

Does Church Teaching Address Economic Issues?

There are a number of social encyclicals that address economic issues. They do so because these issues touch on the dignity of the human person, human working conditions, equitable wages and the hope for a better life.

Economic issues affect us all. We are concerned about providing for our families, the security of jobs, retirement, and the future for our children. Some feel that less government and free markets are what create a strong economy. Others seek to increase the role of government to insure that the resources of the nation are divided fairly.

In the midst of these questions, let us look at what Catholic Church teaching has to offer on the economic subjects of Capitalism and Socialism. In doing so we will examine primarily the teaching found in the Papal Encyclical *Rerum Novarum* (abbreviated RN), On Capital and Labor, promulgated by Pope Leo XIII in 1891.

“Rerum Novarum dealt with the labor question using a methodology that would become ‘a lasting paradigm’ for successive developments in the Church’s social doctrine.” ~ Compendium of the Social Doctrine of the Church (CSDC), 89.

There are many issues good Catholics can disagree on. We can *disagree* on the best way to *implement* the general principles of the Gospel. But there are some things that we may not disagree on and still call ourselves Christian. For example, as Catholics, we affirm the right of the worker to a *just wage*. The methods however that we use to insure justice for all wage earners are often a matter of prudence or good judgment, and may not always be, at first glance, perfectly clear. Knowing what the Church has taught us on this subject should help us to make better judgments regarding the pursuit of a *just wage*.

Capitalism and Socialism

Some today feel that our government is growing too large and our nation is leaning toward Socialism. They credit the past success of our economy to free market Capitalism, and they would seek for less government intervention and regulation. Others counter that deregulation of the economy is one of the sources of our current economic difficulties.

What Does the Catholic Church Teach?

The Church has leveled criticism at both Capitalism and Socialism. But the criticism is different in nature between the two. When criticizing Capitalism, the Church criticizes an *unbridled* form of Capitalism, where there is no concern for the dignity of man and the only regulating factor is greed. This form of Capitalism sees workers as commodities to be expended for profit. It fails to respect the dignity of the human person, the dignity of work itself or of fairness to the worker. It often results in an unjust distribution of the fruits of labor. But it is important to note that the Church does *not* see Capitalism as unreformable. Rather it calls for the *harmonization* of Capitalistic pursuits with the dignity of humankind, the dignity of work, the family, and the fair distribution of any profits that result. The role of the State in this scenario would be to provide the necessary regulation of Capitalism to keep it from going off track in these areas. By doing so, the State exercises its proper role to protect and foster the common good (see CSDC, 335).

But what happens when the State, in the name of the “common good,” becomes a socialistic state? What happens when they begin to run everything? In this scenario, the critique of Church teaching is very different. **The Church has in fact categorically rejected Socialism; it is unacceptable economic system** (see CSDC, 89).

“The fundamental task of the State in economic matters is that of determining an appropriate juridical framework for regulating economic affairs, in order to safeguard ‘the prerequisites of a free economy, which presumes a certain equality between the parties, such that one party would not be so powerful as practically to reduce the other to subservience.’” (CSDC, 352)

The problem is that socialists seek to transfer property from private individuals to the community. They strive to “do away with private property, and contend that individual possessions should become the common property of all, to be administered by the State or by municipal leaders” (RN, 4). When this happens, the working man himself is among the first to suffer. Socialists thus “rob the lawful possessor, distort the functions of the State, and create utter confusion in the community” (RN, 4). For the one who labors, has not only the right to a just wage, but also to the disposal of this wage as he pleases (RN, 5).

The Church reveals that socialists “strike at the interests of every wage-earner, since they would deprive him of the liberty of disposing of his wages, and thereby of all hope and possibility of increasing his resources and of bettering his condition in life” (RN 5). Every person has “by nature the right to possess property as his own.” (RN 6) And while there are limits on what he may do with this right, as well as obligations that flow from this right, the right of “private ownership is in accordance with the law of nature” (RN, 9).

“The State’s intervention in the economic environment must be neither invasive nor absent, but commensurate with society’s real needs.” (CSDC, 351)

Those who defraud the right of private ownership often do not realize that in so doing, they defraud the laborer of that which his own labor has produced (RN 10). If the State seeks to move in the direction of socialism – to diminish the right of private ownership by intentionally redistributing wealth through excessive taxation in order to provide a certain *equality of wealth* or if it gradually takes over more and more the private sector, the Church has told us in *Rerum Novarum* that this leads to an opening of the door of mutual envy and discord and the sources of wealth themselves will run dry, “for no one would have any interest in exerting his talents or his industry; and the ideal equality about which they entertain pleasant dreams would be in reality the leveling down of all to a like condition of misery and degradation” (RN 14).

Forty years after RN, in an anniversary document, entitled, *Quadragesimo Anno* (On the Reconstruction of the Social Order), **Pope Pius XI wrote “it is grossly unjust for a State to exhaust private wealth through the weight of imposts and taxes”** (QA, 49). The State may bring “private ownership into harmony with the needs of the common good” (QA, 49) through regulation but it should not just seek to *redistribute* wealth in a forced kind of false economic *equality*.

Although the Church affirms the right of private property, we should not consider our possessions as our own in an *absolute* sense (see CSDC, 177). In the ultimate sense, *all belongs to God*, the Creator of all things. Any economic system must respect the God-given value of the dignity of human life. “The right ordering of economic life cannot be left to a free competition of forces” (QA 88) without any concern for other values such as fairness, human dignity, or the family. The wealthy also have the obligation to share their wealth with those who are less fortunate

and the obligation of charity goes further than that of justice. This being said however, it is not the job of the State to *equal the playing field of wealth*. When the State appropriates private wealth beyond what is necessary to perform its proper duties, when it goes beyond regulation that insure fairness in the marketplace and begins to transfer property from private individuals to the community, we are headed toward Socialism.

The goal then should be to foster and protect the common good through proper laws and regulation, without going so far as to turn private goods into state goods. This requires a balance between subsidiarity and solidarity (see CSDC, 351).

Another concern of the State moving in the direction of socialism is when it sets aside parental authority to set up a state supervision that may be unsympathetic or even contrary to the values of the gospel (RN, 14).

Ultimately, the solution to the economic problems of mankind cannot be found in merely economic proposals. The ultimate solution will only be found in Christ. “If human society is to be healed now, in no other way can it be healed save by a return to Christian life and Christian institutions” (RN, 27). No economic plan that excludes Christ or denies the dignity of the human person can ever hope to have lasting success.

“The relation between morality and economics is necessary, indeed intrinsic: economic activity and moral behavior are intimately joined to one another” (CSDC, 331).

It would be a grave error to set aside our Gospel values in order to merely “vote one’s pocketbook.” We could never justify any economic plan that would exploit the poor, treat human beings as expendable commodities, or one that was racist.

This is also why we could never compromise something as important as the protection of innocent life in the womb, for a better economy. For among the issues related to the Gospel, the Pope and the Bishops have resoundingly emphasized that the protection of innocent life is the very foundation of the house of Gospel values. If we do not defend this issue, all other issues become meaningless and come tumbling down.

To research this subject more, please refer to the *Compendium of the Social Doctrine of the Church*, or access *Rerum Novarum* or *Quadragesimo Anno* online, at <http://www.papalencyclicals.net>.