

Joseph Cardinal Hoeffner

**ECONOMIC SYSTEMS  
AND  
ECONOMIC ETHICS**

**Guidelines in Catholic Social Teaching**

**Ordo socialis**

**Original** (printed in German):

Joseph Kardinal Höffner

**WIRTSCHAFTSORDNUNG UND WIRTSCHAFTSETHIK**

**Richtlinien der katholischen Soziallehre**

Opening address on the occasion of the autumn meeting of the German bishop conference in Fulda, 23. September 1985

Series: The Chairman of the German Bishop Conference, N° 12

Editor: Secretary of the German Bishop Conference

Kaiserstrasse 163, 5300 Bonn 1

**Translation and digitalization sponsored and organized by:**

ORDO SOCIALIS

Academic Association for the Promotion of Christian Social Teaching

Wissenschaftliche Vereinigung zur Förderung der Christlichen Gesellschaftslehre e.V.

Head Office: Georgstr. 18 • 50676 Köln (Cologne) • Germany

Telephone: 0049 (0)221-27237-0

Telefax: 0049 (0)221-27237-27

E-mail: [gf@ordosocialis.de](mailto:gf@ordosocialis.de) • Internet: [www.ordosocialis.de](http://www.ordosocialis.de)

**Translation into English:** Rev. Fr. Dr. Obiora F. Ike, Enugu, Nigeria

© ORDO SOCIALIS, Cologne, Germany

Editorial Supervision: Dr. Johannes Stemmler

Edited by ORDO SOCIALIS, Edition N° 1

Published by Catholic Institute for Development, Justice and Peace (CIDJAP), Enugu/Nigeria

3rd Edition 1988

ISBN 3-926853-06-9

Digitalized by Jochen Michels 2005, Layout by Dr. Clara E. Laeis

**The rights of publication and translation are reserved and can be granted upon request.  
Please contact ORDO SOCIALIS.**

# CONTENTS

|   |           |
|---|-----------|
| PREFACE.....  | 5         |
| INTRODUCTION.....   | 6         |
| <b>PART ONE: THE MARKET ECONOMY IN THE LIGHT OF CHRISTIAN SOCIAL TEACHING</b> .....     | <b>7</b>  |
| <b>CHAPTER I: THE MARKET ECONOMY AS A CONCEPTUAL MODEL AND HISTORICAL REALITY</b> ..... | <b>7</b>  |
| I. The Market Economy as a conceptual Model. ....                                       | 7         |
| II. The Market Economy as a historical Reality .....                                    | 8         |
| 1) The paleo-liberal Market Economy (Free Trade).....                                   | 8         |
| a) Aberrations .....  | 8         |
| b) Proletarianization.....  | 9         |
| c) An Outcry of the Conscience: a Christian Analysis .....                              | 9         |
| <i>Firstly: unbridled competition</i> .....   | 9         |
| <i>Secondly: class divisions</i> .....  | 10        |
| <i>Thirdly: incessant industrialization</i> .....                                       | 10        |
| <i>Fourthly: misery of the proletarians</i> .....                                       | 10        |
| <i>Fifthly: danger of communism</i> .....   | 10        |
| <i>Sixthly: Indoctrination by Ideologists</i> .....                                     | 11        |
| d) Proletarian Solidarity.....  | 11        |
| <i>Firstly: The Catholic movement</i> .....   | 11        |
| <i>Secondly: the Marxist Movement</i> .....   | 12        |
| 2) The „Taming“ of Capitalism.....  | 12        |
| a) Among the Catholics, .....   | 13        |
| <i>Firstly: the socio-reformist Movement</i> .....                                      | 13        |
| <i>Secondly: The socio-political movement,</i> .....                                    | 14        |
| <i>Industrial Protection and Social Insurance.</i> .....                                | 14        |
| <i>Profit-sharing and capital formation</i> .....                                       | 15        |
| <i>Promotion of small or medium-size independent Enterprises.</i> .....                 | 15        |
| b) State Intervention.....  | 15        |
| c) A new Neoliberal Approach .....  | 15        |
| d) The Social Market Economy.....   | 16        |
| e) Democratic Socialism in the Western World .....                                      | 16        |
| f) Neo-Marxism.....   | 17        |
| <b>CHAPTER 2 : THE MARKET ECONOMY IN THE LIGHT OF CATHOLIC SOCIAL TEACHING</b> .....    | <b>17</b> |
| I. Achievement of the Economy's Objectives .....  | 17        |
| II. The Market Economy must not lead to Consumerism .....                               | 17        |
| III. The Market Mechanism is not Sufficient.....  | 17        |
| IV. Control of economic Power .....   | 18        |
| V. The Order of Precedence among Values.....  | 18        |
| VI. Capital and Labor.....  | 19        |

|   |    |
|---|----|
| 1) Cooperation between partners.....                          | 19 |
| 2) Employee Participation.....                                | 20 |
| VII. Technical Progress and Rationalization .....             | 20 |
| VIII. The Basic Power Structure of Business Enterprises ..... | 21 |
| IX. Worldwide Responsibility .....                            | 21 |
| X. The Safeguarding of Employment .....                       | 22 |
| XI. Environmental Protection .....                            | 22 |
| XII. Redistribution System .....                              | 23 |

**PART TWO: CENTRALLY ADMINISTERED ECONOMIES IN THE LIGHT OF CATHOLIC SOCIAL TEACHING.....24**

**CHAPTER 1 : CENTRALLY ADMINISTERED ECONOMIES AS A CONCEPTUAL MODEL AND HISTORICAL REALITY ..... 24**

|  |    |
|--|----|
| I. Centrally administered Economies as a conceptual Model .....    | 24 |
| II. Centrally administered Economies as a historical Reality ..... | 25 |

**CHAPTER 2 : THE ATTITUDE OF CATHOLIC SOCIAL TEACHING TO CENTRALLY ADMINISTERED ECONOMIES ..... 27**

|  |    |
|--|----|
| I. Distinctions.....   | 27 |
| 1) Utopian Communism.....  | 27 |
| 2) Family and Monastery.....   | 27 |
| II. Reasons for rejecting a centrally administered Economy .....             | 28 |
| 1) Self-responsibility and individual initiative are eliminated .....        | 28 |
| 2) A warning against total Planning Bureaucracy.....                         | 29 |
| 3) A centrally planned economy is the root of social discord.....            | 29 |
| 4) Centrally administered economies endanger human freedom and dignity ..... | 29 |

## PREFACE

More recent trends in the field of Catholic social teaching together with their interpretation, development and implementation in practice have attracted worldwide attention and led to lively discussion, both within the church and outside. This may be seen, for example, in the debate about „theologies of liberation“ or the drafts of the American Bishops' pastoral letter on „Catholic Social Teaching and the US-Economy“. This debate has not been confined to Latin America or the United States.

Both of these phenomena seem symptomatic of the worldwide interdependence between Catholic social doctrine and its translation into reality. Thus, the theology of liberation was not conceived in Latin America, and the impact of the US-pastoral letter makes itself felt in other countries besides the USA.

As these events reveal, Catholic social teaching in today's world is an intellectual force which is gaining more and more vitality. In our view, it remains the only force capable of bridging the contrasting differences between collectivism and individualism along with their inherent economic and social systems. Indeed, it strikes us as the only guideline for shaping a dignified human existence within a modern economy and society or for faithfully implementing the Christian image of humanity and the world.

We feel that the significance and the efficacy of Catholic social teaching could gain considerably through the exchange of thoughts and experience among all those who are concerned with such doctrine. What we have in mind is the circle of persons who deal with it at the academic level as well as those who endeavor to give it political and practical realization.

At all these levels, the Catholic social movement in the German-speaking countries can look back on over 100 years of experience. In our opinion, this experience should be put to use in the international dialogue.

Our Association regards as one of its tasks the advancement of research and teaching in addition to the promotion of young academics in the field of the Christian Social Sciences.

We are beginning our series entitled „Ordo socialis“ with the English translation of a lecture delivered by the Chairman of the German Bishops Conference, Joseph Cardinal Höffner, on the subject of „Economic systems and economic ethics - Guidelines in Catholic Social Teaching“. Cardinal Höffner is one of the most distinguished exponents of Catholic social teaching in the German-speaking world. Until his consecration as bishop in 1962, he was Director of the Institute of Christian Social Sciences at the University of Münster. His book „Christliche Gesellschaftslehre“ (Christian Social Teaching) has been translated into many languages.

Cardinal Höffner is one of the very few Catholic bishops in the world Church who holds the doctorate in economics. He wrote his doctoral dissertation under Walter Eucken (Freiburg University), one of the intellectual pioneers of the Social Market Economy.

In view of the growing significance of Catholic Social Teaching, we hope that „Ordo socialis“ will provide a stimulating forum for an international exchange of ideas and experience.

Cornelius G. Fetsch, Johannes Stemmler

Cologne, September 1986

## INTRODUCTION

In recent times, many people including Christians have experienced a shift in their concept of sin – from a personal to a social approach. This clearly signifies a sharper conscience with regard to social injustice, but it also implies a diminishing awareness of personal sin. Quite a lot of men and women believe that sin is lack of self-realization or an unsuccessful adjustment to the given conditions. Yet sin is, above all, personal wrongdoing in the face of God and a rejecting of that love which God the Father revealed to us in Jesus Christ. A person without divine grace is at the -mercy of obscure powers. For, sin means being separated. It separates man from God, from himself, from his neighbor. Sin also settles into social conditions which degenerate by dint of his sin into unjust conditions and thus simultaneously provide a fresh temptation to commit more evil such as hatred and revenge - a temptation rather than a compulsion to commit sin. Unjust social conditions only furnish an analogy for sin: for social sin and for „structural“ sin. It is human beings who sin, not the structure of society!

History teaches us that the freedom and dignity of human beings largely hinge on the regulatory system of the economy. It is usual for revolutions to be sparked off not only by political repression and loss of social rank, but also quite often by an economic system regarded as exploitative and mostly as nepotistic among the political leaders.

Christians will always impassionately fight against degrading economic systems, because oppression and exploitation denote not solely wrongdoing towards humankind or towards society but a sin against God, too. I see our economic system as the sum total of the framework conditions within which the economic process takes place. It depends on the given economic system as to who determines the production plan, the technical processes, the time-scale for production, the question of locations, quantity and quality of available consumer goods and services, prices, and the distribution of what is necessary for life. It also determines whether or not a free choice of vocation and of workplace and a free choice of consumption are guaranteed. One can classify economic systems into two basic forms: market economies and centrally planned economies. Both systems have achieved worldwide significance today: after all, they divide the states of East and West, North and South, into two camps.

# PART ONE: THE MARKET ECONOMY IN THE LIGHT OF CHRISTIAN SOCIAL TEACHING

## CHAPTER 1: THE MARKET ECONOMY AS A CONCEPTUAL MODEL AND HISTORICAL REALITY

### I. The Market Economy as a conceptual Model

1) Under a market-economy system, private households and plants draw up their economic plans on an independent basis. Landed property, housing and means of production belong to private owners who can thus freely dispose of their property. Everyone is allowed to carry on a vocation and everyone can set up new firms. Supply and demand are ruled by a spirit of completely free competition. The numerous suppliers and customers who meet in the market-place accept the given price of the anonymous market: moreover, the small dimension of their supply or demand leads them to assume that their actions will not exercise any impact on prices.

2) For centuries, Catholic scholars who studied the ethics of economic affairs have recognized the importance of markets. They took the view that competition in the market-place is able to protect customers against excessive prices and exploitations. For example, Dominikus Bañez made the following comment in the 16th century. either the goods search for buyers and this is one of the many reasons why prices sink, or else buyers search for goods and prices rise<sup>1</sup>. Johannes de Lugo expressed it like this: prices are determined by the circumstances which precede the wishes of purchaser and seller with regard to prices -namely an abundance or lack of goods, money supply, the prevalence or absence of sellers or buyers, and the urgency of having to buy or sell.<sup>2</sup> In the writings of Konrad Summenhart from Wurttemberg (who died in 1502), we find the intimation that we should give preference to the economic system which, in the words of Oswald von Nell-Breuning, manages to operate with a „minimum of morality“. As Summenhart notes: those who compete against each other have less brazenness and opportunity to sell their goods at usurious prices than the merchants who are in sole possession of such goods. If they did dare to demand excessive prices, people would flock to others who sell at lower prices. In other words, these merchants cannot fix their prices at as high a level as they desire, however much they would in practice like to charge exorbitant prices.<sup>3</sup> According to Ludwig Molina, prices should not be determined by a merchant's profit and loss but by the assessment made by local society (*communis aestimatio*) at the place where the merchandise is offered.<sup>4</sup> As Martin von Azpilcueta pointed out in the early 17th century, the customary view held by merchants of prices was right: „a product is only worth as much as one obtains for it in the market-place“. However, this is only right if we mean the price which a merchant gets „at this place, at this time, pursuant to customary trade usage and in exchange for a cash payment“ and if „monopoly, fraud and deception“ are ruled out<sup>5</sup>. A sharp rebuke is delivered to the monopolists who endeavor to dominate prices by virtually becoming the sole sellers of merchandise in their branch of trade. In the 15th and 16th centuries, „monopoly“ was a similarly emotive word like „capitalism“ today.

The economic ethicists of the Catholic Church in former centuries were unjustly accused of teaching a „static“ doctrine, in as much as they set out to anchor everybody's place in society and economic life on the basis of descent and status. Ludwig Molina pointed out that „all strata of society

---

<sup>1</sup> Dominikus Bañez, *Decisiones de jure et justitia*. Venedig 1595 (First edition: Salamanca 1588), qu 77 art. 1, p. 350

<sup>2</sup> Johannes de Lugo, *Disputationum de Justitia et Jure Tomus II*. Lugduni 1642, Disp. 26, sect. 12, No.176

<sup>3</sup> Konrad Summenhart, *De contractibus licitis atque illicitis*, Venedig 1580 (First edition: Hagenaw 1500), Tract. III, qu. 65, Cor. U. p. 265

<sup>4</sup> Ludwig Molina, *De Justitia et Jure* (First edition 1593), Tr. II, Disp. 348, No.8

<sup>5</sup> Martin von Azpilcueta, *Enchiridion sive Manuale confessoriorum et poenitentium*, Paris.1607, c. 23, n. 80

have the right to climb to a higher level if that proves to be their fate. No one is entitled to a certain position in life, and everyone can ascend and descend in society.“<sup>6</sup>

However, it would be erroneous to regard the Catholic economic ethicists of the 15th and 16th centuries as the forefathers of economic liberalism. These theologians were concerned about the liberty and dignity of individuals whose decisions in the market-place must be oriented to socially determined assessment, and not to their egoistical use.<sup>7</sup> This is a point which theologians were continually making.

3) On the other hand, economic liberalism proceeded on the basis of other assumptions: during the Age of Enlightenment, it systematically developed the model for a free market economy. Adam Smith (1723-1790) felt sure that the economy - like the universe - possessed a given natural order and „preestablished harmony“ in which everything would run its course properly if one allowed the natural forces of freedom, the will to work and competition to develop. Man should not interfere with this natural system, otherwise everything would end in disorder. The concern about general happiness is the business of God and not of man.<sup>8</sup> An individual always only strives for his own profit, but he is guided by an invisible hand so that he unconsciously and without design simultaneously serves the common good<sup>9</sup>

It was rare to see such great, almost pseudo-theological hopes placed in the economy at the beginning of the Industrial Age.<sup>10</sup> People were borne along by a touching optimism that an epoch of general prosperity was about to begin for all classes of the population.

## **II. The Market Economy as a historical Reality**

At the outset of the Industrial Age, Western society and economy were marked by profound changes. A thousand years of aristocratic domination collapsed in the French Revolution. The third estate, the bourgeoisie, pushed ahead to gain political, economic and cultural power and in so doing, toppled the privileged classes of the feudal system. The peasants, hitherto the large lower tier of the social pyramid, were liberated from serfdom and bondage. Henceforth, there would be no more subjugated classes.

The call for political freedom was linked to the demand for economic freedom. Only the efforts of free people working in a spirit of enlightened self-interest could produce prosperity. Adam Smith expressed the view; one had never experienced a situation in which those, who asserted they were acting for the universal good, had actually done much good, whereas everyone who pursues his own interests promotes those of the nation much more effectively than if he had really intended to promote them.<sup>11</sup>

### **I) The paleo-liberal Market Economy (Free Trade)**

#### **a) Aberrations**

Pope John Paul II has referred to economies based on the ideas of old economic liberalism as „primitive capitalism“.<sup>12</sup> The exponents of neoliberalism also recognize the undesirable trends in old liberalism and endeavor to disassociate themselves from such a doctrine. For instance, Alexander Rüstow speaks of the „grave form of pathological degeneration of the market economy in the 19th and 20th centuries as it was destroyed from within by the luxuriant growth of extraneous ele-

---

<sup>6</sup> a.a.O., Disp. 365, No.9

<sup>7</sup> Confer. Wilhelm Weber, *Wirtschaftsethik am Vorabend des Liberalismus*, Münster/Westfalen 1959

<sup>8</sup> Adam Smith, *The Wealth of Nations*, 1776, Book 2, Chapter 3 and Book 4, Chapter 9

<sup>9</sup> *ibid*, Book 4, Chapter 2

<sup>10</sup> Cf. Alexander Rüstow, *Das Versagen des Wirtschaftsliberalismus als religionsgeschichtliches Problem*, Second edition, Zurich 1950

<sup>11</sup> *ibid*, Book 3, Chapter 2

<sup>12</sup> Encyclical „*Laborem exercens*“, No.7

ments hostile to a free market and trends towards monopolist domination“.<sup>13</sup> This does not deny the fact that self-interest and competition are dynamic factors. The Industrial Age did indeed produce immense economic achievements. With the support of scientific discoveries and the new opportunities inherent in free competition, man systematically gained control over the hitherto hidden forces of Nature. He encompassed them within physics, chemistry and biology which swiftly advanced to become the basis of modern economy and the skeleton of our civilization. Inventions and discoveries followed in rapid succession. People's average age rose from 35 to over 70. The living standards of the masses rose substantially. Max Horkheimer recognizes that „the social position of the proletariat had improved without a revolution, and that the common interest is no longer directed towards radical changes in society“.<sup>14</sup> In their draft a pastoral letter on „Catholic Social Teaching and the U.S.-Economy“, the Bishops of the United States of America noted: „The U.S.-economy has been immensely successful in providing for the material needs and in raising the living standard of its citizens. Our nation is one of the richest on earth.“<sup>15</sup>

## **b) Proletarianization**

However, the era of economic liberalism led to dangerous social uneasiness and brought on the „Social Question“. Despite the prevalence of optimistic hopes, workers suffered untold misery - especially during the first half of the 19th century. This misery was characterized by low wages, long working hours, and the use of female and child labor. If ever the name „proletariat“ truly applied to the workforce of Industrial Age, then it was during the first half of the that century. By virtue of their bondage on the farmsteads, many people simultaneously forfeited their social security and so they decided to move to the factories. Admittedly, there had been unprotected distressed citizens in the pre-industrial age. In some towns, seven to ten percent of the population consisted of beggars. In the year 1476, for example, Cologne had 40,000 inhabitants of whom 3,000 were known to be beggars. In the early stages of the Industrial Age, they were often rounded up by the police and sent to work in factories. As Gerhard von Schulze-Gävernitz observed: it was not the workman who became a pauper, but the pauper who became a factory-hand.<sup>16</sup> This judgment is probably one-sided. For many sections of the population, factories became the source of their misery. Many independent craftsmen such as the weavers lost their livelihood. Moreover, another source of cheap labor began to swell the ranks of the proletariat and this was destined to prove the most important factor of all, namely the very high birth-rates among the working classes. The largest families in Europe were to be found in the 19th century. During the period from 1800 to 1930, Europe's population jumped from 187 to 490 million.

## **c) An Outcry of the Conscience: a Christian Analysis**

The allegation is not infrequently made in respect of German Catholics that they failed to see the proletarian misery of the 19th century, and that it was Marxian analysis which opened people's eyes. However, this is not true. Leading figures among Germany's Catholics studied the position of the workers long before Karl Marx. The Church's social teaching had not yet expressed a view on the latest social developments. But Catholics acted in accordance with the dictates of their Christian conscience, and their analysis came to the following result:

### ***Firstly: unbridled competition***

The main culprit was seen as liberal capitalism and its brand of unrestrained competition. In 1816 i.e. two years before Karl Marx was born, Adam Muller referred to a money economy based on competition as the most universal manifestation of the anti-social spirit and egotism produced by

---

<sup>13</sup> Alexander Rüstow, Zwischen Kapitalismus und Kommunismus. In: Ordo, Volum 2 (1949) p. 103 and 154

<sup>14</sup> Max Horkheimer, Die Sehnsucht nach dem ganz Anderen. Hamburg 1970, p. 55

<sup>15</sup> Introduction No.8

<sup>16</sup> Gerhart von Schulze-Gävernitz, Die industrielle Revolution. In: Archiv für Sozialwissenschaft und Sozialpolitik, Volume 66 (1931), p. 240

the terrible revolutions of the past 30 years.<sup>17</sup> A jurist and politician from Coblenz, Peter Franz Reichensperger, wrote the following words in 1847, a year before the appearance of the Communist Manifesto: „It has been virtually accepted dogma since Adam Smith that the advantages accruing to all individuals redound to the advantage of the whole population.“ Reichensperger went on to point out that this one-sided and myopic theory overlooks the fact that an individual gain purchased at the price of a tenfold loss by others is not a gain at all, but ruthless exploitation. The principle of unrestrained competition practiced regardless of even extreme consequences is comparable with hunger, which not only drives people to work hard and to exert all their strength, but also to commit acts of desperation and to disregard feelings of what is just. Reichensperger believed that competition teaches the extreme egotism of greed whose feverish rage builds up one's own industrial fortune on the ruins of the ruthlessly destroyed livelihood of hundreds of other persons.<sup>18</sup>

### ***Secondly: class divisions***

Class warfare loomed ahead. In 1823, the Mainz journal „Katholik“ wrote that human society was being divided into two classes -into spendthrifts and hungry beggars, into human beings and pack-horses, into rich and poor.<sup>19</sup>

### ***Thirdly: incessant industrialization***

This endangers human beings. Adam Müller complained in 1816 that entrepreneurs were the new priests of industry who dreamt comfortable and confident dreams about the world domination of industry without realizing that the vicious division of labor split people into wheels, rollers, spokes and axles -thus depriving such men and women of an overall approach and undermining their moral and religious values.<sup>20</sup>

### ***Fourthly: misery of the proletarians***

The „Historisch-politische Blätter“ published by Josef Görres painted the distress of the proletariat in particularly somber colors. In its first year of publication (1838), the journal made the following observation: „Whilst never-ending debates continue inside and outside of parliaments on abstract theories of state and national sovereignty, the figure of Hunger stands ragged before our doors upon which it impatiently knocks with a demand for bread and clothes.“<sup>21</sup> Peter Franz Reichensperger long before Karl Marx gave shocking accounts of proletarian misery .He called factories „dens of corruption and prostitution“. The worst features were the exploitation of children. „Is it really an exaggeration to say that, for those unhappy and helpless creatures, life is a curse and indeed hell on earth? Can labor bring happiness and blessings to a country which tolerates such abominations in its midst whilst enacting laws for the protection of nightingales and against cruelty to animals?“<sup>22</sup> In 1845, Cardinal-Archbishop Giraud de Cambrai protested in a pastoral letter on the labor question against „human exploitation of fellow humans“<sup>23</sup> - a phrase which originated in 1829 from the French followers of Saint-Simon and not from Karl Marx.<sup>24</sup>

### ***Fifthly: danger of communism***

The legacy of liberal capitalism will be communism. One year before the Communist Manifesto -in the Autumn of 1847 - the „Historisch-politische Blätter“ made the following prediction: The proletarian revolution will assume a „pseudo-mystical and fanatical character“ and endeavor to build up

---

<sup>17</sup> Adam Müller, *Ausgewählte Abhandlungen*. Jena, 1921, p. 21

<sup>18</sup> Peter Franz Reichensperger, *Die Agrarfrage*, Trier 1847, p. 199f.

<sup>19</sup> *Der Katholik*, Volum 10 (1823) p. 97 f.

<sup>20</sup> *Ausgewählte Abhandlungen*, p. 46 f.

<sup>21</sup> *Historisch-politische Blätter*, Volume 1 (1838), p. 150

<sup>22</sup> Peter Franz Reichensperger, *Die Agrarfrage*, p. 208 f., 249

<sup>23</sup> Cit.: Paul Droulers, *L'Episcopat devant la question ouvrière en France sous la Monarchie de Juillet*, in: *Revue Historique*, No.466, 1963, p. 346

<sup>24</sup> Cf Thilo Ramm, *Der Frühsozialismus*, Stuttgart 1956, p. 83

an „apocalyptic empire of the future“.<sup>25</sup> A few years later, the same journal observed that communism „was not an impossibility, but a consequence of political development in Europe and therefore a more imminent danger than one believed.“<sup>26</sup> Slavery would „sweep over our unsuspecting heads like a violent storm from the East and wield that well-known Eastern leather instrument of power designed to thrust happiness on people!“<sup>27</sup>

### ***Sixthly: Indoctrination by Ideologists***

Complaints are heard about the attempt by bourgeois ideologists to confuse and agitate workers. The „Historisch-politische Blätter“ posed this question in 1847: „Is it proletarians whose printing presses sigh in grief over the blasphemous pamphlets which they have to issue? ...By no means, it is scholarly advocates and wealthy merchants, landowners and even public officials. ..However contradictory it may seem, the fact remains that it is the educated and the wealthy who pass on inflammatory missives to the proletarians with the urgent entreaty to plunder our possessions, burn down our houses and beat us to death! ...We appeal to history and hope that it may preserve our vocation.“<sup>28</sup> Adolph Kolping added the following comment in 1848: „These babblers stood atop the barricades, and for their sake the blood of our young craftsmen started to flow.“<sup>29</sup>

### **d) Proletarian Solidarity**

In the second half of the 19th century, the working people of Germany made their mark in history by achieving self-awareness and solidarity as a class. The words written by Peter Franz Reichensperger in 1847, a year before the appearance of the Communist Manifesto, sound almost prophetic: „Who can declare for sure that another Spartacus will not come forth and call out (to the proletarians) as happened 1,900 years ago: 'If we possess the power of the greatest numbers and almost all of humanity is . slave to a horde which enjoys all and abuses all, what is preventing us from stretching out our arms in this world and entreating the gods to decide between us and our oppressors?'“<sup>30</sup> The appeal for cohesion among workers did not stem from Karl Marx.

However, an awareness of solidarity at first only meant a willingness and determination to join hands together. There was no mention of which spirit would inspire this solidarity, even though it held decisive importance. And yet it was only the intellectual content which imparted to these groupings their objectives, their substance, their program and their method. At that time, there were two main movements who were wooing the workers -the Christians and the Socialists.

### ***Firstly: The Catholic movement***

The Catholic movement, designed to gather workmen within the fold, received great inspiration from Adolph Kolping. His journeymen's associations (Gesellenvereine) won swift acclaim. By 1864, a total of 420 institutes comprising 60,000 members had been set up. This represented an impressive growth, especially when one bears in mind that Ferdinand Lassalle's General German Workers Association (Allgemeiner Deutscher Arbeiterverein) only had 4,610 members in 1864.

In the early 1860s, the inspiration provided by Kolping's journeymen's associations led in the industrial areas of Rhineland-Westphalia to the creation of Christian-Social Workers' Associations (Christlich-Soziale Arbeitervereine) which soon expanded in the Ruhr District to a membership of more than 30,000. They voiced energetic demands: remuneration in line with their work performance; reduction in working hours pursuant to workers' hygienic, mental and religious requirements; rest from work on the Sabbath and on public holidays; and in particular a ban on factory work for children of school age. The Christian Workers' Associations perished in the Kulturkampf fought between Church and State. However, the Christian social movement underwent a fresh upswing in

---

<sup>25</sup> Historisch-politische Blätter, Volume 19 (1847), p. 522f.

<sup>26</sup> Historisch-politische Blätter, Volume 25 (1850), p. 794

<sup>27</sup> Historisch-politische Blätter, Volume 19 (1847), p. 141

<sup>28</sup> Historisch-politische Blätter, Volume 19 (1847), p. 760, 765 f.

<sup>29</sup> Cf. Joseph Höffner: Adolph Kolping - Diakon des arbeitenden Volkes. In: „Die großen Deutschen“, Berlin 1958

<sup>30</sup> Peter Franz Reichensperger, Die Agrarfrage, Trier 1847, p. 245

the 1880s and 1890s when there emerged the Catholic Workers' Associations (Katholische Arbeitervereine), the People's Association for Catholic Germany (Volksverein für das katholische Deutschland) and the Christian Trade Unions (die Christlichen Gewerkschaften). The Christian Trade Unions sprang from the logical deduction that there does exist a justifiable struggle between the various classes of society, albeit not with the aim of destroying the enemy but of finding a fair balance and thus arriving at a just social structure. Quite often, sharp exchanges ensued. For example, a the newspaper published by the Christlicher Gewerkverein noted in .December 1905: „We do not aspire to the end goal of removing the existing social system and introducing the future socialist state; what we want is the share of cultural assets to which we are entitled. If this is not given to us voluntarily, then we shall fight for it. Christianity will be no hindrance to us in this struggle.“ In his encyclical on human labor, Pope John Paul II declared that the storm of solidarity which had gathered in the 19th century against the degrading of mankind and the outrageous exploitation in the field of wages, labor conditions and workmen's welfare was justifiable in social and moral terms.<sup>31</sup>

### ***Secondly: the Marxist Movement***

In impassioned opposition to the Christian Social movement, Marxism tried to assemble the working masses beneath its flag although this in fact proved very difficult at the start. The socialist movement was still weak in the 1870s, but it did gather strength towards the end of the century. Karl Marx regarded the Christian Workers' movement as a thorn in his side. When the German Catholic Convention met in Dusseldorf in 1869, Karl Marx was staying in Aachen with a wealthy cousin -Karl Philips, a factory owner of Dutch descent. On September 25, 1869, Karl Marx wrote to Friedrich Engels: „I became convinced during my tour of Belgium, the sojourn in Aachen and a trip up the Rhine that we must take energetic action against these clerics, especially in the Catholic districts. I A shall ask the International to act. Wherever it seems appropriate to them, ..r such dogs as Bishop Ketteler in Mainz and the parsons at the Dusseldorf Convention coquet with the Labor Question.“<sup>32</sup>

The analysis of social conditions carried out by leading German Catholics in the last century is more precise and more valuable for today's Third World than the „Marxian“ analysis. Father Andreas Muller OFM expressed the view in a recent lecture that quite a few representatives of a „theology of liberation“ believe that the Marxian analysis of capitalism is still the most precise of all sociological methods.<sup>33</sup> However, Marxian analysis has proved to be false in all its decisive statements. In advanced industrial States, the mass of misery and pressure and bondage has not expanded. Communism has not prevailed in those countries where industry is most advanced, but in agrarian nations. Moreover, it has done so by force of arms and not by dialectics. The activities of the craftsmen were not undermined in the industrialized countries, as Karl Marx had predicted.<sup>34</sup> On the contrary, craftsmen still hold a significant position in the West Germany's current economy thanks to their total number of 3,728,000 employees. The so-called Marxian analysis was either pronounced before Karl Marx came on the scene, or else it cannot stand up to a sound critical study. Moreover, the Marxian fundamental category of surplus value is untenable.

## **2) The „Taming“ of Capitalism**

In view of the poverty suffered by wide sections of the working class, moves were naturally undertaken to redress this situation.

---

<sup>31</sup> Encyclical „Laborem exercens“, No.7, 8, 13

<sup>32</sup> Correspondence Marx/Engels, Volume 4, Reprint Berlin 1950, p. 272. -Karl Marx often visited his cousin in Aachen and his uncle, the industrialist Leonhard (Lion) Philips in Zalt-Bommel (Holland). The Dutch-Jewish Philips family belongs to the founders of the Philips company (F. J. Raddatz, Karl Marx, Hamburg 1975, p. 528). „The correspondence between Karl Marx and the members of the Philips family up to date has not yet been published.“ (Herbert Lopper, Sozialer Katholizismus in Aachen. Mönchengladbach 1977, p. 129\*)

<sup>33</sup> Andreas Müller, Der Konflikt um die Theologie der Befreiung. Edited by Katholikenausschuß der Stadt Köln, 1985, p. 4

<sup>34</sup> Karl Marx, Das Kapital I, Reprint Berlin 1947, p. 386,483, 657

### **a) Among the Catholics,**

it was above all the laity who -long before the epoch of the papal social encyclicals -advanced concrete proposals on resolving the Social Question. No uniform program existed. Although one may regret this, it is precisely the differences in the programs which indicate how much Catholics may differ in their approach to many practical issues irrespective of their belief. Two schools of thought militated against each other: a socio-reformist and a socio-political movement. Although both these schools of thought supported a free market economy, each tried in a different way to tame paleo-liberal capitalism.

#### ***Firstly: the socio-reformist Movement***

The socio-reformist movement, domiciled especially in South Germany and Austria, proposed two measures -one concerning the economic system and the other, the question of labor-management relations within the firm. The demand was voiced that the economy should be organized along the line of occupational groups; Baron von Vogelsang described the system of occupational groups as „Christianity incarnated into socio-political terms“. To the peasant and craftsman classes must be added the new class of workmen in big industries so that the labor force would fit coherently into the new industrial corporations.<sup>35</sup> Writing in 1880, Franz Hitze expressed the view that our whole human existence - from political life to leisure activities -must be based on the various crafts and social groups, because the political organization of the latter leads to the economic organization of production, consumption and distribution and to the ethical orientation of education and pleasure. This is a „grand and eminently Catholic idea.“<sup>36</sup> The objection has been lodged against such organization of the economy into crafts and social groups that these would degenerate into mere interest movements.<sup>37</sup> This obviously serious hazard can only be averted by a State which is independent of organized groupings. As Goetz Briefs noted, the pluralist era does not possess any independent principles of structure and function applicable to the economy and to society.<sup>38</sup> Nor is it outdated today to reflect on the interaction between the various sectors of the economy as the two social encyclicals „Quadragesimo anno“ and „Mater et Magistra“ propose. Here, the suggestion is to create „common entities of performance with their own statutes<sup>39</sup> in which the main priority must attach to matters of common interest, albeit with their most important priority consisting in cooperation for the common good of the whole nation.<sup>40</sup>

The socio-reformist school also demanded the conversion of factories into production cooperatives. This idea came from France (Bucheze, Louis Blanc). In Germany, it attracted the attention of Lassalle and - among the Catholics - Bishop Ketteler, Baron von Vogelsang, Franz Hitze and others. Bishop Ketteler described as unjust the fact that the surplus profits accrue to the inanimate capital which has been put to use and not to the human beings whose labor has been employed. Clearly, workmen „use their flesh and blood every day and in this way use up part of their life“. Ketteler argued in favor of making workers into participants and co-owners so that they would then have their daily wage and later their dividend.<sup>41</sup>

In 1877, a young Franz Hitze thought that „a productive association is and remains the ideal of our social aspirations. However, another spirit must inspire our workers....only the rules of a religious order and the spirit of the monastery render possible a healthy productive association....what we need is the spirit which created the great Benedictine monasteries.“<sup>42</sup>

---

<sup>35</sup> Cf. Wiard von Klopp, Die sozialen Lehren des Freiherrn von Vogelsang. Second edition St. Pölten 1938, p. 287 ff.

<sup>36</sup> Franz Hitze, Kapital und Arbeit. Paderborn 1880, p. 442 f.

<sup>37</sup> Cf. K. Paul Hensel, Ordnungspolitische Betrachtungen zur katholischen Soziallehre. In: Ordo, Volume 2 (1949) p. 229ff.

<sup>38</sup> Goetz Briefs, Grenzmoral in der pluralistischen Gesellschaft. In: Erhard-Festschrift. Frankfurt/M. 1957, p. 108,

<sup>39</sup> Encyclical „Mater et Magistra“, No.40, 65

<sup>40</sup> Encyclical „Quadragesimo anno“, No.85

<sup>41</sup> Arbeiterfrage und Christentum. In: Kettelers Schriften. Volum 3, 1911, p. 56ff.

<sup>42</sup> Franz Hitze, Die soziale Frage und die Bestrebungen zu ihrer Lösung. Paderborn 1877, p. 214, 217

In those decades, the Catholic writers and speakers at Church Conventions repeatedly put forward the proposal to set up production cooperatives along the lines of monastic workshops. For example, the Swiss Capuchin Theodosius Florentini observed in his speech delivered at the Frankfurt Catholic Convention of September 23, 1863: „I am only a monk from the religious order described as a mendicant order. However, the Lord has been gracious enough to allow us to set up three factories; and thus I am a factory-owning mendicant.“ The French Revolution led to the closure of hundreds of monasteries. „But as someone observed to me yesterday, oak trees and monks do not die out. And so new monasteries will arise again in another form: indeed, the factories must become monasteries. And because factory managers require a great deal of money....I have sent sisters of charity so as to convert the factory into a monastery. Ten of these sisters now work in the factory: one of them is superintendent; two of them manage the counting-house and carry out bookkeeping and correspondence; two of them superintend the rooms, and so on...The workers arrive at six o'clock every morning. Common prayers are then held in one of the halls, and we recite an angelus domini. Then, work is commenced as in any other factory. The sisters walk along the halls and make sure that the house rules are being observed. The workmen gather in the same hall just before 11 a.m. and then go home for their midday meal after a short prayer. They return at one o'clock and leave at 7 p.m., again after communal prayers. The success of our efforts in this year has been to attain a profit of 9,000 Austrian guilders.“ The shares in the firm were distributed exclusively among the labor force so that the workmen would have a dividend and thus be able to provide for the future and to acquire a certain amount of wealth.<sup>43</sup> However, the factories closed down only two years later after Father Florentini had died on February 15, 1865.

The concept of a factory cooperative bears a certain relationship with „Laborism“, i.e. the system whereby it is not capital which engages labor by means of a wage contract but, vice versa: the workforce rents the firm from the owners and manages it under its own responsibility. Father v. Nell-Breuning quite rightly points out that nobody has yet found a feasible method for successfully implementing laborism. „Therefore, one cannot call for this system or even recommend it. Rather, one must restrict oneself to expressing one's attraction to it and wishing it every success in the pursuit of a practicable solution.“

### ***Secondly: The socio-political movement,***

which had many followers in the Rhine and Ruhr areas, adopted a skeptical stance on the proposal submitted by the social reformists. Franz Hitze also turned towards this school of thought in his later years and noted how much he had learnt, and in particular the fact that little progress could be made in social policy by means of generalities and mere demands.<sup>44</sup> The socio-political program may be summarized as follows: The wage system cannot be designated as unethical and inimical to human dignity. Hence, the conversion of plants into production cooperatives may not be seen as a Christian demand. Pope John Paul II also recently declared that the wage system is compatible with the human dignity of workmen if one did not possess the means of production against the interests of the labor force and simply for the sake of possession.<sup>45</sup>

### ***Industrial Protection and Social Insurance.***

In his memorable speech to the Baden regional parliament on April 25, 1837, Ritter von Buss called for a limitation of child labor, a shortening of working hours, official inspections of factory buildings and hygienic working conditions, the installation of protective devices around dangerous machinery, the proclamation of Sunday as a day of rest, the establishment of sickness funds and provident funds.<sup>46</sup> In 1847, Peter Franz Reichensperger quite rightly stressed that the whole nation was

---

<sup>43</sup> Verhandlungen der 15. Generalversammlung der katholischen Vereine Deutschlands. Frankfurt 1863, p. 264ff.

<sup>44</sup> Cf. Franz Müller, Franz Hitze und sein Werk. Hamburg -Berlin -Leipzig 1928, p. 127

<sup>45</sup> Encyclical „Laborem exercens“, No.14

<sup>46</sup> Anton Retzbach, F. J. von Buß, 1928

bound to regard the price increases for manufactured goods caused by the implementation of social policy as an inevitable burden of social life.<sup>47</sup>

### ***Profit-sharing and capital formation***

ranked among the demands voiced by the adherents of the socio-political school. Peter Franz Reichensperger observed: „Every workman is thus a direct participant in the results of his labor and in the prosperity of the factory; and he becomes aware that he is not working well or badly for third persons, but also for himself.“<sup>48</sup> Adam Müller had already described in 1819 that his main worry was to help those members of the nation who had lost the roots of their existence by virtue of our money and factory system and who were then placed outside the real periphery of the State as casual laborers, homeless residents or transitory tenants so that these persons would not only acquire a small capital but a condition in natura.<sup>49</sup>

### ***Promotion of small or medium-size independent Enterprises.***

With a view to promoting family farmsteads, Ritter von Buss called in 1837 for the creation of a comprehensive agriculture law as well as the establishment of insurance funds for farmers, model farms, agricultural colleges, farmers' associations and banks. He also wanted to promote craftsmen by creating a trade code and by raising the standards of apprentice training.

### **b) State Intervention**

It was in no small measure due to these demands and in reply to the inception of proletarian solidarity that the State began to look at the Social Question in the nineteenth century. In its fear of an organized workforce and presumably because of the prickings of an uneasy conscience, bourgeois society began to lay the foundations of what today constitutes the imposing fabric of social security. Whereas industrial protection for children, adolescents and women had made its hesitant start in England in the early 19th century, social insurance was the outcome of Bismarck's efforts. This wise statesman had wanted to liberate workmen from the uncertainty of finding a livelihood by means of a social-insurance system. A laborer was entitled to work if healthy; entitled to care if ill, and entitled to a pension when old. If the soldiers of the Army and the officials of the State got a pension, why not the laborers, too? That would be the implementation of Christianity in practice under a statutory requirement!<sup>50</sup> Nowadays, the free contract of service concluded between employee and employer has been replaced in substance by statutory provisions which guarantee legal protection for adolescents and women; a ban on child labor; social security in the event of illness, invalidity, unemployment and old age; guaranteed leisure time and vacations; the establishment of works councils; co-determination and co-management and the establishment of industrial courts. To these must be added the wide influence exercised by the State, public law corporations and international bodies by dint of economic measures. Economic policy-makers endeavor to rectify abuses, to curb inflation, to reduce unemployment, and to stimulate the economy by appropriate trading and monetary policies as well as by appropriate custom tariffs. At the same time, they also try to bring about more economic growth by boosting research, assisting vocational training etc. Mention should also be made of fiscal provisions, cartel laws, trade and company law, stock exchange statutes, insurance company provisions, labor-management relations, co-determination, collective wage bargaining, and economic penal codes. We are miles away from the paleo-liberal economic system of „laissez-faire“.

### **c) A new Neoliberal Approach**

Neoliberalists also explicitly declare that free competition and a market economy are not the same thing. Although the old liberals called for freedom to contract one's service and to compete, they

---

<sup>47</sup> Peter Franz Reichensperger, *Die Agrarfrage*, p. 245 f

<sup>48</sup> *ibid*, p. 253 ff.

<sup>49</sup> Adam Müller, *Ausgewählte Abhandlungen*. Edited by Jakob Baxa, Jena 1921, p. 69f.

<sup>50</sup> Walter Vogel, *Bismarcks Arbeiterversicherung*, Braunschweig 1951, p. 133 f. and p. 154

overlooked the possibility of using freedom of contract to rescind free competition by creating monopolies. The domination of markets by monopolies, partial monopolies, oligopolies, cartels, syndicates, combines and so forth must be stopped. However, unavoidable monopolies must be placed under public control. Competition in performance does not automatically take place: on the contrary, it must be organized by the State. The economy must receive a set of rules which permit freely competing entrepreneurs to develop their potential. This can be done by safeguarding the free formation of prices, by opening up markets, by controlling or prohibiting monopolies. This constitutive and regulatory intervention by the State in trade and industry must conform with the market, i.e. it must not stop the price mechanism and the resultant self-regulation of the market. Neoliberals reject as an insult the criticism which suggests that they subjugate human interests to market mechanisms. They argue that the market merely fulfils a serving function; it is not an end in itself; and it should lead, if possible, to as favorable a fulfillment of human needs as can be achieved.<sup>51</sup> Neoliberals explicitly point out the large number of things which are not accessible to market mechanisms, but which are of great importance for human interests. For instance, one cannot direct the attention of non-market participants to the market-place inasmuch they are not able for some reason or other to look after themselves in a market-responsive manner, because they are ill, weak or old.<sup>52</sup>

#### **d) The Social Market Economy**

One of the observations contained in Pope John Paul II's encyclical on human labor applies to a large extent to the Social Market Economy practiced in the Federal Republic of Germany: „Solidarity among working people, coupled with a clearer and more active awareness of the other side regarding the rights of workers, has in many cases brought about profound changes.” Quite often, workers could participate in the management and productivity control of enterprises and bring influence to bear on work and wage conditions as well as on social security legislation.<sup>53</sup> It is surely sheer malevolence to allege that the Federal Republic's Social Market Economy is capitalist exploitation despite the following facts: in 1984, the West German G.N.P. of DM 1,750 billion (=1,750,000,000,000) included a sum of DM 631 billion paid in taxes and social-insurance contributions; DM 410 billion were spent on social welfare in the same year; and the living standards of working people stood much higher than the level in communist states. The new American communal experiment proposed by the U.S. Bishops in their draft document on „Catholic social teaching and the U.S. economy“ (involving profit participation and a share in productive capital by employees, greater freedom for employees to initiate improvements in the quality of working life, and cooperative ownership) is nothing new for the Federal Republic of Germany.<sup>54</sup>

#### **e) Democratic Socialism in the Western World**

Even though free democratic socialism in the Western World also derives from Karl Marx, it differs from Marxism in some significant respects - not least in the doctrine on social and economic processes of development. It supports a free market system and explicitly stresses that it does not aspire to a semi- or moderate collectivism nor to a controlled economy. Instead, it wishes to promote the ownership of property among those sections of the population for whom this has hitherto been rendered virtually impossible, by the prevailing social system.<sup>55</sup> A characteristic feature of free democratic socialism is that it backs state interference in the economy more than other democratic parties do. Its weakness lies in its approach to society, based on a liberalist philosophy, which repeatedly manifests itself in its policies on culture, education and schooling.<sup>56</sup>

---

<sup>51</sup> A. Rüstow, in: *Junge Wirtschaft*, 1960, No.2, p. 5

<sup>52</sup> A. Rüstow, in: *Junge Wirtschaft*, 1960, No.2, p. 5

<sup>53</sup> Encyclical „*Laborem exercens*“, No.8, 12

<sup>54</sup> First Draft of the US-Bishops' Pastoral „*Catholic Social Teaching and the US- Economy*“, No.242 and 248

<sup>55</sup> G. Weisser, in: *Handbuch sozialdemokratischer Politik*, Mannheim 1953, p. 64

<sup>56</sup> Cf. Wilhelm Weber. *Christlicher Sozialismus?*, No.7 „*Kirche und Gesellschaft*“, Mönchengladbach 1974

## **f) Neo-Marxism**

For a number of years now, the Western World has experienced an astonishing relapse into the salvation promised by utopian communism. The New Left, a very heterogeneous group, probably only agrees in its negation of the existing social fabric. But just how the new social and economic order would redeem future mankind from any alienation remains a sealed book.

Eurocommunism, whose ideology rests on an atheistic and anti-religious philosophy of a Marxist character such as that developed by Antonio Gramsci for Italian communism, does not cease to be a form of communism. As long as the Eurocommunists are not in power, they behave in a social and democratic manner. Only when they have seized power do they show their true face.

## **CHAPTER 2 : THE MARKET ECONOMY IN THE LIGHT OF CATHOLIC SOCIAL TEACHING**

The proponents of the Catholic Church's social doctrine deem the market economy to be the right basic form for the economic system. However, they are convinced of the need to give it a humane ideal. The following twelve preconditions have to be fulfilled:

### **I. Achievement of the Economy's Objectives**

As the Second Vatican Council pointed out, human beings are the originator and focal point and goal of all economic activity.<sup>57</sup> The aim of an economy -expressed in purely formalist terms -lies neither in mere actions based on the principle of economic rationality nor in technocracy nor in mere profitability nor in maximal material happiness for as many people as possible. Moreover, it would be erroneous to define an economy as the satisfaction of demand by providing appropriate supplies, since the satisfaction of useless or harmful needs would then correspond to the economic goal! Rather, the objective of the economy lies in the sustained and assured creation of material preconditions designed to enable individuals and social entities to develop in a manner consistent with human dignity. As the encyclical „Quadragesimo anno“ noted, material goods should be available on a scale which not only suffices to meet vital and otherwise honorable needs, but also permits the development of a refined cultural life.<sup>58</sup>

### **II. The Market Economy must not lead to Consumerism**

The advertisements about consumer goods, which are intended to inform purchasers in objective terms, must not confuse them and obscure the facts by suggestive and excessive stimulating of the imagination and by appeals to the tempting possibility of possessing desirable things. There are warnings against this in the Holy Scriptures. Pope John XXIII wrote in his encyclical „Mater et Magistra“ about how he felt sorry for the large number of people who neglect, completely overlook or simply deny intellectual values and then overestimate material prosperity so much that they often regard it as the highest value in life.<sup>59</sup>

### **III. The Market Mechanism is not Sufficient**

Although free competition is justifiable and of undoubted usefulness<sup>60</sup>, the market mechanism is unable to act as the regulative principle underlying economic affairs. The economy is not an automation, but a cultural process which takes place in accordance with the proper and regulatory

---

<sup>57</sup> Gaudium et spes, No.63

<sup>58</sup> Encyclical „Quadragesimo anno“, No.75 .

<sup>59</sup> Encyclical „Mater et Magistra“, No. 175f.

<sup>60</sup> Encyclical „Quadragesimo anno“, No.88

wishes of mankind. Disposition over private property, market mechanisms and striving for economic success must be complemented by the social aims of economic activities. The market economy is also capable of, and in need of, steering. The urgent tasks which now arise in connection with the objectives of economic activity and the common good cannot be mastered simply by market and price mechanisms: the wide spread of wealth, the continuous growth of the economy undisturbed by cyclical crises; overcoming unemployment; environmental protection requirements, and so forth.

As the encyclical *Mater et Magistra* points out: whenever there is an absence or inadequacy of the requisite state activity in promoting and stimulating the economy or guaranteeing completeness, then there quickly ensues an unholy confusion and the impudent exploitation of others' troubles by unscrupulous stronger members of society who unfortunately have always spread in all parts like weeds in a cornfield.<sup>61</sup> But as the same encyclical also stresses: if private initiative by the individual is lacking, tyranny dominates the political scene. Many economic branches stagnate; and there is a lack of a thousand different kinds of consumer goods and services on which our bodies and souls depend and which arouse and stimulate the creative urges and the diligent efforts of the individual to a special extent.<sup>62</sup>

#### **IV. Control of economic Power**

Under a market economy, steps should be taken to prevent creation of centers of power or -where monopolies and cartels prove unavoidable - to subject them to controls. Under the Federal Republic's Social Market Economy, free competition by no means exists in all markets. On the labor market, for instance, there is no competition in terms of performance but a monopoly exercised by labor and management. To this bilateral monopoly of labor-market parties may be added as a further monopolist factor the unilateral monopoly of money and credit creation.

Other sectors which are not subject to the law of free competition range from transport and energy to farming, coal and steel. Since last century, private enterprise has also repeatedly tried to eliminate competition by means of contractual freedom. This no doubt posed an internal threat to the market-economy system - a connection which the courts failed to recognize for a long period of time.

Catholic social teaching has always sharply rejected monopolies. As John Medina observed in the 16th century, monopolists harm the State more than crop failures and locusts.<sup>63</sup> Cardinal Cajetan called monopolies an attack on universal freedom.<sup>64</sup> Franz Sylvius denounced monopolists as usurpers since they illegally made themselves the originators of prices.<sup>65</sup>

#### **V. The Order of Precedence among Values**

The economy is neither the only goal of human beings and society nor even the most eminent goal. Rather, it must take its proper place in the true sequence of objectives. A higher rank is held by the dignity and freedom of man, marriage and the family, religion and morality, cultural values and the „final aim and end of all things“, God himself.<sup>66</sup> This by no means impugns the fact that the technical processes and the so-called economic laws, which indicate within the context of „means and ends“ what goals are possible or impossible in the economic field, remain independent in their own field.<sup>67</sup>

However, the adherents of Catholic social teaching will not agree with Werner Sombart when he writes that economic progress enjoys precedence over the mandate to uphold morality. All ethical

---

<sup>61</sup> Encyclical „*Mater et Magistra*“, No.58

<sup>62</sup> *ibid*, No.57

<sup>63</sup> *de restitutione et contractibus*. Ingolstadt 1581, p. 194 and p. 222

<sup>64</sup> *Summula*, Venedig 1581, p. 418

<sup>65</sup> *Commentarius i totam II, II. S. Thomae*, p. 538- cf. Joseph Höffner, *Wirtschaftsethik und Monopole im 15. und 16. Jahrhundert*. Second edition Darmstadt 1969

<sup>66</sup> Encyclical „*Quadragesimo anno*“, No.43

<sup>67</sup> Encyclical „*Quadragesimo anno*“, No.42

urges and all feelings of justice would have to put up with the progress achieved by trade and industry. The decisive factor would be the efficiency of the economy; and, after that, one could then be „moral or whatever.“<sup>68</sup> There is no abstract economy detached from humankind and its conscience. Catholic social teachers have frequently drawn the attention of those engaged in trade and industry to the mentality of service to others. Thomas Aquinas considers the following as forms of service: looking after one's own family; being of use to the community as a whole; and providing support for the poor. If one leaves aside this willingness to serve, that leaves nothing else but striving for profit. Although this does not denote anything vicious or non-virtuous in itself, it does smack of a certain nastiness: it seems incessant and destined to continue for ever (Summa Theologica.<sup>69</sup> Viewing life in the 16th century, Ludwig Molina noted that people visit the market-place for different reasons. Some wish to purchase goods for the livelihood of their own family; others acquire materials destined for processing in their own firm; and finally some appear on the market for the real aim of conducting trade and earning money. If this trade takes place in the right way for a moral purpose, it is permissible and morally good and necessary. After all, there must be merchants who regulate exchanges between provinces and between countries, who keep stores of merchandise, and who can at all times offer these goods for sale. If everyone wished to arrange these matters himself, much higher expenditure would accrue. Despite its usefulness for the general population, trade is nevertheless exposed to many spiritual dangers because of the greed for profit and in the light of the human weakness and tendency towards evil. Molina speaks of perjury, lies and usury. But he also mentions the misgivings felt by Thomas Aquinas: the striving to earn money by cheap purchases and expensive sales casts its spell over the human spirit and detracts it from loftier things. For that reason, such striving evinces a certain meanness and indecency.<sup>70</sup>

Peter Koslowski engaged in a similar train of thought. He wrote that capitalism must be purified by a „comprehensive socio-philosophical theory“ and by a theory of politically rectifying the failure of capitalism. He added these words: „Unrestrained striving for profit and benefit leads to a transposition into avarice, greed, and a loss of the richness of human motivations“.<sup>71</sup>

## VI. Capital and Labor

It seems remarkable that Catholic social teachers have constantly posed the question during the last two centuries as to whether the separation between capital and labor, which has characterized the economic system since the Industrial Age, can be upheld in the Christian conscience. Pope John Paul II observed that one must by no means place labor and capital in contradiction to each other, not to mention the actual persons who stand behind these abstract terms. In fact, an economic system based on the primacy of human beings over capital must fundamentally overcome the contrast between capital and labor (encyclical „Laborem exercens“)<sup>72</sup>

In the opinion of Catholic social teachers, the contrast between capital and labor can be overcome or mitigated in two ways:

### 1) Cooperation between partners

The task of the collective agreements between management and labor consists -as Pope John Paul II has pointed out - in using one's best endeavors to obtain benefits for the members. Yet this must not amount to a fight against others or to group and class egotism. On the contrary, the struggles be-

<sup>68</sup> Schriften des Vereins für soziale Politik, Volume 88 (1900), p. 257ff.

<sup>69</sup> Summa theologica, II. II. qu. 77, a.4.c.

<sup>70</sup> De Justitia et Jure (First edition 1953) Tract. II, Disp. 339, No.2-6

<sup>71</sup> Peter Koslowski, Ethik des Kapitalismus (No.87 of the publications of the Walter- Eucken-Institute), Tübingen 1982, p. 62

<sup>72</sup> Encyclical „Laborem exercens“, No.13-14

tween labor and management must take place in the light of social justice and not for the sake of the fight or the wish to eliminate the other side („Laborem exercens“).<sup>73</sup>

## 2) Employee Participation

The second avenue leading to the goal of overcoming the contrast between capital and labor lies in encouraging employees to participate in the formation of economic capital. This has been a traditional demand on the part of Catholic social teachers. In the last century, for example, it was voiced by Adam Muller, Peter Franz Reichensperger, Franz Joseph von Buss, Bishop Ketteler, and Franz Hitze. The wide spread of private wealth presupposes a capacity and a propensity to save. The wider the spread of property, the easier it will prove to overcome or to mitigate the functional crises besetting property in modern society. The spirit of self-responsibility is strengthened, whilst the trend towards the all-providing State is inhibited.

## VII. Technical Progress and Rationalization

Since modern technological methods were introduced into working life in the last century, this phenomenon has been keenly discussed by Catholic social teachers. And many of today's critics repeat the misgivings which were voiced at the time, namely that workers merely represent a function and production factor in the impersonal framework of technical machinery. Robert Dvorak wrote of the „secret identity“<sup>74</sup> between technology and demonic manifestation. Technology transferred the inherent laws of rigid mechanization to human beings, and this led to a devastation of the spirit and to the stupidity of modern working life and gainful activities.<sup>75</sup> It is also argued that technology moved the focal point of human activity into the enormous empire of the inorganic, and rendered man inorganic and amorphous, too (Hans Sedlmayr).<sup>76</sup> A clash took place between two realities: technology and humanity. The technical slaves are the coming victors, and in fact we have now entered the most somber epoch in our history (Constantin Virgil Gheorghiu).<sup>77</sup> Herbert Marcuse was merely repeating a familiar line of thought when he complained of the „advancing enslavement of human beings by production machinery which destroys the lives of those who build up and use these machines“.<sup>78</sup> Pope John Paul II does not denounce technology. He calls it an „ally of human labor“.<sup>79</sup> In his speech delivered to scientists in Cologne Cathedral on November 15, 1980, the Pope remarked that one could not say that progress had advanced too far as long as there are still many people who live in oppressive and even undignified conditions which can be improved with the help of technical and scientific knowledge.<sup>80</sup> But he also warned against the dangers of uncontrolled technical developments. Technology could „in many cases almost make an ally into an enemy of mankind such as when the mechanization of work displaces people and deprives them of every personal satisfaction and incentive towards creativity and responsibility, when it takes away employees' work or makes people slaves of a machine by glorifying the latter“.<sup>81</sup> As the economy and technology serve mankind, the decision-makers must be willing to see technical progress take place in harmonious development rather than in impetuous and crisis-ridden leaps forward.

---

<sup>73</sup> *ibid*, No.20

<sup>74</sup> Robert Dvorak, *Technik, Macht und Tod*, Hamburg 1948, p. 45ff.

<sup>75</sup> Friedrich Georg Jünger, *Die Perfektion der Technik* (1946), Second edition, Frankfurt a. M. 1949, p. 19ff.

<sup>76</sup> Hans Sedlmayr, *Verlust der Mitte*, Salzburg 1948, p. 139ff.

<sup>77</sup> Constantin Virgil Gheorghiu, „25 Uhr“, 3. edition, Stuttgart 1951, p. 62ff.

<sup>78</sup> Herbert Marcuse, *Der eindimensionale Mensch*. Neuwied 1967, p. 159

<sup>79</sup> Encyclical „*Laborem exercens*“, No.5

<sup>80</sup> Papst Johannes Paul II. in Deutschland. Predigten und Ansprachen. Bonn 1980, p. 31

<sup>81</sup> Encyclical „*Laborem exercens*“, No.5

## VIII. The Basic Power Structure of Business Enterprises

Since the start of the Industrial Age, Catholic social teaching has always posed the question as to how the power structure of firms can be reconciled with working people's spirit of self-responsibility. A modern enterprise -and this also applies to an office, shop or administrative unit - can only function if all participants interact smoothly. The inherent constraints make it indispensable to achieve a functional authority with graded administrative levels and appropriate subordination.

Nevertheless, one should bear in mind with regard to business undertakings and indeed to all sectors of human work that it is not invested capital but human beings who must come to the fore. The applicable principle is that the order of things must serve the order of persons and not vice versa.<sup>82</sup> As is well known, considerations of profitability and cost-savings have engendered the need to concern oneself about the people engaged in industry and trade. Typical of this was the warning given by the English factory-owner and public benefactor Robert Owen in the first half of the last century, when he observed that past experience had certainly shown us the difference between a cleanly wiped and shining machine and another one which was dirty and in a mess. If the efforts given to inanimate machines produce such advantageous results, why should one not devote them to human beings whose structure is much more worthy of admiration? Owen argued that it is natural to reach the conclusion that these much more complicated and finer „machines“ gain in strength and efficiency if one keeps them clean and treats them in a friendly fashion, saves their intellectual activities from unnecessary friction, and gives them an adequate amount of food.<sup>83</sup>

In the meantime, a new avenue of approach has opened up. Just as the chemical laboratories of large companies have proceeded from ad hoc research to general basic research, so many an entrepreneur is now beginning to accept the need for a management of human resources which is not dedicated to a special purpose. These entrepreneurs see in every member of the staff from the very beginning a fellow human being and a neighbor, and they adopt all measures from this standpoint. Hence, the guiding thought is not profitability based on enlightened self-interest, but human dignity. Moreover, the result of this will be that, in the long run, the profitable development of firms can only be safeguarded by such an attitude.

## IX. Worldwide Responsibility

The coining of the expression „indirect employer“ by Pope John Paul II attracted much attention. By this term, the Pope means an extensive and complex system of dependent relationships which substantially determine the conduct of a direct employer as he draws up the contract of service and conditions of work. What is meant is not only the field of social and industrial law, but also the supranational sector. As we can read in the encyclical on human labor, it is well known under the present system of the world economy that numerous links exist between the various states (such as in the field of imports and exports) which create mutual dependency so that it seems difficult to speak of self-sufficiency and autarky for any country - even the economically most powerful nation. As the Pope observes, such a system of mutual dependency is normal. However, it may lead to the exploitation of weak countries if highly industrialized states or multinational corporations abuse their power in order to keep down the prices of raw-materials. This leads to a widening disproportion between the rich and the poorer states.<sup>84</sup>

In their draft pastoral letter on „Catholic Social Teaching and the U.S. Economy“, the US Bishops call for the creation of a world system which must guarantee the poor marginal peoples of the world a share of economic assets. When expanding their international economic relations, the United

---

<sup>82</sup> „Gaudium et spes“, No.26

<sup>83</sup> Cit.: in Gide-Rist, Geschichte der volkswirtschaftlichen Lehrmeinungen. Jena 1921, p.257

<sup>84</sup> Encyclical „Laborem exercens“, No.17

States must realize that service to the common good now stretches to the entire planet and that the option to help the poor possesses particular urgency.<sup>85</sup>

Humanity also forms a solid unit in economic terms. In his encyclical *Mater et Magistra* (No.1, Pope John XXIII exhorted those peoples who are sated with wealth and overabundance not to forget the position of those other nations whose population has to contend with such great internal difficulties that they almost perish of hunger and misery.<sup>86</sup> The chain of misery can only be broken if development aid is substantially expanded, if arms expenditure is drastically cut, and if agrarian reforms are carried out in the developing countries. Competition on international markets does not suffice to master these tasks: worldwide regulative measures are necessary .

## **X. The Safeguarding of Employment**

The examination of unemployment and the adoption of economic, cyclical and monetary measures is not a matter for the Church but for the decision-makers i.e. parties to wage agreements, governments, federal and regional parliaments, political parties, and qualified experts. The Church appeals to the conscience of the decision-makers. It is not the Church's mandate to adopt a position on specific issues such as the proposal on extending the duration of school education, reducing work times, advancing the age for retirement, abolishing overtime, raising or cutting taxes, levying a special tax in times of affluence etc. These are matters for the experts and for the decision-makers. Moreover, it is not easy to achieve the major goals of a healthy national economy simultaneously and on a sustained basis: full employment, stable prices, economic growth, balanced foreign trade, and environmental protection.

Great importance for preserving workplaces attaches to the „indirect employer“, i.e. the fabric of national and international agencies which are responsible for the whole implementation of labor policy. Pope John Paul II called for overall planning which transcends the limits of states.<sup>87</sup> The Church has the obligation to make sure that the unemployed are not overtly or covertly stamped as being unwilling to work. In addition, the Church will work to overcome the social isolation of the jobless. What unemployed men and women need is not pity, but understanding care.

## **XI. Environmental Protection**

Measures must be taken to ensure that technical progress does not spoil the biosphere by excessive exploitation, waste and pollution and that it does not damage the physical foundations of life on earth. This is a very old exhortation which is anchored in Christian tradition. In the early 3rd century, Tertullian wrote that people had become a burden for the earth: the raw materials hardly sufficed any longer and Nature could not nourish us any more.<sup>88</sup> Cyprian also complained that the terrestrial globe was crammed full and the world overpopulated.<sup>89</sup> In the industrial age, our mineral resources have been exploited on a scale as never before. A handful of generations have depleted resources which were created in hundreds of millions of years without bearing in mind that coming generations will face empty store-rooms and mountainous rubbish dumps. Nature is governed by the law of circulation. Water, plants and animals come and go. In the Middle Ages, the economy availed itself of this natural rotation. In those days, the sources of energy were wind, water and timber. Today, our economy derives its energy above all from supplies of mineral resources which cannot be replenished. The old sources of energy no longer suffice.

---

<sup>85</sup> First draft of the US-Bishops Pastoral „Catholic Social Teaching and the US-Economy“, No.134, p. 269, 283

<sup>86</sup> Encyclical „*Mater et Magistra*“, No.157

<sup>87</sup> Encyclical „*Laborem exercens*“, No.18

<sup>88</sup> „*onerosi sumus mundo, vix nobis elementa sufficientiunt ..., dum iam nos natura non sustinet*“: Tertullianus, *De anima*, c. 30. In: *Tertulliani Opera*. Prag -Wien -Leipzig 1890, p. 350

<sup>89</sup> „*cum iam refertus est orbis et mundus impletus*“: Cyprianus, *De habitu virginum*, c. 23

A worse phenomenon - we are told - is the fact that physical, chemical and technical processes have disfigured the landscape, poisoned the soil, impaired the biological circulation, destroyed the humus, and often worsened the climate.

From the Christian standpoint, the following principles apply to the relationship between mankind and the visible manifestations of Creation:

- 1) The destruction and desecration of Nature militate against the Christian understanding of the visible manifestations of Creation.
- 2) We must arouse and strengthen the feeling of responsibility among all individuals and peoples about Nature.
- 3) It is science and not theology which is responsible for answering the question as to how we can curb the devastation and pollution of Nature and how we can prevent the destructive impact of nuclear energy. It would be improper to make a demonic subject of nuclear energy. Those who pay homage to the romantic ideal of a „return to the green countryside“ should not forget that under those conditions only about 700,000 people could nowadays live in an area as big as the Federal Republic of Germany, i.e. the same population as 1,500 years ago.<sup>90</sup>

## **XII. Redistribution System**

The original distribution of the national product via economic processes has been rectified to an astonishing degree in modern industrial states by means of taxes and social-insurance contributions. As a result of the two world wars, millions of people began to suffer miseries which were not caused by their own fault. Furthermore, the market mechanism cannot remedy the normal hazards of life such as illness, invalidity, old age etc. To this end, it is necessary to have social institutions. It is therefore wrong to designate the system of social security in general as a symptom of degeneration and as a sign of mass responsibility and a lack of self-responsibility.

However, the trend towards an all-providing state is disquieting. Catholic social teaching advocates, for the sake of human beings themselves, a strengthening of self-responsibility and a rejection of welfare-statism. In the long term, a nation cannot spend more than it has earned by its labors. In some countries such as the United States<sup>91</sup> and France<sup>92</sup>, there seems to be a growing understanding for self-responsibility and a will to curb state tutelage.

---

<sup>90</sup> Cf. Meyers Enzyklopädisches Lexikon, Vol. 6 (1972), p. 529

<sup>91</sup> Cf. Guy Sorman, *La Revolution conservatrice americaine*, Paris 1984

<sup>92</sup> Guy Sorman, *La Solution libérale*, Paris 1985

## **PART TWO: CENTRALLY ADMINISTERED ECONOMIES IN THE LIGHT OF CATHOLIC SOCIAL TEACHING**

### **CHAPTER 1 : CENTRALLY ADMINISTERED ECONOMIES AS A CONCEPTUAL MODEL AND HISTORICAL REALITY**

#### **I. Centrally administered Economies as a conceptual Model**

1) When viewed in its ideal form, a centrally planned economy is marked by the elimination of the structural features of a market economy. Individuals are not entitled to dispose of the means of production. Supply and demand are not harmonized by competition in the market-place. There is no scope for private gain. A central administration, vested with immense powers, draws up the economic plan which regulates in detail the technical procedure and the distribution of the national product and which is binding for the entire economic process. Karl Marx alleged that centrally planned economies would assert themselves everywhere in the world analogous to the law of dialectical materialism. The more that technology and the economy develop in a given country, the more there will be an automatic growth of the mass misery, oppression, bondage, degeneration, exploitation, and revolt among the working class. The capitalist shell would then be ruptured.

According to Marxist analysis, the dialectical leap from capitalism to Marxist socialism was to take place first of all in the highly developed industrial states of England, USA and Germany. But in fact, Marxism seized power in the agrarian countries of Russia, Poland, Romania, Bulgaria and China etc: moreover, it did so by force of arms and not by dialectics.

Dialectical materialism assigns to the economic system a significance which determines the whole character of social life. After all, Karl Marx asserted that the legal, political, religious, artistic or philosophical content of the ideological superstructure would be conditioned, determined, brought about, translated or produced by the given economic circumstances. According to Karl Marx and Friedrich Engels, the intellectual content springs from the economic content: it is the inspired form of social conditions which are also its cause.<sup>93</sup> All these formulations are vague, one-sided and highly questionable simplifications - as indeed are the theses of dialectical materialism in general.

After the collapse of capitalism comes an epoch which exists in a strange twilight: „Between capitalist and communist society lies the period of revolutionary conversion of one into the other. This also corresponds to a political transitional period whose State can only be a revolutionary dictatorship of the proletariat.<sup>94</sup> Only after total victory over the capitalist countries does there begin, pursuant to the Marxist doctrine on the various periods of social evolution, the final phase of utopian communism. Marx himself was hesitant about describing in detail the final phase. He calls this condition the 'true realm of freedom'. Cooperation and common possession of the earth would make humankind into an association of free people. Then society could inscribe on its colors: each according to his abilities, each according to his needs.<sup>95</sup> A new era would commence. Karl Marx prophesied that everybody would then be able to do all sorts of things which he felt like doing: to go hunting in the morning, fishing in the afternoon, and farming in the evening."<sup>96</sup>

Lenin also believed in this secularized messianism. He wrote of thrusting wide-open the gateway leading to the transition from the first phase to the next higher phase. He knew that bourgeois academics scoffed at this theory and described it as a Utopia that every citizen would receive - without any control of his working performance -as many truffles as he wanted, automobiles, pianos and so

---

<sup>93</sup> Cf. Karl Marx, *Zur Kritik der politischen Ökonomie*. Reprint Berlin 1947, p. 13 f.

<sup>94</sup> Karl Marx, *Kritik des Gothaer Programms* (1875). Reprint Berlin 1946, p. 29

<sup>95</sup> *ibid*, p. 19 ff.

<sup>96</sup> Karl Marx, *Frühschriften*, p. 361

forth.<sup>97</sup> On October 18, 1961, Krushchev even ventured the prediction that communist society with its overflowing bowl of plenty would, in its essentials, be built up in the next 20 years.

Herbert Marcuse also believed in the great liberation, and in the new kind of human being who is no longer a matter for more or less arbitrary speculation, but who could be virtually deduced from the condition of productive forces.<sup>98</sup> Jürgen Habermas expressed the view that the abuse of power could be prevented in a socialist collective by applying the principle of general discussion free from domination.<sup>99</sup>

2) It is a striking, though understandable fact that social reformers usually display a preference for centrally planned economies when they are designing ideal economic systems. This has probably to do with the fact that planning, systematizing and regulating appear to be more of an ideal than self-interest and competition. And as Clodovis Boff once observed, the „theologists of liberation“ also more or less explicitly see socialism along the horizon of the historic project<sup>100</sup>, because a democratic and socialist society would offer better objective conditions for ensuring that the Church can fully express its catholicity.<sup>101</sup>

## II. Centrally administered Economies as a historical Reality

1) During the pre-industrial era, centrally planned economies were rarely adopted as the State's economic system. One can perhaps cite the pre-Columbian Inca Empire, when a pronounced agrarian collectivism and state socialism prevailed. Even in the times prior to the Inca Age, the villages had been amalgamated into market cooperatives. After their assumption of power, the Incas allowed this agrarian collectivism to continue and they erected over it their central state socialist system.<sup>102</sup> The clearly arranged division into provinces and districts together with the tight classification of the population into groups of a hundred, thousand and ten thousand (verified by registration) permitted the systematic use of labor for public works. The famous military roads of the Incas were built under state supervision -as were the forts, temples and palaces. But the Inca regime was not total state socialism. Landed property belonged to three owners: the temples, the Inca and the village tribes. The only private property allowed was housing, household goods and the fruits of the family plot of land. The sophisticated system of state socialism under the Inca Empire did not brook any disturbances. A strict penal code protected the State and public order. The death sentence was meted out for rebellion, treason, blasphemy against the Son God, lese-majesty, arson in the store-houses, destruction of bridges, and damage to irrigation facilities. Idleness was almost punishable as a crime.

2) Numerous countries have introduced a centrally planned economy since 1917, the first one being the Soviet Union. However, a total communist' central administration has not proved possible anywhere, not, even in the Soviet Union. The words „each according to his abilities, each according to his needs“ can still not be inscribed on the Soviet Union. There still exist wages, premiums and piecework bonuses which should fundamentally be rejected as „capitalist“. Lenin once declared: „The conversion of the entire economic mechanism of the State into a single huge machine and economic organism which functions in such a way that hundreds of millions of people can be governed pursuant to a single plan - that is the gigantic organizational task which has devolved upon US.“<sup>103</sup> Similar to the capitalist system, everyone receives his wages pursuant to his performance so that one man actually receives more than the next man. But Lenin had to admit: Bolshevik workers are still a long, long way from the Bolshevik working ethos based on working for the common weal and inspiring people to work selflessly for the general population without norms, without reckoning with remuneration, and without reaching agreement on remuneration. For this reason, people had to be forced to work. Down with those who think of shirking work. Long live working discipline and

<sup>97</sup> Lenin, *Ausgewählte Werke*, Vol. 2. Moskau 1947, p. 232

<sup>98</sup> Herbert Marcuse, *Professoren als Regenten?* In: *Der Spiegel*, No.35, 1967, p. 115

<sup>99</sup> Jürgen Habermas, *Technik und Wissenschaft als „Ideologie“*, p. 119

<sup>100</sup> Clodovis Boff, *Die kirchliche Soziallehre und die Theologie der Befreiung*. In: *„Concilium“*, 1981, p. 777

<sup>101</sup> Leonardo Boff, *Die Neuentdeckung der Kirche*. Second edition. Mainz 1980, p. 74

<sup>102</sup> Cf. Luis Eaudin, *L'Empire socialiste des Inka*. Paris 1928

<sup>103</sup> Lenin, *Ausgewählte Werke II*. Moskau 1947, p. 333

keenness to work! Let there be everlasting reward for those who now inspire millions of workers<sup>104</sup>! Lenin goes on to utter drastic threats: In one town, we shall throw half a dozen of the shirking workmen into prison. In a second town, we shall make them clean the lavatories. In a third, we shall give them yellow passes after their imprisonment so that the whole nation can keep an eye on them as harmful elements until they have bettered themselves. In a fourth, we shall shoot on the spot one out of every ten persons found guilty of idleness. In a fifth, we shall devise a combination of various methods.<sup>105</sup>

Speaking at the funeral for Chernenko, the new Party Chief of the Soviet Union Mikhail Gorbachev declared that he would adhere to a centrally administered economy and oppose everything which contradicts the norms of socialist life. Economic productivity would have to be increased, not least by stipulating that wages must accord with work results more than hitherto.<sup>106</sup>

In 1920, N.I. Bucharin-Jevgeni and A. Probrashenski published their „ABC of Communism“<sup>107</sup> in which they wrote: „The workers are now in power, and their party is the governing party. A new complete form of democracy, proletarian democracy, has been achieved. In the Soviet Congress, there no longer sit professional chatterboxes, but laborers.“ (Yet this was not the case, since intellectuals form the majority in Congress). Communist justice was conceived as a court of the working majority sitting in judgment on the exploiting minority. All of this sounds very hollow nowadays - quite apart from the circumstance that the two authors of the ABC of Communism were killed on Stalin's orders. The protests voiced by numerous scientists and authors in the Soviet Union is an outcry of an outraged conscience against the domination of force which, as Alexander Solzhenitsyn noted, misuses the masses like manure for the prosperity of small minorities, and especially the dregs of society.<sup>108</sup> The call for freedom which reverberated in recent decades in the Bolshevik occupied parts of Central Europe –I n the GDR (German Democratic Republic), in Czechoslovakia, Hungary and Poland - was forcibly repressed.

3) An attempt has been made for a number of years in some communist countries, including Yugoslavia and Hungary in particular, to render the centrally administered economy more flexible by permitting competition between state enterprises and by switching certain economic decision-making to company level. This competitive socialism can no doubt point to certain achievements, but it is regarded with suspicious eyes by the Soviet Union. Pravda<sup>109</sup> has recently voiced repeated warnings about revisionism and national communism. Reference is made to the attempt to diminish state controls and central direction in favor of market competition and a larger private sector.<sup>110</sup>

The question has arisen - in view of the attempts by some socialist states, to integrate structural elements of the market economy into a centrally' planned economy and, on the other hand, the numerous regulative and rectifying measures adopted by the economic, financial and social policy-makers of Western market economies -whether or not, it might be possible to bring the two economic systems closer together to a certain extent. But this idea and other „convergence theories“ probably have little prospect of success in the light of the Soviet Union's attitude.

---

<sup>104</sup> *ibid*, p. 645, 666 f.

<sup>105</sup> *ibid*, p. 297

<sup>106</sup> Cf. *Neue Zürcher Zeitung* July 7/8, 1985

<sup>107</sup> A new edition with an introduction by Boris Meissner has been published by Manesse/Zürich 1985

<sup>108</sup> *Neue Zürcher Zeitung* of June 4, 1974

<sup>109</sup> *Pravda* - then the leading communist daily newspaper

<sup>110</sup> *Neue Zürcher Zeitung* of July 6 and 7/8, 1985

## CHAPTER 2 : THE ATTITUDE OF CATHOLIC SOCIAL TEACHING TO CENTRALLY ADMINISTERED ECONOMIES

### I. Distinctions

As in a market economy, Catholic social doctrine is concerned above all in its study of centrally planned economies with men and women. Does the centrally planned economy realize the objective of economic activity, namely the proper and dignified provision of goods and services for human beings? Since the first centuries, the Catholic Church has discussed the question as to whether centrally directed economic entities can satisfy the dictates of a Christian conscience. The results may be considered under three headings.

#### 1) Utopian Communism

A number of church fathers and theologians deem it possible that, but for the Fall of Man, it would have been possible to attain a form of communal economy without private property, i.e. a utopian communism. However, this idea reveals unmistakably stoical influences. Seneca believed that the first human beings in the world had innocently followed Nature. Everything had been done together. „And then there erupted into these supremely well regulated conditions human greed...and in this greed for plenitude, man lost everything.“<sup>111</sup> Some of the main church teachers put forward similar doctrines to Seneca. For example, St. Ambrosius wrote that God had given the earth to all peoples as their common wealth: private property had arisen from avarice.<sup>112</sup> In the Eastern Church, the Patriarch of Constantinople John Chrysostomus taught the same doctrine: Originally, God left one and the same earth to all. Discord only appeared when man started to utter those cold words „mine and thine“.<sup>113</sup> We may assume that people living in a paradise on earth would not have satisfied themselves with locusts and wild honey, but would have subjugated the earth by joint planning on a scale which we can hardly imagine. This would have been possible because, as Thomas Aquinas observes, the discordant spirit of greed would have been lacking so that common management would have been possible without any danger of strife.<sup>114</sup>

#### 2) Family and Monastery

After the Fall of Man, a centrally directed economy without pernicious consequences was only feasible in small compact communities.

a) Each family - and especially the families of farmers, craftsmen and merchants - bears the characteristics of a centrally directed economy. As a communal unit for living and educating, working and obtaining a livelihood, the family is normally protected against an abuse of power even though past experience has taught us that paternal and maternal authority can degenerate and lead to the maltreatment of children.

b) Each monastery should be an image of the holy parish of Jerusalem. The unifying force is the complete freedom which assumes its shape in the vow of poverty, celibacy and obedience. In economic terms, a monastery is subject to central direction. The monastic rules decreed by St. Benedict state: everything shall be the common property of all and no-one shall call anything his own... We shall adhere to the written word: each man shall receive in accordance with his needs. Those who need less should thank God. He who needs more should humble himself because of his weakness... And thus all members of the monastery shall remain at peace.<sup>115</sup> The rules for the German order of knights stipulates that the commander of the order shall arrange everything. He shall be

<sup>111</sup> „multa concupiscendo, amnia amisit“: L. A. Senecae Opera, Vol. 2, Ep. 90 47

<sup>112</sup> Expositio in Ps. 118, Sermo 8,22 (Migne PL 15, 1303)

<sup>113</sup> „tuum et meum frigidum hoc verbum“. In Ep I ad Tim., hom. 12,4 (Migne PO, 62, 562 ff.)

<sup>114</sup> Summa Theol. 1.98, 1 ad 3

<sup>115</sup> Statuta of Saint Benedict, Chapter 34

entrusted with the needs of the house and of the friars. The head cook, the cellar man, the fish master and the forester are under his orders. Nobody may possess property. For example, if a friar dies and inadmissible property is found in his cell, then his body is removed and buried somewhere in the field.<sup>116</sup>

c) Occasionally, the question arises as to whether larger communities such as Christian congregations could be centrally directed economic entities. In a sermon given in Constantinople, John Chrysostomus expressed the following view: „If all men and women were to give up their money and to transfer all their fields, possessions and houses, I estimate that this would produce a million pounds of gold, and perhaps even two or three times as much. Apart from the foreigners and Jews here in Constantinople, there are about 100,000 Christians including 50,000 poor persons. How simple it would be to provide the poor with sufficient to live on. Perhaps you will object: but what shall we do when everything has been used up? John Chrysostomus replies: Do you seriously believe that this immense wealth could ever be used up? On noticing the unease caused by this remark among his audience, Chrysostomus added soothingly: But I only mean this theoretically. No-one need take fright, neither the rich nor the poor.“<sup>117</sup>

d) After the Fall of Man, the only economic system which could be considered for the State was a socially oriented market-economy based on private property. For, a centrally administered economy poses a danger to the freedom and dignity of man.

## **II. Reasons for rejecting a centrally administered Economy**

Catholic social teachers have voiced the following misgivings about centrally planned economies:

### **I) Self-responsibility and individual initiative are eliminated**

In a market economy, every household and every firm proceeds in accordance with its own plans. This accords with the individual freedom and independence of human beings. As the Second Vatican Council pointed out, private property - including the private ownership of the means of production - contributes to the self-delineation of the person and imparts the absolutely necessary scope for shaping the personal life of every individual and of every family in a spirit of self-responsibility. It must, virtually be regarded as an extension of human freedom.<sup>118</sup> The coordination of innumerable individual plans takes place in the market pursuant to the interplay between supply and demand with the help of money as a common unit of account. Hence, the market economy is a process of adaptation<sup>119</sup>. However, this does not exclude the possibility under a market economy that individual plans rest on data and processes whose interaction amounts to coordination.

By contrast, individual freedom and independence are eliminated under a centrally planned economy so that the State must incessantly struggle against idleness and unwillingness to work, introduce coercion to work, or adopt elements of the market-economy system such as wages and bonuses. W. A. Karpinskij pertinently characterizes this situation when he explains that bonuses, certificates, badges, medals and decorations are very important educational methods for rousing and stimulating workers into disciplined conscientious fulfillment and over-fulfillment of their working tasks. This accounts for the presence in every factory in the Soviet Union of workers who have over fulfilled the norm by 200%, 300% and sometimes even 1000%.<sup>120</sup> According to Thomas Aquinas, the communist system can best be implemented by making the workers into slaves whom one can easily subject to central direction.<sup>121</sup> Adam Smith made the following observation: the experience

---

<sup>116</sup> Konrad and Tony Gatz, *Der Deutsche Orden*, Wiesbaden 1936, p. 120

<sup>117</sup> *In Acta Apost. hom.* 11,3 (Migne PO 60, 97)

<sup>118</sup> *Gaudium et spes*. No.71

<sup>119</sup> Cf. Walter Eucken. *Die zeitliche Lenkung des Wirtschaftsprozesses und der Aufbau der Wirtschaftsordnung*. In: *Jahrbuch für Nationalökonomie und Statistik*, Vol. 159 (1944),

<sup>120</sup> W. A. Karpinskij, *Das Sowjetland; Die Gesellschafts- und Staatsordnung*. Berlin 1946, p. 146f.

<sup>121</sup> *In Pol. II.*, 4

gained at all times concurs in that the work done by slaves, even though it only requires their cost of living, is ultimately the dearest of all, because anybody who may not acquire anything for himself can have no interest other than to eat as much as possible and to work as little as possible.<sup>122</sup>

## **2) A warning against total Planning Bureaucracy**

Under a centrally administered economy, the delimitation of responsibilities as under a market economy is replaced by a huge planning apparatus to which everything is subject. In the Soviet Union, the overall plan is published as State Law and then applied to the various provinces. The provincial administrations in turn apply the plan to the various factories and enterprises. On this basis, each factory or enterprise works out the plan for the departments which then pass it on to the working groups in the form of shift-work schedules and to the individual workers as production norms.<sup>123</sup> The ease with which disturbances can slip into this complicated bureaucratic system is known to Soviet functionaries. It repeatedly happens that plans cannot be fulfilled. In order to ensure in this case that everything does not grind to a halt, the State must dispose of large reserves<sup>124</sup>, i. e. one of the goals envisaged in the Inca Empire. Catholic social teaching voices serious misgivings about this system. Does not the bureaucratization and the failure of economic plans endanger the achievement of economic goals? Will not the citizens suffer want in the interest of supra-economic goals which are stipulated by the central administration?

## **3) A centrally planned economy is the root of social discord**

Proceeding from Aristoteles, Thomas Aquinas pointed out that working people would rise in protest against the functionaries under a communist economy. The workers would have to drudge in return for meager rations, whilst the functionaries take it easy and enjoy the lion's share of the profits.<sup>125</sup> The former Chairman of the Presidium of the Supreme Soviets, Michail Ivanovich Kalinin, furnished an involuntary example of the grumbles of collectively organized persons against the functionaries. During a visit to a Kolkhoz in his home village, Kalinin went out into the fields accompanied by six or seven of the main village officials. "As we approached, one of the working women pointed to my companions and called out: Michail Ivanovich, just look at how many men folk you have taken with you on your walk round the field while we women do all the work! ...Why don't you get them to work, too, I rejoined. It's not so easy to get them to do anything, replied the women. And then turning to my companions, who were the Chairman of the collective unit together with the Comsomol and education officials, I said: It wouldn't harm you to mow a couple of hectares of flax, since the people are in any case already in the field and there is nothing for them to do in the village. This decision drew loud applause from the women."<sup>126</sup>

## **4) Centrally administered economies endanger human freedom and dignity**

In particular when viewed against the immense production apparatus of a modern economy, a centrally planned economy represents a huge concentration of power which - given the sorry state of human nature - is bound to cause irresistible temptations to abuse one's power. The small family and monastery communities are also centrally directed economic units. However, the direction lies in the hands of the parents or the abbot or abbess. In this case, one can normally rule out an abuse of power. On the other hand, the person or persons who stand at the head of a State's centrally planned economy enjoys not only economic power but also political and military, propagandist and cultural,

---

<sup>122</sup> Adam Smith, *Der Reichtum der Nationen*. Vol. 1, Leipzig 1924, Book 3, Chapter 2

<sup>123</sup> J. Lukanin, *Die Sowjetindustrie*. Berlin 1947, p. 42

<sup>124</sup> *ibid*, p. 50

<sup>125</sup> „qui plus laborant, murmurarent de majoribus, quod parum laborantes multum acciperent, ipsi autem e contrario minus acciperent plus laborantes“: In Po. 11, lect 4

<sup>126</sup> Mjij, Kalinin, *Die Macht des Sowjetstaates*. Berlin 1946, p. 15

socio-political and policing power. As Leo XIII once remarked, a State which becomes the sole provider of jobs threatens individuals' intact and justifiable freedom so that one should abhor rather than desire such a communal state existence.<sup>127</sup>

Pope John Paul II drew our serious attention to the fact that Marxist collectivism, which calls for a proclaimed class struggle and wishes to set up the dictatorship of the proletariat so as to introduce the communist system throughout the world, is not in a position to realize the primacy of human beings over the use of capital as an instrument. Under this system, man is not primarily the subject of labor but in fact „a sort of product from the economic and productive circumstances which mark the given, era“. Capital falls into „the direct control of another group of persons who dominate the whole economy by virtue of their position of power“.<sup>128</sup>

Is it not dismaying that the Church in Poland must defend the human dignity of workers against a system which once boasted that it would bring liberation for workers?

Atheism, dialectical materialism and secularized messianism are inherent in the system of centrally administered economy practiced in the Bolshevist countries. Karl Marx thought of religion as a mystic veil of fog, a concoction of one's own mind, and the opium of the people.<sup>129</sup> Lenin declared that those who occupied their minds with God were spitting at themselves in the worst possible way, since religion is like a cheap liquor.<sup>130</sup> Stalin alleged that the world develops in accordance with the laws of motion which govern matter and which do not need any world spirit.<sup>131</sup>

Pursuant to the laws of dialectical materialism, Nature develops from the inanimate to the animate whilst Society develops from slavery to bondage, then to the proletariat and finally to the „new man“. Leo Trotsky, one of Stalin's many victims, broke out in jubilation: „In that time, man will become incomparably stronger, wiser and freer. His body will be more harmonious, his movements more rhythmic, his voice more musical. The forms of existence will gain a dynamic theatricality. The average human being will ascend to the level of an Aristotle, a Goethe, a Marx. New peaks will soar above this mountain ridge!“

It is tragic that Bolshevism has seized control over the Slavic peoples who built up Europe on the foundations of Greek and Roman antiquity together with the Celtic, Romanic and Germanic peoples - a Europe which has achieved unity under a common Christian faith. Bolshevism attempts to separate the Slavic peoples from the Christian faith and from Europe. In his encyclical „Slavorum Apostoli“ to mark the 1,100th anniversary of Saints Cyril and Methodius, Pope John Paul II demands that the Slavic peoples must continue to be allowed to profess their Christian faith and to live without hindrance and in accordance with their conscience.<sup>132</sup>

Indeed, the extent to which Christians in the Bolshevist countries suffer from religious persecution was recently demonstrated to the whole World by the Catholics of Czechoslovakia at two of their places of pilgrimage, Velehrad and Lovoca.

---

<sup>127</sup> Encyclical „Rerum novarum“, No.10

<sup>128</sup> Encyclical „Laborem exercens“, No.13-14

<sup>129</sup> Das Kapital I, Berlin (1947), p. 85, 653, and; „Deutsch-Französische Jahrbücher“, 1944, p. 72

<sup>130</sup> Lenin, Ausgewählte Werke 11, Moskau 1947, p. 788, 790

<sup>131</sup> Stalin, Über dialektischen und historischen Materialismus. In: Stalins Werke, p. 649 f.

<sup>132</sup> Encyclical „Slavorum Apostoli“, June 2, 1985, No.30