see Likhovski (2017); concerning Islam e.g. Nienhaus (2007), Cizakca (2013, 55–77).

Within the Catholic Church, it was not the pope that set the tone in tax issues. On the contrary, the central institution in Rome rather retreated to very general positions and left plenty of room for interpretation. What did Catholic theologians make of this in the diverse national contexts in which they operated? The following study is devoted to the question of how three Catholic theologians wrote about taxpaying in the 1940s and 1950s, what norms they propagated and how they justified their norm-setting in a range of very different texts including a dissertation in moral theology (Crowe), a journal and an encyclopedia article, a public speech (Nell-Breuning) and a seminar textbook (Azipazu). After describing the position of the Catholic Church and the popes concerning the payment of taxes in general, the chapter investigates the three aforementioned Catholic theologians as case studies in the USA, the Federal Republic of Germany and Spain, focusing on the norms they propagated to influence the tax payment behaviour of members of the Catholic Church.² The conclusion summarises the way in which theologians in the highly centralised Catholic Church nonetheless greatly adapted their moral teaching concerning taxes to the institutional framework of their various nations.

TAX PAYMENT AND THE CATHOLIC CHURCH

There are remarks about paying taxes (“Give therefore to Caesar the things that are Caesar’s and to God the things that are God’s”³) in the Bible as well as in works of the early church fathers and the theologians of the Middle Ages (Hamm 1908; Crowe 1944). The central question concerning moral theologians was whether tax laws were to be understood as so-called penal laws, i.e. whether Christians should comply with

² The sample of case studies covers three different types of tax systems described by Uwe Wagschal: the liberal-conservative (USA), the Christian democratic and continental European (FRG) and the peripheral-residual type (Spain), see Wagschal (2005). The sample also covers three different positions of the Catholic Church in society: Catholics as a minority of ca. 25% of the population in the USA, as nearly half (46%) of the population in the FRG and as a majority of 96% in Spain. Nevertheless, we must not overestimate the weight of these figures: In the young FRG, e.g. although Catholics were mathematically a minority, the Catholic Church had a strong position due to the power of “Rhenish Catholicism” with Chancellor Konrad Adenauer as its representative.

³ Matthew 22, 21.

them merely in order to avoid punishment, or whether tax laws were actually a matter of conscience.⁴

Until the second third of the nineteenth century, the predominant voices in the Catholic Church wanted to understand tax laws as penal laws that did not oblige the Christian in conscience, an interpretation which opened the door to the legitimisation of evasion. This argument, however, was challenged twofold in the times of the modern state: Firstly, the traditional argument that some laws were not necessarily binding in conscience because the legislator (e.g. an absolutist monarch) would not even expect all subjects to observe them, lost persuasiveness: such laws became fragile in modern states (be they democratic or autocratic) which claimed to enact universally valid laws for the benefit of their citizens. Secondly, the positioning of the Catholic Church with regard to the social question made the traditional approach questionable. This reached its first culmination with Leo XIII's encyclical *Rerum Novarum* in 1891. The pope here rejected socialist solutions and defended the right to property, which precluded communalisation as well as excessive taxation. At the same time, however, he called for state social policy to promote the common good, thus laying the foundation for the development of Catholic social teaching (Curran 1985, 115). It went without saying that the expanded tasks assigned to the state by Leo XIII had to be financed, even if the pope did not go into such details.

In many Christian and non-Christian countries where early forms of social policy started to be implemented in the last decades of the nineteenth century, income tax was introduced in parallel or shortly afterwards to meet governments' increasing financial needs. Compared to the previously widespread indirect taxes on consumption which burdened the poorer population in particular, income tax as a public finance tool was supposed to lead to a more socially just distribution of income through its progressivity (the more individuals earn, the higher the taxes that they have to pay) (Buggeln 2022, 92–124). Direct taxation was thus introduced in the USA in 1913 (after initial attempts during the Civil War in 1861) and in Germany as part of Miquel's tax reform in 1891 (then in

⁴ This distinction goes back to the Letter to the Romans: Political authority is "God's servant, an avenger of punishment on him who does evil. Therefore, it is necessary to be subject, not only for the sake of punishment, but for the sake of conscience" (Rom. 13, 3–5), quoted in Bennett (1964, 12f).

a more systematised form in Erzberger's tax reform of 1919).⁵ In Spain, where direct taxes already played a role after a major tax reform in 1845, income tax was introduced in 1932 during the Second Republic.

Spain, like most other countries worldwide, was then greatly impacted by the Great Depression from 1929 on, which caused unemployment, poverty and social unrest among workers. The worldwide crisis and its social consequences motivated the Catholic Church to take another explicit stand vis-à-vis economic and social policy. Thus, Pius XI echoed the forty-year-old approaches of his predecessor in his 1931 encyclical *Quadragesimo Anno*. He called for the responsible use of property, the reconciliation of capital and labour, and the development of a strong welfare state that protects the interests of the poor. On the subject of taxation, however, the encyclical only reiterates that the state should not overtax the unassailable property of the individual (Pius XI 1931, 13). Further statements of the popes on taxes are rare. When Pius XII reflected in 1948 on "Moral Principles of a Sound Financial and Fiscal Policy", he again primarily addressed questions of tax legislation: "financial transactions of the state are becoming more and more opaque" for the taxpayers and negatively impacting their morals (Pius XII 1954, 1797, translation by author). The pope did not address the norms of taxpaying, leaving further room for interpretation within the Catholic Church.

CATHOLIC THEOLOGIANs AND TAXES SINCE WORLD WAR II: THREE CASE STUDIES

The US Redemptorist Martin Timothy Crowe (1944)

In the USA, a highly progressive income tax was introduced in 1916 and became even more progressive during the New Deal years from 1935 onwards (Brownlee 1996, 109ff.). In 1941, the basis of income tax was significantly broadened to finance the war effort: the number of individual taxpayers soared from 3.9 (1939) to 42.6 (1945) million, and annual federal income-tax collections leaped from \$2.2 to \$30.1 billion (Brownlee and Boyer 2004). Vast numbers of US-Americans had to pay taxes in 1941 for the very first time in their lives. The Treasury Department took various measures to convince Americans to pay their

⁵ Johannes Franz Miquel, Prussian Finance Minister 1890–1901; Matthias Erzberger, German Finance Minister 1919–1920.

taxes voluntarily and honestly. Tax education was conducted via newspaper coverage, radio addresses, the purchase of saving stamps and the education of schoolteachers (Jones 1996, 111, 117) but also by works of art and culture. Tax education campaigns addressed taxpaying as a patriotic act through which each citizen could enable America to win the war against the Nazi aggressors and to defend the American way of life. After the war, taxes were continued on the basis of a bi-partisan consensus.

In the following years, major topics among US theologians concerned the relationship between state and citizens and the question of whether the existing political and economic order was in accordance with Christianity. James T. Fisher speaks of an overwhelming comeback of religiosity in the USA (Fisher 2006, 44–46). Especially within Protestantism, debates about the advantages and disadvantages of collectivism or individualism were conducted with great commitment, e.g. by Protestant professor Reinhold Niebuhr (Niebuhr 1953; Jones 2002, 112), who believed that politics should lead people to consider ethical standards in economic matters as well. At the beginning of the Cold War under the administration of President Truman, various interest groups endeavoured to educate clergymen about economic topics, in order to win them as a voice against socialism (Jones 2002, 96–86).

Remarkably, in this extensive Protestant literature on the state–citizen relationship, tax morale was a much-neglected sideline in explorations of the rights and duties of state and citizen and the relationship between voluntarism and coercion in society. At times, a just tax system and the principles of taxation were considered, but the tax morale of citizens was not an issue. This was equally true of Catholic theologians in the USA who addressed economic issues, e.g. Sulpician John Francis Cronin, who was concerned with the practical application of Catholic social teaching to American economic life, criticising in particular the growing company concentration with its tendency towards monopolies (Cronin 1950). Neo-Thomist⁶ Herbert Johnston, who taught *business ethics* (Mees 2020, 70) at the University of Notre Dame du Lac in Indiana, also only touched on the subject of tax morality in passing in his 1956 morality textbook for business practitioners (Johnston 1956). One of the few works that dealt specifically with the Catholic Church’s position on taxation was the

⁶ From the mid-nineteenth century, neo-Thomism was an intellectual current in Catholic theology that called for the revival of Thomas Aquinas’ philosophy.

moral theology dissertation of the Redemptorist⁷ Martin Timothy Crowe (1914–2007), which appeared during World War II (Crowe 1944).

A native of Johnsonburg, Pennsylvania, Crowe studied philosophy, dogmatic and moral theology at St. Mary's Seminary of the Missionary Order of Redemptorists in North East. A subsequent novitiate prepared him for practical missionary work (Erie Times-News 2007). In 1935 he entered the Redemptorist Order and was ordained to the priesthood on June 23, 1940 at Mount St. Alphonsus Seminary in Esopus, New York. He then entered doctoral studies at the Faculty of the School of Sacred Theology at the private Catholic University of America in Washington, graduating in 1944 with a doctorate in moral theology. He seems to have enjoyed a certain proximity to the progressive *Catholic Theological Society of America*, which, in the spirit of Catholic social teaching, was committed to linking theological scholarship with current social problems (Fenton 1946, 8). One can only speculate about the possibility of Crowe having had a positive attitude towards the New Deal, like most Catholic priests (e.g. on Crowe's positive attitude towards the minimum wage, see Crowe 1944, 8). After completing his doctorate, he served as a Catholic chaplain in the US Infantry from 1944 to 1947. After the war, he was a priest in various parishes in New York (Erie Times-News 2007).

In his 1944 dissertation “Moral obligation of paying just taxes”, Crowe was explicitly *not* concerned with the question of whether the current tax law was just, but rather wanted to analyse the moral-theological question concerning “to what extent and under what virtue does it bind in conscience?” (Crowe 1944, 9). The Redemptorist proceeded systematically. After a brief overview of the various aspects of a just tax, he systematically worked through various doctrines of tax morale. He concluded that tax laws in modern democracies were not penal laws because the legislator did not envision them as such: “There is no evidence that such an intention [to make the laws purely penal] exists regarding tax laws” (Crowe 1944, 107). The legislator intended to make the laws binding in conscience and therefore they were just that, and were thus an obligation of legal justice.

But how is their binding force as “civic duty” (Crowe 1944, 151) legitimated? Crowe rejected legitimisation based on exchange, because

⁷ The Redemptorist Congregation of the Most Holy Redeemer was founded in Italy in 1732 as a missionary society, conducting primarily so-called “home missions” geared towards Catholics.

he could not identify a fully valid, freely concluded contract between the state and the citizen: “The fact [is] that normally a man enters the state by way of the family, not by way of contract” (Crowe 1944, 127). Additionally, public services financed by the state through taxes could not be transferred into private ownership of the individuum (Crowe 1944, 135). But how else can the notion of taxation as binding in conscience be legitimised? Crowe argued after careful consideration that “the immediate obligation is probably one of piety”. Piety, which Crowe understood in St. Thomas’s sense of “*pietas erga patriam*”, he thought could best be translated as *patriotism*: “[F]or ‘patriotism’ has come to mean ‘fulfillment of civic duties through *love of country*’” (Crowe 1944, 151, emphasis in the original). Thus, in his conclusion Crowe did not deviate very far from the patriotic narrative of the US government’s tax education campaigns during World War II already mentioned above.

*The West German Jesuit Oswald Von Nell-Breuning
(1930, 1954, 1962)*

After World War II, not much changed in the German tax system. The ideological and anti-Semitic excesses of the Nazi era were eliminated, but otherwise the design of the 1919 Erzberger tax reform remained largely intact. The legal basis was provided by the February Laws of 1946, in which the Allied Control Council established a uniform tax law for all four occupation zones. However, tax concessions were abolished and tax rates were drastically increased. The top rate of income tax was 95 per cent, and all other taxes also rose sharply (Ullmann 2005, 180; Muscheid 1986, 27; Buggeln 2022, 571–647). The goals were to de-nazify the tax code, to skim off the surplus money caused by inflation and to raise more revenue to cover the costs of occupation. This rigorous tax policy reflected the efforts of the Allies to make the “*beati possidentes*”, who had been able to save their property from the turmoil of war, bear the expenses of the national economy, which was heavily burdened by refugees, war veterans, uprooted people and the destitute (Wehler 2008, 955). It was necessary to equalise the situation of war losers and war winners (or those who had suffered less), and in the view of the Allies, this was to be realised primarily through tax policy redistribution. Accordingly, they rejected the proposal of the tax relief put forward by the Economic Council, which was primarily interested in promoting investment.

While the Soviet-occupied zone went its own way in terms of tax policy (Ullmann 2005, 179), the Allies in the Western occupation zones prevented tax cuts on the basis of the Control Council laws even after the convening of the Parliamentary Council (in which the balance of power between the Social democrats and the conservatives was almost even). The Second Tax Reorganisation Act of April 1949 and the Deutsche Mark (DM) Opening Balance Sheet Act of August 1949 therefore failed to reduce taxes, but they did open up many possibilities for evasion, e.g. by allowing great leeway in the valuation of corporate capital in DM, favouring non-withdrawn profits and various possibilities for depreciation. Thus, while capital accumulation was encouraged, the original tax rates were eroded (Muscheid 1986, 44). The goal of these pre-Federal Republic tax laws was to promote investment and growth; combating social inequality remained a secondary objective. After the Bundestag took up its work in September 1949, the Allies initially continued to resist open tax cuts and long negotiations were necessary to gain agreement to an Income Tax Amendment Act (April 29, 1950), in which rates were “pulled apart” and reduced by an average of 17 per cent. In addition, the Allies tolerated the fact that tax concessions, such as depreciation allowances, were not reduced but rather further expanded, i.e. increasing the options for tax savings that were (just about) on the right side of the law (Muscheid 1986, 48).

Immediately after the end of the war, tax morale in Germany was already described as decidedly unsatisfactory by the media, who had gradually taken up their work, and there were also many complaints in the political realm about poor taxpaying behaviour (Schönhärl 2019b). This applied not only to the flourishing black market, but also to the payment of direct taxes. Press reports told of tax evasion on a large scale. After the currency reform (June 1948), there was apparently no increase in honest taxpaying by the Germans at all. Figures were rarely cited in the discourse; an exception was made by Ludwig Ellinger, Chief Finance President of Württemberg-Baden, who estimated that DM 4.5 billion of taxes were evaded in West Germany in 1950 (though without naming the method of measurement used),⁸ which corresponded to more than a quarter of the budget of DM 16.3 billion. Otherwise, the discourse was largely devoid

⁸ Quoted from Willi Lausen (SPD) in Bundestag (BT), 145th session, May 31, 1951, 5741. The Bundestag minutes are available at: <http://pdok.bundestag.de/>.

of a numerical basis. While conservatives and liberals proposed a reduction in the tax burden as an antidote, the Social Democrats called for stricter controls and higher penalties.

Oswald von Nell-Breuning (1890–1991) was born into a wealthy noble family in Trier. After schooling in Trier, he took up the study of theology in Innsbruck in 1910, entered the Jesuit order a year later, and was ordained as a priest in 1921. In 1928, he received his doctorate in Münster for a thesis on stock market morality (Nell-Breuning 1928), a work in which his Catholic-based anti-capitalism was clearly evident. He was then appointed professor of moral theology, canon law, economics and social theory at the philosophical–theological University St. Georgen in Frankfurt on the Main, founded in 1926 (Hengsbach 2010). Pope Pius XI commissioned him to prepare a draft for *Quadragesimo Anno*, into which Nell-Breuning, building on the key concepts of the forty-year-old encyclical *Rerum Novarum*, introduced his ideas for just distribution in society. The passages on professional organisation, which Nell-Breuning wanted to be understood as a “plea for the institutionalisation of economic-democratic and social-partnership forms of cross-corporate co-determination”, were often misinterpreted at the time as “advocacy of authoritarian corporative models of order” (Süss 2015, 232, translation by author).

During the Second World War, Nell-Breuning was entrusted with the financial administration of the Lower German Province of the Jesuits. After the war, he taught not only at St. Georgen, but also at the Goethe University Frankfurt and at the Frankfurt Academy of Labour. From 1948 to 1965, he was a member of the influential Scientific Advisory Board of the Federal Ministry of Economics. He welcomed the founding of the German Confederation of Trade Unions in 1959 and contributed decisively to improvements in the relationship between the Catholic Church and the Social Democrats. In the 1980s, he participated in discussions on reducing mass unemployment, shortening working hours, reforming social security and an environmentally sound economy. “He called the economic form practised in the Federal Republic ‘socially tempered capitalism’ because it was still far from a fair distribution of purchasing power, adequate social security and forward-looking cost allocation” (Hengsbach 1999, translation by author).

Nell-Breuning was perhaps the most prominent, but he was not the only Catholic scholar in West Germany who took up the highly topical subject of tax morality (e.g. Höffner 1952). However, he probably did

so most intensively. His reflections on tax morale were first published in 1930 in an article in the magazine “Voices of the Times” (“Stimmen der Zeit”, Nell-Breuning 1930). His second publication on the topic was in 1954 (a speech held in 1952 at the Academy of the Diocese of Rottenburg, Nell-Breuning 1954). Finally, he published once again in an encyclopedia article (Nell-Breuning 1962). He remained largely faithful to his argumentation, but supplemented it with aspects of current research.

His first article from 1930 was published during the Great Depression, when Nell-Breuning had already worked out his ideas for *Quadragesimo Anno*, but supported Brüning’s austerity policies (Suess 2015, 233). The Jesuit introduced his text by quoting the demands of business representatives and politicians to reduce tax rates, because keeping them at current rates was said to strain the morale of taxpayers. Lowering them would, in contrast, allow a return to fiscal honesty. Nell-Breuning decisively rejected this argument, because here tax dishonesty and tax losses were “regarded, so to speak, as a function of the level of tax rates”, so that it would only be a matter of determining the “tax optimum” by means of a differential calculation (Nell-Breuning 1930, 254, translation by author). He considered this “idea of a maximum capacity existing somewhere on the tax scale, up to which point the tax conscience can remain steadfast” to be “unbearable”; it had nothing to do with morality. He believed that it was the tax system’s inner logic and legitimacy and not the amount of taxes that was decisive for tax conscience, for the question of whether it was possible to generate an objective and binding obligation in the conscience. Nell-Breuning rejected the position of older theologians that while direct taxes were obligatory in conscience, indirect taxes were merely penal laws. In a tax constitution in which different types of taxes intertwine to ensure a just equalisation of burdens, this distinction would be nonsensical, so both types of taxes must be obligatory in conscience.

Decisive for the emergence of a genuine obligation in conscience was, first, the use of the tax money: the taxpayer “does not want to have paid the tax for nothing, it should not be money that is thrown away for him” (Nell-Breuning 1930, 256, translation by author). Instead of giving the taxpayer the feeling of “standing in front of an opaque, mysterious smokescreen” (Nell-Breuning 1930, 259, translation by author), tax collection must be bounded by necessity, and spending must be thoughtful, frugal and relevant, he said. Nell-Breuning clearly rejected the notion that evasion could be justified with the argument that everyone

else was evading taxes too, particularly in times when deduction at source deprived most wage earners of any possibility of evasion. He pleaded for clear boundaries between what is permitted and what is prohibited and urged the closing of any loopholes that could endanger the fairness of burden sharing.

In his 1954 speech, Nell-Breuning remained true to his 1930 assessment on many points. He once again rebuked the “laxity” of older moral theology on the subject of tax honesty and emphasised the obligation of conscience to pay taxes. Since the church was responsible for the morals of the faithful, it would have to urgently adapt its principles to a modern, complex society in which it was not monarchs but a democratically legitimised parliament that decided on taxes.

[A]s a member of the community, I have to contribute to the burdens of the community according to the position I occupy in the community and according to the powers and means I have at my disposal, whether by personal achievement or by material contributions I make to the community. (Nell-Breuning 1954, 11, translation by author)

Tax evasion involved a distortion of competition and thus burdened the conscience towards God. Again, he pointed out that in times when tax was deducted at source, any reference to widespread evasion practices no longer made sense. And he added that the church, which is financed by church tax, is called upon to be particularly conscientious here:

It is not acceptable that one side finds these taxes so irreproachable and so blameless that they attach their own taxes unquestioningly to them, while the other side declares that these taxes are so unwarranted and so unjust in their distribution, and, moreover, so excessive, that we can do nothing better than avoid them as much as possible. (Nell-Breuning 1954, 15, translation by author)

In his 1962 publication (plans for a major “organic” tax reform that would have created a tax system “from a single mould” had largely failed by the mid-1950s), he first pointed out the ambiguity of the term tax morale, which could refer either to the duties of the state in terms of tax design or to the duties of the taxpayer.⁹ With reference to the latter, he

⁹ Following e.g. Adolph Wagner. Tipke later distinguishes between “morality of taxation” and “tax morale”, cf. Tipke (2000).

drew attention to the now available results of the empirical social sciences, which understood tax morality as the *attitude of* taxpayers towards their tax obligations and attempted to capture this attitude using opinion polling methods (Schmölders 1960). He then referred to the importance of the legitimacy of rule, which is central to the obligation to pay taxes. But even in dictatorships, taxes should not simply be evaded, as this would impose a heavier burden on citizens with no means of evasion. A thorough examination of the unreasonableness of the demand would have to precede an evasion in any case. While Nell-Breuning did not quote the Spaniard Joaquín Azpiazu's writings, he discusses the conditions of tax morale in dictatorship, which indicates that this problem came to his attention in the early 1960s.

The Spanish Jesuit Joaquín Azpiazu Zulaica (1944/1952)

After Franco's victory in the Civil War in 1939, Spaniards had to deal with a tax system which mainly continued the structures of the nineteenth-century system, going back beyond the 1932 reform. The dictator and his supporters were not interested in modernisation in terms of fairer burden sharing within society. Thus, the tax rate was a very low 10%, indirect taxes were the most important source of revenue, and direct taxes (e.g. of wealth or income) were not progressive. Collection of the sparse direct taxes was organised via professional associations, which were responsible for parcelling out their designated tax duty among their members, a proceeding that provides a great deal of scope to the powerful. Where there was direct contact between taxpayers and the tax administration, the tax was determined not according to profit, but according to "objective" attributes like the number of staff or the technical equipment (Comín Comín 1995, 2007, 2015). The profits of the growing industrial sector thus could not be skimmed off by the exchequer, which caused an extraordinarily unequal society. For everybody apart from waged workers and workers in agriculture, tax evasion or avoidance was very easy, and it was neither considered to be a crime nor punished as such. There were very few tax inspectors, and tax management was deficient (Comín Comín 2007). In the literature, the tax system of the autocratic regime is considered to be an instrument of remuneration for the elites that had supported Franco during the Civil War (1936–1939) and continued to do so after the war ended: the powerful landowners and the business elites, especially in the financial and banking sectors, and the Catholic Church (Comín

Comín 1994). But already in the 1950s, scholars and the administration recognised that tax evasion was a major problem, as the government painfully lacked investment funds and discontent among the population was growing (Torres Martínez 1950; Sánchez Asiain 1952; Torres López 1961). The tax reforms of 1957 and 1964 were intended to distribute the tax burden more fairly, but these attempts failed.

Joaquín Azpiazu Zulaica (1887–1953) was initially among the supporters of Franco's coup. Born in 1887 in San Sebastián (Guipúzcoa), he attended the Jesuit school *San Francisco Javier de Tudela* in Navarre and began his theological studies at the *Compañía de Jesús (Society of Jesus)* in Loyola in 1903. There he was ordained as a priest in 1915 and then sent to study at the traditional Jesuit University of Deusto in Bilbao. In 1921, he received his doctorate from the Faculty of Law of the University of Madrid with the dissertation *El derecho de propiedad (Property Rights, Azpiazu 1930)* before being appointed professor of political economy and finance at the University of Deusto, the only place in Spain where business administration was offered as a subject (Fernández Riquelme 2009; Velasco Sánchez s.t.).

Azpiazu, in the spirit of *Quadragesimo Anno*, professed Catholic social teaching and social work, defending the right of workers to property and work. Imitating the French Jesuits' *L'Action Populaire (People's Action)*,¹⁰ he and his fellow Jesuit Sisinio Nevares founded the *Fomento Social (Social Promotion)* as early as 1926. It was dedicated to spreading social Catholicism and Christian democracy among workers and peasants, to enable them to found their own trade unions, and to keep them away from socialism. The just redistribution of social wealth, also with the instrument of taxation, was an important goal. Azpiazu can thus be assigned to the left wing of the Jesuit order, much like Nell-Breuning in Germany. Accordingly, the clergyman welcomed the papal encyclical of 1931 euphorically. Under the socialist government, the *Compañía de Jesús* was banned in Spain in 1932 (Velasco Sánchez s.t.). However, teaching at the Faculty of Economics in Deusto could continue because it was not owned by the Jesuits, and so Azpiazu does not seem to have left Spain.

¹⁰ The French Catholic social action movement was founded by two Jesuit priests in 1903. It aimed to give guidance to clergy directly engaged in social activities and to defend the rights of workingmen to establish their own trade unions in a Christian spirit, see Droulers (1969).

In 1934, the Jesuit published one of his major works on the corporate state, which went through a total of five editions (Azpiazu 1934).

With the beginning of the Civil War in 1936, Azpiazu sided with the putschists, as did most other Spanish clergy and most of the episcopate.¹¹ Bilbao was conquered by the putschists as early as 1937, allowing the Jesuits here to resume all their previous fields of activity. Azpiazu supported Franco's party, for example, with anti-communist articles in which he praised the authoritarian state as the founder of national unity and the protector of the Church, whose rights the state had to safeguard and protect (Azpiazu 1937b). The idea of the Francoist uprising being a crusade was also not foreign to him (Azpiazu 1937a). Azpiazu fervently hoped that a nationalist victory would enable a just society through the implementation of the corporate state. Martínez and Ramos mention, without further evidence, that he already enjoyed great prestige in conservative circles during the Civil War (Martínez Vara and Ramos Gorostiza 2018, 115).

In 1938, Franco officially allowed the Jesuits to return to Spain, and the activities of the *Fomento Social* were intensified. Support for the poor was sorely needed, as Bilbao was in dire need in the post-war period, and it was only thanks to the Jesuits' good relations with the new government that teaching could be maintained. Azpiazu contributed intensively to Franco's *Fuero del Trabajo (Labour Law)* of 1938, which he understood as an attempt to put into practice the Catholic corporate state envisioned in *Quadragesimo Anno*. Azpiazu's aim was to watch over the rights of the popular classes and help them achieve greater prosperity without interfering too much with their self-government (Azpiazu 1938, 147f.; Azpiazu 1949, 389).

As a basis for university teaching, the Jesuit wrote a book on the morality of the businessman (first edition 1944, second 1952) (Azpiazu 1952), in which he promoted the re-Christianisation of society, whose purpose should be the common good and the elimination of misery. From 1946 he additionally started directing the journal *Revista de Fomento Social (Social Promotion Magazine)*, where he published more than 50 articles. He also promoted Catholic social teaching and work in a large number of lectures in Spain, Argentina and Uruguay. However, Azpiazu was not uncritical even under the dictatorship: he belonged to those

¹¹ See e.g. the Carta colectiva de los obispos españoles con motivo de la guerra en España of 1937, cf. Ruiz Rico (1977, 50).

Basque clergy who protested so vehemently against the surveillance and restraints of the Franco regime that the ecclesiastical Basque province was divided in 1948 (Egido et al. 2004, 378f.). After 1950, Azpiazu was a member of the *Real Academia de Ciencias Morales y Políticas* (*Royal Academy of Moral and Political Sciences*) and the *Unión internacional de Estudios Sociales* (*International Union of Social Studies*, see Fernández Riquelme 2009). Azpiazu died on April 30, 1953 and so did not live to see the Concordat between Spain and the Vatican of August 1953.

In his 1944/1952 “The morale of the businessman”, Azpiazu commented on the question of paying taxes in the chapter “The obligatory nature of tax laws” (Azpiazu 1952, 499–517, translation by author). He began by stating the responsibility of the individual to society, because humans, as social beings, could only exist in interaction and communication with others. The state, as the embodiment of this society, needs tax revenues to administer its business and to ensure the welfare of its citizens: schools, police protection and courts were the state’s *quid pro quo* for taxes, and could not be maintained in any other way. Azpiazu argued here with *justicia conmutativa*, the justice of exchange, that also underlies the modern notion of the “fiscal contract”. He described “a certain quasi-contractual requirement between the State and the subjects” (Azpiazu 1952, 505, translation by author). Quibbling exercises in logic, with which Crowe invalidated the obligation to pay taxes in terms of exchange justice, were as far from Azpiazu’s mind as from Nell-Breuning’s. Without further recourse to the history of dogma, he argued that just taxes that correspond to the individual’s ability to pay are not simply penal laws, but are binding in conscience for the believer. This applied to both direct and indirect taxes, he said, regardless of whether or not the legislator was Catholic. In particular, it also applied to extraordinarily high profits, which were only possible within the framework of society and should therefore flow back to it for the most part. Here Azpiazu strictly demarcated himself from the older positions mentioned by all three theologians, according to which tax laws only possessed the status of penal laws. He emphasised that deficiencies in or even the corruption of the administration were no justification for tax evasion (Azpiazu 1952, 499f.).

But what if taxes were unjust? Crowe had explicitly excluded this case from his considerations and Nell-Breuning did not take up the problem until 1962. For Azpiazu, however, it was central, because as a follower

of Catholic social teaching he was not able to close his eyes to the obviously unfair distribution of burdens in the Spanish tax system. First of all, he argued that even corruption or unfairness in the tax system did not remove the principle of an obligation to pay. However, he conceded:

And let it be supposed that the good must always pay for the frauds of the bad, then the good may also conceal their wealth. At least to an extent in keeping with the injustice of the tax. (Azpiazu 1952, 511, translation by author)

Not the letter, but the spirit of the legislation was to be followed in this case. In order to determine this, an exact study of the laws on the one hand and the opinion of the scholars on the other hand was necessary. For those who could not make the great effort required to determine exactly the just amount from case to case, the Jesuit gave a figure: a tax equal to about 4% of the income was just. If the demands of the tax authorities exceeded this percentage, then it was justified to disguise one's true income, e.g. by falsified accounting, in order to pay less—but not nothing at all! If the tax authority were to require an oath, it could be taken “under mental reservation” which would nullify its binding force. “This constitutes the merchant's defence against injustice” (Azpiazu 1952, 514, translation by author). With these concessions to Spanish realities, Azpiazu distanced himself considerably from the positions of his two brothers in faith in the USA and the FRG.

CONCLUSION

There are commonalities in the writings of the three theologians on (honest) tax payment. None of the theologians viewed the tax laws of modernity as penal laws, but all three argued that they bound taxpayers in conscience—in clear distinction to the older dogmatics, as these positions no longer suited the rapidly changing societies of the mid-twentieth century. The traditional dogmatic argumentation that state laws could not always claim to be binding on citizens because the legislator sometimes did not even expect them to be observed, no longer made sense for the *modern* state. But how was this binding force in conscience legitimated by the three theologians? Nell-Breuning and Azpiazu emphasised that citizens received from the state, even from the authoritarian or corrupt state, more or less adequate and satisfactory returns for their money and

thus were obliged to pay in the sense of a “fiscal contract”. Crowe, however, did not see the obligation as stemming from *justitia commutativa*, exchange justice, (because no explicit, free will contract between citizen and state can be proven), but traced it back to patriotism.

The conclusions the three drew for practical taxpaying behaviour differed fundamentally. Crowe did not draw any such conclusions in his dissertation, but left it at the reader’s discretion—even though his characterisation of tax duty as a patriotic duty during WWII speaks a very clear language. Nell-Breuning argued strongly that taxpayers were not allowed to withdraw from their service to the community despite all the shortcomings of tax laws and tax administration, which in turn had to be improved in democratic processes. Azpiazu, however, in view of the widespread evasion practices and corruption in Spain, advised his audience of prospective businessmen to forge their tax returns so that the amount to be paid was a fair contribution, as determined by themselves but guided by his own notion of an appropriate percentage. In his opinion, this was the only way to ensure a kind of social justice, which the laws themselves failed to guarantee or even aspire to.

Starting from the same premises of Catholic social teaching, the three theologians arrived at different advice for economic practice—and thus show paradigmatically that theological norm-setting has never taken place in a social vacuum, but always occurs in the interplay between ideological positions and institutional, legal, economic and political frameworks that differ greatly in different states. Further analysis is required to determine the extent to which the three theologians succeeded in norm-setting concerning honest tax payment by occupying a powerful position in the public discourse or even by managing to lead public opinion. Their impact was certainly not primarily determined by the quality of their argumentation, but also by the strong or weak discursive position of the Catholic Church in general in their home states.

This chapter started from the concept of tax morale, highlighting that the very existence of the term in many languages shows that paying taxes is a field of economic action which is per se morally charged. Talking about taxes always involves balancing the tension between individual and collective needs, between the social, common benefit and the option of “moral hazard” of the individuum. Analysis of the emergence and changes of norms of taxpaying in societies is thus only possible through adopting a perspective that links economics and morality.

REFERENCES

- Azpiazu, Joaquín. 1930. *El derecho de propiedad: Estudio jurídico y económico*. Madrid: Razón y Fe.
- Azpiazu, Joaquín. 1934. *El Estado corporativo*. Pamplona: Ed. Navarra.
- Azpiazu, Joaquín. 1937a. ¡Por Dios y por la patria! *Razón y Fe: Revista Mensual Hispanoamericana* 112: 40–54.
- Azpiazu, Joaquín. 1937b. Estado tradicional y Estado totalitario. *Razón y fe: Revista hispanoamericana de cultura* 112 (Sep-Dic): 181–192.
- Azpiazu, Joaquín. 1938. *El estado corporativo*, 3rd ed. Zaragoza: Editorial Navarra.
- Azpiazu, Joaquín. 1949. *Fundamentos de Sociología económico-cristiana*. Madrid: Compañía Bibliográfica Española.
- Azpiazu, Joaquín. 1952. *La moral del hombre de negocios*, 2nd ed. Madrid.
- Bennett, John Coleman. 1964. *Auch Christen sind Staatsbürger. Fragen aus der Praxis der Demokratie*. Gütersloh: Gütersloher Verl.-Haus Mohn.
- Brownlee, W. Elliot. 1996. *Federal Taxation in America: A Brief History*. Washington, DC: Woodrow Wilson Center Press.
- Brownlee, W. Elliot, and Paul S. Boyer. 2004. Taxation. In *The Oxford Companion to United States History*, ed. Paul S. Boyer.
- Buggeln, Marc. 2022. *Das Versprechen der Gleichheit: Progressive Steuern und die Reduktion sozialer Ungleichheit 1871 bis 1945*. Berlin: Suhrkamp.
- Cizacka, Murat. 2013. *Islamic Capitalism and Finance: Origins, Evolution and the Future*. Cheltenham: Edward Elgar.
- Comín Comín, Francisco. 1994. El fraude fiscal en la Historia: un planteamiento de sus fases. In *El fraude fiscal en la historia de España*, ed. Instituto de Estudios Fiscales, 31–46. Madrid: Instituto de Estudios Fiscales.
- Comín Comín, Francisco. 1995. Public Finance in Spain During the 19th and 20th Century: Fundación Empresa Pública, Working Paper. In *The economic development of Spain since 1870*, ed. Pablo Martín-Aceña and James Simpson, 521–560. Aldershot, UK: Elgar.
- Comín, Comín, Francisco. 2007. Reforma tributaria y reforma de la inspección durante la transición a la democracia en España. In *Los Inspectores de Hacienda en España: Una mirada histórica*, ed. Juan Pan-Montojo, 85–124. Madrid: Centro de Estudios Financieros.
- Comín Comín, Francisco. 2015. La Hacienda Pública durante el Franquismo: el retroceso en la modernización del Estado (1936–1975). In *La evolución de la hacienda pública en Italia y España (siglos XVIII-XXI)*, ed. Carlos Barciela López, Antonio Di Vittorio and Joaquín Melgarejo Moreno, 325–352. Alicante: Universitat d'Alacant.
- Cronin, John F. 1950. *Catholic Social Principles: The Social Teaching of the Catholic Church Applied to American Economic Life*. Milwaukee: The Bruce Publishing Company.

- Crowe, Martin Timothy. 1944. *Moral Obligation of Paying Just Taxes*. Washington, D.C.: The Catholic university of America press.
- Curran, Charles E. 1985. Just Taxation in the Roman Catholic Tradition. *The Journal of Religious Ethics* 13 (1): 113–133.
- Droulers, Paul. 1969. *Politique sociale et christianisme. Le Père Desbuquois et l'Action Populaire. Débuts, Syndicalism et intégristes 1903–1918*. Paris: Edition ouvrières.
- Egido, Teofanes, Javier Burrieza Sánchez, and Manuel Revuelta González. 2004. *Los jesuitas en España y en el mundo hispánico*. Madrid: Marcial Pons Historia.
- Fenton, Joseph C. 1946. The Foundation and Progress of the Society. *Proceedings of the Catholic Theological Society of America* 5–12.
- Fernández Riquelme, Sergio. 2009. Joaquín Azpiazu y la Sociología cristiana. Nota biográfica e intelectual. *Revista La razón histórica. Revista hispanoamericana de Historia de las Ideas* 6: 42–49.
- Fisher, James T. 2006. American Religion Since 1945. In *A companion to post-1945 America*, ed. Jean-Christophe Agnew and Roy Rosenzweig, 44–63. Malden, MA: Blackwell Pub.
- Furger, Franz. 1995. Fehlt es an Steuermoral? In *Steuergerechtigkeit*, ed. Anton Rauscher, 37–50. Köln: Bachem.
- Guex, Sébastien, and Hadrien Buclin, eds. 2023. *Tax Evasion and Tax Havens since the Nineteenth Century*. Cham: Springer International Publishing.
- Hamm, Franz. 1908. *Zur Grundlegung und Geschichte der Steuermoral*. Trier: Paulinus.
- Hengsbach SJ, Friedhelm. 1999. Nell-Breuning, Oswald von in *Neue Deutsche Biographie* 19: 56–58. <https://www.deutsche-biographie.de/pnd118586920.html#ndbcontent>.
- Hengsbach SJ, Friedhelm. 2010. *Kapitalismuskritik bei Joseph Höffner und Oswald von Nell-Breuning*. https://nbi.sankt-georgen.de/assets/documents/2010/07_10Kapitalismuskritikfh.pdf.
- Höffner, Joseph. 1952. Eigentumsbegriff und heutige Besteuerungsgrundsätze vom Standpunkt der Moral. *Steuer und Wirtschaft* 29: 137–149.
- Johnston, Herbert. 1956. *Business Ethics*. New York: Pitman.
- Jones, Carolyn C. 1996. Mass-based Income Taxation: Creating a Taxpaying Culture, 1940–1952. In *Funding the modern American State, 1941–1995: The Rise and Fall of the Era of easy Finance*, ed. W. Elliot Brownlee, 107–147. Cambridge: Woodrow Wilson Center Press.
- Jones, Carolyn C. 2002. Hard Shells of Community: Tax Equity Debates within the National Council of Churches after World War II. In *Tax Justice: The Ongoing Debate*, ed. Joseph J. Thorndike and Denis J. Ventry, 95–122. Urban Institute Press.
- Jones, Carolyn C. 2018. Seeing Taxation in the Mid-Twentieth Century: US Tax Compliance. In *The Leap of Faith. The Fiscal Foundations of Successful*

- Government in Europe and America*, ed. Sven Steinmo, 198–222. Oxford: Oxford University Press.
- Likhovski, Assaf. 2017. *Tax Law and Social Norms in Mandatory Palestine and Israel*. New York, NY: Cambridge University Press.
- Martínez Vara, Tomás, and José Luis Ramos Gorostiza. 2018. El catolicismo social y la recepción de la escuela de relaciones humanas en España. *Historia Social* (90): 107–130.
- Mees, Bernard. 2020. *The Rise of Business Ethics*. New York, NY: Routledge.
- Muscheid, Jutta. 1986. *Die Steuerpolitik der Bundesrepublik Deutschland: 1949–1982*. Berlin: Dunckler & Humblot.
- N. N. 2007. Rev. Martin Timothy Crowe. *Erie Times-News*, July 3 to July 5.
- Nell-Breuning, Oswald von. 1928. *Grundzüge der Börsenmoral*. Freiburg im Breisgau: Herder.
- Nell-Breuning, Oswald von. 1930. Steuerverfassung und Steuergewissen. *Stimmen der Zeit* 118: 254–268.
- Nell-Breuning, Oswald von. 1954. *Sittliche Grundsätze zu Steuerrecht und Steuermoral*. Stuttgart: Akad. d. Diöz. Rottenburg.
- Nell-Breuning, Oswald von. 1962. Steuermoral. In *Staatslexikon: Recht Wirtschaft Gesellschaft*, 6th ed, ed. Görres-Gesellschaft, 698–700. Freiburg: Herder.
- Niebuhr, Reinhold, ed. 1953. *Christian Realism and Political Problems*, 5th ed. New York: Scribner.
- Nienhaus, Volker. 2007. Zakat, Taxes, and Public Finance in Islam. In *Islam and the Everyday World: Public Policy Dilemmas*, ed. Sohrab Behdad and Farhād Nu‘mānī, 165–192. London: Routledge.
- Pius XI. 1931. *Quadragesimo Anno* (German). <https://www.iupax.at/dl/MKNkJmoJOLmJqx4KJKJmMJmNMn/1931-pius-xi-quadragesimo-anno.pdf>.
- Pius XII. 1954. Sittliche Grundsätze einer gesunden Finanz- und Steuerpolitik. In *Aufbau und Entfaltung des gesellschaftlichen Lebens: Soziale Summe Pius XII*, ed. Arthur Fridolin Utz and Josef Groner, 1796–1798. Fribourg, Switzerland: Paulusverl.
- Rico Ruiz, Juan José. 1977. *El papel político de la iglesia católica en la España de Franco: 1936–1971*. Madrid: Editorial Tecnos.
- Sánchez Asiain, José Angel. 1952. El problema de la evasión fiscal en España. *Boletín de estudios económicos* 153–159.
- Schmölders, Günter. 1960. *Das Irrationale in der öffentlichen Finanzwirtschaft: Probleme der Finanzpsychologie*. Reinbek bei Hamburg.
- Schönhärl, Korinna. 2019a. “Der Imperativ des Nassauerns, Durchmogeln und Absahnnens”. Debatten um Steuermoral in der Bundesrepublik Deutschland Anfang der 1980er Jahre. *GWU* 70 (11/12): 678–694.
- Schönhärl, Korinna. 2019b. Steuermoral in Westdeutschland nach dem Zweiten Weltkrieg. Eine diskursanalytische Rekonstruktion. *Leviathan* 47:169–191.

- Schönhärl, Korinna, Gisela Hürlimann, and Dorothea Rohde, eds. 2023. *Histories of Tax Evasion, Avoidance and Resistance*. London, New York: Routledge.
- Süss, Winfried. 2015. Die Arbeitsgesellschaft ordnen: Oswald von Nell-Breuning zu Grundfragen der Sozialpolitik. In *Den Kapitalismus bändigen: Oswald von Nell-Breunings Impulse für die Sozialpolitik*, ed. Bernhard Emunds and Hans Günter Hockerts, 225–240. Paderborn: Verlag Ferdinand Schöningh.
- Tipke, Klaus. 2000. *Besteuerungsmoral und Steuermoral*. Wiesbaden: Westdt. Verl.
- Torres López, Vicente. 1961. Las causas de las infracciones tributarias. *Semana de Estudios de Derecho Financiero* IX: 301–306.
- Torres Martínez, Manuel. 1950. La distribución de la riqueza dentro de la Renta Nacional Española. Realidades y perspectivas. In *Hacia una más justa distribución de la riqueza. IX Semana Madrid 1949*, 139–154. Madrid: Secretariado de la Junta Nacional de Semanas Sociales.
- Ullmann, Hans-Peter. 2005. *Der deutsche Steuerstaat: Geschichte der öffentlichen Finanzen vom 18. Jahrhundert bis heute*. Munich: Beck.
- Velasco Sánchez, José Tomás. S.t. Joaquín Azpiazu Zulaica. In *Diccionario biográfico español: Online Biographical Dictionary*, ed. Real Academia de la Historia.
- Wagschal, Uwe. 2005. Steuerpolitik und Steuerreformen im internationalen Vergleich: Eine Analyse der Ursachen und Blockaden. Münster: Lit-Verl.
- Wehler, Hans-Ulrich. 2008. *Vom Beginn des Ersten Weltkriegs bis zur Gründung der beiden deutschen Staaten: 1914–1949 (Deutsche Gesellschaftsgeschichte 4)*. München: C.H. Beck.