

POPE'S PROGRESSIO

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The New York Times News Service of 3 May 91 reported that Pope John Paul II in his latest encyclical, *Centesimus Annus* (The Hundredth Year¹), “nearly endorses capitalism.” William F. Buckley, Jr., called the papal effort “A capital papal encyclical.” The *Pittsburgh Catholic* of May 10, 1991, was less effusive in its reaction to the papal document. While the first two news items I cited give the impression of a radical change in papal social policy, the analysis of the *Pittsburgh Catholic* made the document appear as nothing more than a continuation of a relatively seamless tradition of Catholic thought on social problems, a tradition that began with *Rerum Novarum*, continued with *Quadragesimo Anno* and *Populorum Progressio* and culminated in *Centesimus Annus*. For me, none of these documents, including *Centesimus* have matched the insightful understanding of economics² achieved by the sixteenth century Jesuits that I wrote about in last year's *Annual* (precursor publication to *Cardinal Perspectives*). Nevertheless, with *Centesimus Annus* progress has been made by the Holy Father. The purpose of this study is to chart that progress—the progress of the Pope.

Since space does not permit an in depth analysis of *Centesimus Annus*, to say nothing of the other three encyclicals, I shall limit myself to three tasks: (1) a brief exposition of Pope Paul VI's anti-capitalistic position in *Populorum Progressio*, (2) the change of attitude reflected in *Centesimus Annus*, and (3) an examination of some of the qualifications that the Pope places on his endorsement of capitalism.

Let us begin with Pope Paul VI. Consider the following quotation from his encyclical *Populorum Progressio*. After granting the necessity of industrialization³ in §25, he goes on in §26 to condemn capitalism, a system, “which considers profit as the key motive for economic progress, competition as the supreme law of economics, and private ownership of the means of production as an absolute right that has no limits and carries no corresponding social obligation. One cannot condemn such abuses to strongly by solemnly recalling once again that the economy is at the service of man. But if it is true that a type of capitalism has been the source of excessive suffering, injustices and fratricidal conflicts whose effects still persist, it would also be wrong to attribute to industrialization itself evils that belong to the woeful system that accompanied it.”

Take the last sentence first. Has the Pontiff given us a standard for comparison? No. Would he contend that capitalism, “the woeful system,” has done no better than communism, socialism, fascism or feudalism? Such comparisons are obscene. One doesn't see millions of people fleeing to those regimes; the flight is normally in the other direction, to the freer, capitalistic countries. The Berlin wall was not erected to keep capitalists out, but rather to keep the comrades in. Mexico doesn't have an illegal alien problem. From the point of view of a border-crossing Mexican, an illegal life under that “woeful system” is better than the alternative.

And if you do make a profit, does the Pope allow you to keep it? No, not if there is someone, anyone, in the world who needs it and you are above the minimum subsistence level. “If there should arise a conflict ‘between acquired private rights and primary community exigencies,’ it is the responsibility of public authorities ‘to look for a solution, with the active participation of individuals and social groups.’” So much for man's inalienable right to property. And don't think that the Pope just means the rights and the property of the rich. He approvingly quotes St. Ambrose concerning “the proper attitude of persons who possess anything (!) towards persons in need” (23).⁴ The Saint said, “You are not making a gift of your possessions to the poor person. You are handing over to him what is his.”⁵ Taking this straight, that means no matter how hard you work and strive, as long as there is some one on this planet below the level of basic subsistence, you have no right to the product of your labor. If it belongs to the poor by right, then

you are a thief keeping for yourself that which rightfully belongs to another. Think about that the next time you're putting in a 60 hour work week. Such a policy would kill incentive, striving, ambition, and wealth creation. But if the rich nations did not produce the wealth, from whom would the Bishop of Rome beg it?⁶

To move from Paul VI to John Paul II is like moving from the dark, dank night of a destitute past into the sunlit radiance of a morning filled with the promise of an unobstructed future. Unlike Paul's admonition to the "public authorities" to redistribute the wealth, the current Pontiff wisely confesses that the "church has no models to present; models that are real and truly effective can only (arise within the framework of different historical situations through the efforts of all those who responsibly confront concrete problems in all their social, economic, political and cultural aspects as these interact with one another"(43). He is aware and explicitly notes that the fall of communism in eastern Europe was "a consequence of the violation of the human rights to private initiative, to ownership of property and to freedom in the economic sector"(24). The Pope's recognition that central planning doesn't work, whether the planner is in Rome, Moscow, or Washington, is a dramatic step forward and represents real progress.

The Papal endorsement of capitalism can be found in §42. He first poses two questions:

Can it perhaps be said that after the failure of communism capitalism is the victorious social system and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? Is this the model which ought to be proposed to the countries of the Third World, which are searching for the path to true economic and civil progress?

After admitting that the full reply is a complex one, the Pope answers, "certainly in the affirmative." That is, we should promulgate capitalism as the "victorious social system" and propose it as the model for third world countries. His yes answer depends on his definition of capitalism: "If by *capitalism* is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production as well as free human creativity in the economic sector, then the answer is certainly in the affirmative " 7(42).

Because business is an activity designed to provide a product or service for a profit, the Pope is in effect sanctioning, as fundamental to the capitalism he is endorsing, the profit motive. That this is not an unreasonable inference from the Pope's words can be seen from reading §35, where he writes, "The church acknowledges the legitimate role of profit as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied."

As if his direct endorsement weren't enough to make his position clear, the Pontiff also takes time to criticize various anti-capitalistic movements, e.g., welfare statism, socialism/Marxism, and liberation theology.

In §48 welfare statism, or what the Fisher of Souls calls the "social assistance state," is declared to be the result of "an inadequate understanding of the tasks proper to the state." In addition, the welfare state subverts the principle of subsidiarity, which maintains that a community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions. ...By intervening directly and depriving society of its responsibility the social assistance state leads to a loss of human energies and an inordinate increase of public agencies which are dominated more by bureaucratic way of thinking than by concern for serving their clients and which are accompanied by an enormous increase in spending. In fact, it would appear that needs are best understood and satisfied by people who are closest to them and who act as neighbors to those in need⁸(48).

As for socialism/Marxism, the Pope explicitly mentions "the events which took place near the end of 1989 and at the beginning of 1990" in §12, which not only indicate the timeliness of the document but

also afford the Pontiff the opportunity to reread and reaffirm Pope Leo XIII's words of condemnation of socialism. Phrases such as "the crisis of Marxism" (26), "the fall of Marxism" (24), "the failure of communism" (42), "the collapse of 'real socialism'" (56) are to be found throughout the encyclical.

Finally, with regard to liberation theology, the Pontiff is brief and to the point. In the last paragraph of §26 he writes, "In the recent past, the sincere desire to be on the side of the oppressed and not to be cut off from the course of history has led many believers to seek in various ways an impossible compromise between Marxism and Christianity".⁹ Because good intentions cannot make an "impossible compromise" work, the Pope recommends a "reaffirmation of the positive value of an authentic theology."

In sum, what we have from Pope John Paul II is not only a direct endorsement of capitalism, but also a condemnation of several anti-capitalistic theories and practices.

Nevertheless the Pope does express reservations about capitalism. His Holiness writes:

if by capitalism is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply [to the question "should the Church endorse capitalism?"] is certainly negative (42).

I must confess to some confusion concerning the "strong juridical framework" phrase. With the exception of anarcho-capitalists like Murray Rothbard and Richard Fuerle,¹⁰ most modern theorists¹¹ advocate some form of government, albeit limited. Their inspiration is Locke and Jefferson, hardly a radical duo these days, and both far from denying a proper and strong role for government. When it comes to murder, rape, child abuse, fraud, etc., many think the government isn't strong enough. Therefore, either the "strong juridical framework" objection is a red herring or the successor of Peter has something else in mind when he uses the concept government—something other than simply protection against force and fraud.¹²

In addition, when the Pope suggests a strong religious (and ethical) core to "human freedom in its totality" that he would force the economic sector into the service of, does he have a particular religion in mind? He surely seems to want to *exclude* certain religions from the core. Or has he forgotten his own criticism in §29c of "new forms of religious fundamentalism" which "are emerging covertly, or even openly," to "deny to citizens of faiths other than that of the majority the full exercise of their civil and religious rights?"

The Pope also recommends intervention into the market process. Edward Younkins, in his *Centesimus Annus: Brief Overview and Commentary*, 13 lists the following types of state intervention endorsed by the Pope: defend collective goods, promote balanced growth, promote full employment, stimulate jobs, take over businesses that cannot survive, assure a just wage, provide social security and unemployment insurance, etc. Most of the items on this list are from §48. I agree with Younkins that such governmental action is hardly minimal--most of it can be seen as part of the welfare state apparatus that the Pope so vigorously condemns in the very section under consideration.¹⁴

Perhaps the worst suggestion from the list is that the state rescue businesses that cannot survive. This is a major economic *faux pas* on the Pontiff's part. Recall that §42 the Pope said, "When a firm makes a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied." Just as profits are crucial indicators that certain "human needs have been duly satisfied," losses also indicate something about "production factors" and "human needs"—that the former have not been properly employed and, as a result, the latter have not been duly satisfied. Rescuing a failing business is simply a way of continuing to misemploy productive factors and consequently failing to satisfy human needs. This follows given the Pope's analysis of profit.

But what is even worse is the fact that such a program would penalize the productive. Where else can the state secure the money to effect the bailout of the failing companies? From those that aren't failing, i.e., those that are making profits. This is exactly the wrong way to go about it. The last thing one wants to do is to keep in unproductive hands costly and vital productive factors. In this issue, the market is wiser than the Pope.

Finally, I would like to discuss the issue of ends and means in an effort to remove another qualification that dilutes the Pope's support of capitalism. In §41, after granting that the Marxist critique of alienation in capitalism fails due to the fact that it is based on a "materialistic foundation," the Pope goes on to claim that alienation "is a reality in Western societies today." He claims that "Alienation is found also in work when it is organized so as to ensure maximum returns and profits with no concern whether the worker, through his own labor, grows or diminishes as a person, either through increased sharing in a genuinely supportive community or through increased isolation in a maze of relationships marked by destructive competitiveness and estrangement, in which he is considered only a means and not an end."

But isn't the Pope forgetting what he wrote in §39, that the "economy...is only one aspect and one dimension of the whole of human activity." Why expect the employer to do what family, Church, and community groups can do better? Second, has the Pope also forgotten we're talking about adults here? Can't workers themselves assume the responsibility for their own growth? Third, is the Pope's admonition a reciprocal one, i.e., shouldn't the worker care if the boss "grows or diminishes as a person"? Fourth, what about the workers who don't want their bosses poking their noses into their business? Finally, and this is what I propose to analyze below, isn't the Pope guilty of a false alternative when he talks of "means and ends"? That is, is the alternative to treat workers as means OR ends truly exhaustive?

Actually this alternative is worse than a false alternative: It is a morally repugnant one. To see why this is the case, one must speak of Immanuel Kant, who gave the distinction between ends and means its most probing analysis.

After Kant declares that "rational nature (humanity) exists as an end in itself," one might expect him to insist that one should treat other human beings always and only as ends in themselves, but Kant is more realistic and precise. He writes, "So treat humanity, whether in your own person or in that of any other person, always as an end, never *merely* [bloss] as a means."¹⁶ I have emphasized the word that renders Kant's formulation more realistic and precise than that of the Vicar of Christ. Realistic because Kant knew we must treat others as means to our ends. This is a necessary consequence of the division of labor and trade. I use the grocer as a means to get my bread, milk, and eggs.

Kant's formulation is more precise because it permits the possibility, the distinctly capitalistic possibility, of treating others as ends in themselves and at the same time treating them as means to our own ends. This is the possibility ignored in the Pope's formulation. That is, when treating others as means, which we always do when involved in any reciprocal relationship (even confessor and penitent), we must *always* also treat them as ends. Note the difference in the solutions suggested by Kant and John Paul II. The Pontiff calls for "a reversal¹⁷ of means and ends" (41) to end capitalistic alienation.¹⁸ Kant realized the false alternative between treating humanity as either an end only or a means only. He knew we must use one another to get our daily bread, clothes, junk food, and salvation. We must use each other as means.

Nevertheless, if we would be moral, we must also treat each other as ends. But Kant also knew that to treat another human being *ONLY* as an end would mean that one could not derive any benefit from that person. We would literally have to enslave ourselves to the other individual, since to derive any value from the transaction would be to treat the other as a means to our ends. Ends and means are inverses. If Jane treats Darnell as a means only, that is slavery. But if Darnell treats Jane as an end only, that is also

slavery--the self-imposed slavery of Darnell to Jane. This is what makes the false alternative a morally repugnant alternative—it endorses slavery.

Kant’s insight (and the moral beauty of capitalistic interaction) was to realize that only human beings can (and morally must) be treated as both ends and means at the same time. You must treat others as means. The point is not to treat them *merely* as means, but as ends also. You may treat everything else in the universe as a mere means—only human beings are to be treated as both means and ends.¹⁹

In capitalism, the recognition of others as ends in themselves is captured in the business cliché, “Are you open to a deal?” Should the other party answer “No”, then no deal is made. It is only with the consent of both parties that a capitalistic deal eventuates. Thus under capitalism, the issue of alienation, in the Pontiff’s sense of that term, is a pseudo-problem. Capitalism is even better than the Pope thought, and now he can issue an even more enthusiastic and less qualified endorsement.

To summarize, this study of *Populorum Progressio* and *Centesimus Annus* has attempted to establish three theses: (1) Pope Paul VI had little appreciation of the value of capitalism; (2) Pope John Paul II, in his endorsement of capitalism, has achieved a paradigm shift on behalf of the Catholic Church toward a pro-capitalistic position, but (3) the qualifications he places on his sanction are unnecessary and may represent some residual misunderstanding of the market system. Yet despite (3), John Paul II’s position constitutes a real Pope’s *Progressio*.

Endnotes

1. The title refers to the fact that this encyclical marks the one-hundredth anniversary of the famous encyclical of Pope Leo XIII, *Rerum Novarum*.
2. The encyclical deals with much more than just economics and capitalism. Due to space limitations, I will not deal with abortion, war, unionism; or the Pope’s denunciation of certain theses usually associated with liberation theology, but will restrict myself to the Pope’s pronouncements on capitalism.
3. For Marx’s position about industrialization, which is much less sanguine than that of the Pontiff, see *Capital*, Vol. 1, ch. XV. His Holiness’ position is closer to Stalin and Preobrazhensky. Cf. the latter’s *The New Economics*, 1926 (1965). .
4. Numbers in parentheses represent section, not page, numbers.
5. In fairness to St. Ambrose two points need to be made: (1) He was talking about the rich, as he explicitly states two sentences later, whereas the Pope was speaking of “persons who possess anything”; (2) he never read Adam Smith and could not conceive of wealth creation—he thought wealth was a static quantity and economics, if he thought of it at all, merely consisted in the problem of how to fairly divide the wealth.
6. The above should not be considered a denial of charity. The United States, surely one of the most capitalistic countries in the world, is responsible for 85 % of the world’s charity. This according to Michael Novak on William F. Buckley’s *Firing Line* show. Unfortunately, I could not discover an additional source for this figure. *Caveat emptor!*
7. He also suggests that it would be more appropriate to replace the word “capitalism” with “business economy, market economy or simply free economy.” I find that last to my liking because it seems to imply that any other economy, whether socialism, communism, etc., is an unfree economy, which is true. “Capitalism” was made popular by Karl Marx. One should never let one’s enemies define one terms. It would be analogous to having Madeline Murry O’Hare define the Trinity.
8. For an author in basic agreement with the Pope, see Michael Novak, *Will It Liberate: Questions about Liberation Theology*, (New York, Paulist Press, 1986). The extensive notes to this work contain references to all of the major liberation theologians. The interested reader may also consult *Toward the Future* by Novak and Simon (North Tarrytown, Lay Commission, 1984). For the place of liberation theology in the context of the history of the last 30 years of theological thought, see William J. Abraham’s “The State of Christian Theology in North America” in *Great Ideas Today* 1991, (Chicago, Encyclopaedia Britannica) pp. 242-287, esp. 252ff.
9. He then refers the interested reader to “Congregation for the Doctrine of the Faith, Instruction on Christian Freedom and Liberation” in *Libertatis Conscientia* (March 22, 1986): AAS 81 (1989) 431-481. 10 See Murray Rothbard’s *Power and Market* or Richard Fuerle’s *The Pure Logic of Choice* for two defenses of anarcho-capitalism.

11. See Robert Nozick's *Anarchy, State and Utopia* or Ayn Rand's essay "The Nature of Government" in *Capitalism: The Unknown Ideal* for two arguments for a limited government. Locke's *Second Essay on Government* is, of course, the *locus classicus* for this viewpoint.
12. Cf. Locke's *Second Essay*, §181 on "force and fraud." Cf. Hobbes' *Leviathan*, part 1 chapter 13.
13. An article distributed by Dr. Younkings at a seminar on the Pope's encyclical held at Wheeling Jesuit College.
14. This type of intra-sectional tension is no doubt typical of encyclical writing, making a nightmare for all but the most astute hermeneuticist.
15. This is actually the principle of subsidiarity, the very principle that the Pope endorses in §48. See text to note 8.
16. Immanuel Kant, *Grundlegung zur Metaphysik der Sitten*, Stuttgart, 1984, 79. Translation and emphasis mine.
17. The whole case against the Pope hangs on this word "reversal." Both Father Dave Casey, S.J., and Dr. Kristopher Willumsen have suggested to the author that the Pope must surely know Kant's analysis and agree with it (and me). Nevertheless, and *pace* both critics, I can't understand why the Pope would call for a "reversal" of means and ends rather than a synthesis (or some similar noun) as does Kant. Note also that the Pope uses the same word "reversal" in *Laborem Exercens*, for which see next note. Naturally, if the Pope meant what Kant meant, I drop my case and applaud in immediate agreement.
18. Nor is this issue of ends and means peculiar to the encyclical under examination. In *Laborem Exercens* he defines capitalism in terms of this "reversal of means and ends when he writes on p. 7, "Precisely this reversal of order (of ends and means), whatever the program or name under which it occurs, should rightly be called 'capitalism'," quoted in *Toward the Future*, Lay Commission, 1984, p. 26. He also suggests that *only* a "Christian vision" can end alienation, but if alienation arises when one party treats another party as a mere means, then the end of alienation is also to be sought in capitalism which forbids nonconsensual interactions between humans.
19. The only way I know to ensure that you are treating the other persons as an end in themselves is to get their consent, and to get it without resorting to force or fraud. This means that, at least from their point of view, they are not being treated as a mere means. This may not be foolproof, but at least it has the merit of eliminating one's own biases.