Centesimus Annus and the Catholic Social Tradition: Has John Paul II Adopted a New Paradigm?

According to the Roman Catholic tradition, economic activity takes its origin from the biblical injunction…"fill the earth and subdue it" (Genesis 1). Created "a little lower than the angels," granted dominion over the beasts of the field, the birds of the air, the fish of the sea (Psalms 8), mankind is to master, transform and ennoble the resources found in his environment. He does so, in part, through the production, exchange and distribution of commodities. Made in the Image of God, man uses his freedom and dominion over nature to complete the process of creation so that "by the subjection of all things to man, the name of God would be wonderful in all the earth" (GS, 34).* "Deciphering the signs of the times"—as the process of discernment is typically described in post-Vatican II Catholic discourse— Pope John Paul II identifies the "ascendancy of technology" in contemporary society as a latter day "authentic sign" of man's fulfilling the destiny laid out for him in Genesis (RH, 15). The transition to modernity, bypassing the pastoral images found in scripture, the shift from handicraft to technological modes of production but bring to light the manifold ways human creativity can bend the processes of nature to the enhancement of human life and by doing so, offer a new hymn of praise to man's Creator.

"Work"—John Paul II's generic term for economic activity—is a rational process calling for the exercise of man's species-unique capacity for moral

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*The major documents of the Roman Catholic Social magisterium are cited directly in the text by initials of the titles and paragraph number. Documents used in this paper include:

Rerum Novarum (1891) (RN)
Quadragesimo Anno (1931) (QA)
Gaudium et Spes (1965) (GS)
Redemptor Hominis (1979) (RH)
Laborem Exercens (1981) (LE)
Sollicitudo Rei Socialis (1987) (SRS)
Centesimus Annus (1991) (CA)

choice. Created in the "Image of God," man is "master of his act." Whatever be the influence of heredity or environment on the human condition, man's free moral choice (the joint product of knowledge of the true and love of the good) is the originating cause of human action. Economic activity is exemplified in a wide range of decisions—e.g. job choice; plant location; product line. But according to the Roman Catholic perspective, each and every one of these decisions is a moral act and hence subject to moral evaluation.

The moral philosophy presupposed in the Church's social magisterium is typically that of Aristotle, the type of ethical discourse which in current philosophical discussion is identified as an "Ethics of Virtue." In contrast with the duty-for-the-sake-of-duty conception of moral obligation (Kant), and with the notion that useful consequences determine the quality of a human act (utilitarianism), the Aristotelian theory asserts that human "perfection," the living of a "good life," requires the exemplification of a wide range of human excellences—particularly the moral virtues, but including also cultural and artistic achievements.

Evangelical and Lutheran theologians are disturbed by the characterization of the Christian's attempt to live out his faith as an obligation to achieve Aristotelian excellence. Such a characterization seems to overlook the cosmic fact that salvation comes as the gift of a gracious God. Moreover, in contrast with Kant, the Aristotelian view seems to attribute to the moral agent a species of egotism, not as crude perhaps as the utilitarian quest for pleasure, but nevertheless driven by self interest. The waters here are deep indeed—too deep to be navigated by an economist. For present purposes suffice it to say in the Catholic reliance on Aristotle, the moral and cultural excellences are recognized as authentic human goods, but such perfections are recognized as taking their origin from the creative act of a loving God. With his inner life illuminated by prayer, the study of scripture, the sacraments, with his passions controlled by the moral virtues, the believer strives to exemplify Aristotelian excellence as a "strategy of love." He means to make of his life a "song of praise" offered to his Creator. And he realizes he can succeed in the grand endeavor only because he knows by faith that his struggle to please God with a good life will be met and guided by his Creator's gracious gift of the Spirit.[1]

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Centesimus Annus and its Predecessors

The most recent official statement of Catholic social doctrine is the papal encyclical *Centesimus Annus* issued by Pope John Paul II on May 1, 1991. Unlike most official Church documents, this latest encyclical has received a great deal of attention in the popular press, with major articles in the *Wall Street Journal,* the *New York Times* and many other publications. The reason for all the attention is not far to seek. *Centesimus Annus* seems to mark a decisive shift to the right in Catholic teaching on economic policy, institutions, and systems. In his exposition of Church social doctrine, the present Pope repeats the Church's century old condemnation of socialism. But he also seems to disavow the welfare state model of a good society which loyal Catholics have for long understood as a basic element in their Church's teaching on economics. John Paul II, as is often said, certainly seems to have adopted a "New Paradigm."

What some take as marking a shift to the right is exemplified in an oft quoted, key text of the new encyclical. Taking note of the collapse of Marxism, the persistence of Third World poverty, of "marginalization" as the tragic fate for many citizens

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of advanced societies, John Paul II makes a striking observation—"It would appear that…the free market is the most efficient instrument for utilizing resources and responding effectively to human needs" (CA, 34). The persistence of grand scale, world wide economic evil does not, in the Pope's mind, suffice to delegitimatize the "free market." The conclusion is repeated and amplified in a later passage where John Paul II poses a cosmic question brought to the fore by the revolutionary events beginning in 1989, and then proffers his answer to it. Can one conclude from the practical failure of Communism, that the capitalistic system marks out "the path to true economic and civil progress?"

The Pope's answer to this fundamental question is very carefully qualified. If "capitalism" is understood as a system which exempts the exercise of economic freedom from juridical and moral control (a reference to "liberal capitalism" as defined by his predecessor, Pope Paul VI), then such a system must be denounced as morally defective. Before disposing of this straw man, however, John Paul II has set down an alternative definition of capitalism, one for which he suggests the name "market economy" or "business economy." This latter economic model "recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector." And as regards the question of the moral legitimacy of this "market economy," John Paul II concludes that the "answer is certainly in the affirmative" (CA, 42).

This central line of argument of the latest encyclical may be disturbing for theologians convinced of the incompatibility of capitalism and Catholicism, or for a Catholic peace-and-justice activist. But for the economist, John Paul II's brand of social analysis is entirely familiar. To diagnose the causes of economic injustice and to point ways for their correction, he adopts a straightforward neoclassical model of a market economy and uses it as an instrument for explicating Catholic moral principles. Furthermore, those who find a New Paradigm in his work—who believe that the Pope has undergone "conversion" to a new world view as the result of the revolution of 1989—need to take a closer look at the development of the Church's social magisterium.

In the first of the social encyclicals—*Rerum Novarum* (1891)—Pope Leo XIII denounces the injustice inflicted on the working class with the rise of capitalism, calls for an end to class conflict, and condemns socialism with all its works as a form of atheism dangerous to the soul. By the date of the next encyclical—*Quadragesimo Anno* (1931)—the economic analysis used in the magisterium has begun to take on considerable sophistication. Pius XI repeats his predecessor's condemnation of socialism. But the analysis used to justify socialism—Marxian economics—is now explicitly rejected also. Pius XI offers a line-by-line rebuttal of the labor theory of value, of its main corollary—the theory of exploitation, and by implication of what was to become a favorite principle of Liberation Theology—the Marxian theory of "unequal exchange."

Furthermore, in *Quadragesimo Anno* the historical emergence of a "disembedded economy"—of an interconnected system of firms and markets—is taken for granted. And to historical retrospect it is strikingly evident. The instrument used to analyze the operation of such a market system is a neoclassical general equilibrium model. Using the teleological approach characteristic of Aristotelian moral philosophy, Pius XI sets out to identify the "end" or "purpose" which, according to the intention of "God, the Author of Nature" is to be achieved by the operation of an economic system. He asks a medieval question, but provides a modern, neoclassical answer. The "end" established by God for the economic system will be achieved only when "all and each are provided with all the goods that the . . . resources of nature, technical achievement, and social organization can furnish." Though most theologians never got the message, Pius XI has here clearly and definitively identified income-maximizing efficiency in the use of resources as the teleological purpose ("final cause") of an economic system. He has thus isolated a fundamental ethical principle. Economic institutions are morally legitimate, the acts of individual economic decision makers are justified, to the extent that they serve such an overarching, teleological purpose. Neoclassical analysis is further exemplified by the way Pius XI expands on his identification of the economy's "goal" or "purpose." He asserts that the equilibrium condition the textbooks refer to as "Pareto Optimality"—"a right proportion among wages, salaries... and prices"—is a necessary condition for achieving such a purpose (QA, 75).

Thus, careful consideration of the second of the Church's social encyclicals indicates that those liberation theologians who use Marxian economics to diagnose Third World problems, those commentators who misread *Laborem Exercens* as advocating a form of socialism, are clearly departing from basic principles long since set down in the magisterium. Moreover with his assertion that "the free market is the most efficient instrument for utilizing resources" the present Pope may be offering timely commentary on the dramatic European events of 1989. But he is also reaffirming basic teaching laid down by a papal predecessor three decades ago.

Centesimus Annus and the Neoclassical Model

On one particular point, the parallel between John Paul II's economic analysis and that employed in the micro textbooks is especially illuminating. John Paul II would not agree with David Hume—"reason is and ought to be the slave of the passions." Working from the Aristotelian tradition, he would insist that the relationship between reason and passion is the other way around. But surprising as it may seem, the Pope does conceive of the market process as instrumentally oriented toward the satisfaction of desires and preference *take as given*. Market mechanisms encourage efficiency, promote exchange, and "give central place to the person's desires and preferences which in a contract meet the desires of another person" (CA, 40). However, the Pope also affirms that, "Of itself an economic system does not possess criteria for correctly distinguishing...higher forms of satisfying needs from artificial needs which hinder the formation of a mature personality" (CA, 36). His apparent adoption of standard neoclassical procedure—taking wants as given and testing institutions for their efficiency in satisfying them—must be carefully understood.

John Paul II is highly critical of "consumerism." Medieval theologians warned the believers of their day of a particular vice to which they were exposed by the emergence of a money economy—the evil of avarice. In a similar vein, John Paul II inveighs against consumerism as a new kind of idolatry, the source of a pervasive and destructive alienation, which threatens the moral life of modernized, high tech societies. Though Milton Friedman, Friedrich Hayek and Lionel Robbins might disagree, John Paul II insists on the validity of a crucial value judgment. Acts of consumer choice driven by the vice of consumerism are morally abominable. His proposal for dealing with such an abomination is noteworthy. He invokes a crucial principle emphasized by Michael Novak—a progressive society differentiates between the political order, the economy, and the cultural system. He then concludes that the cure for consumerism is to be achieved, not by introducing economic planning to replace the market, but through changes emerging out of the cultural system. "A great deal of educational and cultural work is needed"

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(CA, 36) to bring about the rectification of preferences, the cultivation of virtue in the exercise of consumer choice.

While affirming the social utility and moral legitimacy of the market, Pope John Paul II also places a great deal of emphasis—more than was ever evident in the official pronouncements of his predecessors—on the role of the entrepreneur in the economic process. Discussing the causes of underdevelopment, he points out that a right important both for the individual and the common good is often suppressed—the right of "economic initiative" (SRS, 15). Denial of this crucial right "in the name of an alleged 'equality,'" so he affirms, "diminishes the spirit of initiative," encourages dependency, and thus inhibits economic progress (SRS, 15). Such encouragement and approval for the entrepreneurial function is also expressed in *Centesimus Annus.* Like the old-fashioned Principles texts which identified "entrepreneurship" as a factor of production equal in importance with land, labor and capital, the Pope asserts that "the ability to foresee the needs of others and the combinations of productive factors most adapted to satisfying those needs constitutes another important source of wealth." "Initiative and entrepreneurial ability" are identified as a species of "human work" essential for effective operation of the economy (CA, 32).

The Pope's favorable evaluation of the entrepreneurial role is complemented by his discussion of the business firm. Unlike a family or cultural association, the firm originates in the common desire of its various members to satisfy economic need. Perception of this common need leads to the formation of a "particular group at the service of the whole community." The firm is thus identified as one of those "mediating structures" or "intermediate institutions" which according to standard Catholic social doctrine, bring individuals together in stable institutional relationships. Such "mediating structures" foster friendship and communication, encourage the pursuit of moral excellence, and help the individual make his due contribution to the common good. As such a "particular group," the firm is not merely the locus for a continuing series of contracts between owners of complementary resources (as in the neoclassical theory of the firm). Nor is the firm an instrument of systematic oppression wherein capitalists extort "surplus value" from their hapless workers (the Marxian view). Rather, according to the humanistic perspective of John Paul II, the firm is to be understood as "a community of persons." Such a formula employed in the context of the Catholic tradition, is evidently intended to convey an important message.

Each member of the firm is an autonomous moral agent, created in the image of God, made "master of his act." His every decision—to exercise his craft, to comply with the customs of the shop, to exercise entrepreneurial leadership—must be understood as an exercise of the human person's capacity for moral freedom. With each and every exercise of such freedom, he creates a moral excellence, a worldly reflection of God's transcendent goodness that is to resonate through the human community, across the cosmos, and down through history. As a member of a "community of persons," each participant in the firm must be provided the social space to identify potential moral good through the exercise of reason and bring it to actuality through his action. Coordination and authority are essential for the effective operation of the firm. But coercion, the threat of punishment, or passive compliance with tradition have no place in an institution which respects the human person.

Such a deep level of conception of the firm is connected in the mind of Pope John Paul II with a sophisticated understanding of the role of profit. Having explicitly rejected the notion that a previous encyclical could be understood as an endorsement of socialism, and thereby having rejected the Marxian principle that "profit" is a species of surplus value, he goes on to affirm: the "legitimate role of profit" is to serve "as an indication that a business firm is functioning well." "When a firm makes a profit this means that productive factors have been properly employed and corresponding human needs have been duly satisfied (CA, 35). To paraphrase what seems to be the Pope's point, earning a normal rate of return on investment is an "indicator" that the firm is properly and efficiently fulfilling its specific social function. In this connection, it should also be noted, John Paul II is perfectly well aware of the distinction between "profit" as the reward for productive function, the "result of the overall expansion of wealth," and profit generated by what economists refer to as DUP activities. The latter is referred to by John Paul II as the result of "exploitation, speculation or the breaking of solidarity among working people" (union busting?) (CA, 43). Left-wing Catholic critics of capitalism may not see the difference between these two kinds of profit. But neoclassical economics does, and so does the Pope.

As several commentators have emphasized, John Paul II also insists that profit is not the only "indicator of a firm's condition." Policies within the firm may be such as to cause "humiliation" for some of its members. However, it is important to note how the Pope conceives the relationship between regard for personal dignity and the firm's efficiency as measured by profitability. In implicit but definite rejection of the Marxian notion that profitability varies directly with the firm's power to exploit, John Paul II finds that compliance with the demands of efficiency and protecting the dignity of the individual are complementary objectives. What's good for the worker's soul is good for the business.

John Paul II and Property

John Paul II's conception of "profit" as an indicator of firm success helps clarify a long-standing problem in the Roman Catholic teaching on private property. According to the account in Genesis, God gave the universe as resource base to the whole human family. He "intended the earth…for the use of all human beings and all peoples" (GS, 69). The Church has from time immemorial however, insisted that private ownership, a strict regard for the distinction between mine and thine, is required by the moral law. The teaching on property and ownership thus encounters a difficulty. How is exercise of the right of private ownership to be reconciled with the Biblical principle that the resource base has been granted to the whole human family?

The standard solution for this problem invokes Aristotle. Property is to be privately owned because such an institution fixes responsibility and establishes appropriate incentives—not selfish incentives inspired by egoism (as in Hobbes or Bentham), but incentives driven by the love of virtue (including the productive virtue of "industriousness"). As both Aristotle and Scripture taught, however, such property is to be private as regards its management but as regards its teleological purpose wealth must be "common as to use." As John Paul II makes the point for the modern age, "the goods of this world are originally meant for all," and this primordial orientation undergirds a crucial moral condition: "Private property is in fact under 'social mortgage'" (SRS, 43).

As for the policy implications of such a dualistic conception of property, according to long-standing Catholic tradition, the rich are morally obligated to allow "common use" of their wealth by "giving alms" out of their "superfluous wealth" (income not needed to maintain one's accustomed social position). As radical critics of the tradition are quick to note, relying on a rich man's charity to allow the poor a share in the "common use" of society's wealth may have sufficed in a medieval, village economy. But for the modern world more draconian measures are called

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for. Observing the gruesome fact that whole sectors of the modern world's population flounder in misery, and purporting to make a straightforward application of medieval principle to contemporary fact, radical Catholic critics of capitalism conclude that "the masses of the hungry people have the right to *take* what they need from the rich."[2] They are to "expropriate the expropriators" and to do so out of fidelity to the social magisterium of the Roman Catholic church. In reply to such critics, it is important to note how the Church's teaching on property has evolved over the years.

With Leo XIII (1891) and Pius XI (1931), private property is stoutly reaffirmed in direct and deliberate rejection of socialism. The complementary doctrine that property is to be common in use is, however, updated in striking manner. Pius XI uses Aristotle to bring the Catholic medieval tradition up to date. The obligation that "superfluous income" be used for the common good is to be fulfilled not only by giving alms, but also through the practice of other classical virtues—those of "liberality" and "magnificence." Pius XI then goes on to "deduce from the principles of the Angelic Doctor" (Thomas Aquinas) a conclusion suited to a high tech, market economy. The rich man is to practice liberality, not by financing the construction of a Parthenon or the outfitting of an Athenian ceremonial fleet, but by "expending larger incomes so that opportunity for gainful work may be abundant" (QA, 51). In other words, the rich are to use their wealth for the common good by saving (avoiding luxury) and investing in job-creating enterprises.

There is an important qualification in Pius XI's evaluation of the investment decision. The act of productive investment exemplifies the moral excellence of "liberality" (is pleasing to God) only if the jobs created are "applied to producing really useful goods." Anticipating John Paul II's stinging condemnation of "consumerism," his predecessor not only condemns luxury consumption. He also denounces wasteful investment. The question thus arises—what criteria is the conscientious investor (e.g. not the "rich man" envisioned in the medieval scenario, but the latter day manager of a pension fund) to consider in distinguishing between investments that generate "really useful" goods and those that do not? Certain negative conclusions are apparent. Investment in the distribution of drugs or other harmful products (tobacco? handguns?) obviously does not serve the common good and is therefore immoral. But the "really useful" commodities generated by investment-cum-employment are not all equally beneficial to the commonwealth. So the question remains, what principle is the investor to follow in choosing among the wide array of alternative investment projects?

To answer this question, it is important to recall what John Paul II says about the market mechanism and the role of profit in the firm. Earning that rate of return which will allow the firm to flourish as a "community of persons" is an "indicator" of the firm's success. As a device for allocating resources, the market will, through the draconian expedient of bankruptcy if necessary, eliminate the firm that does not achieve success as measured by the profit indicator. By extension, this argument indicates the principle to be followed by the conscientious investor determined to make his due contribution to the "common use" of society's resource base. He is to invest in those sectors of the economy where the rate of return is higher, thereby contributing to the shift of resources into their more productive use. In the mind of Pius XI the motive driving such investment is not "greed" just as, for John Paul II, the inclination leading a firm's manager to seek the cost-minimizing combination of productive factors is not the "profit motive." In both cases, what drives the agent's decision is a love of the good, the desire to exemplify moral excellence. And in both cases, "profit" or the rate of return is the measure "indicating" that the excellence in question has been actualized.

John Paul II on the Role of the State

John Paul II's understanding of a market economy can be clarified by considering his conception of the role of the state. "There is certainly a legitimate sphere of autonomy in economic life which the state should not enter" (CA, 15). The apparent objection to government intervention must be carefully understood. The Pope is not endorsing the notion, espoused by 18th century Deists and congenial for their latter day ideological heirs, that an economic system is a self - adjusting mechanism which functions best when left to run its natural course. Rather, John Paul II here makes a special application of a general rule—the "principle of subsidiarity." To evoke the unique capacity for moral discernment of the virtuous man of experience, decision making should be decentralized, contextualized, and allowed to originate as near as possible at the base of the social system. According to such a principle, a firm's managers are better able to make decisions on technology, plant location, product line; a union shop steward is better qualified to appraise a change in the working rules of the shop than is an elected government official. Experienced and virtuous economic decision makers—managers; investors; workers; consumers—must be allowed the social space to exercise their "practical reason."

As he expounds the economic role of government, John Paul II lays down another basic principle. "The State…has the task of determining the juridical framework within which economic affairs are to be conducted…" (CA, 15). As he later explains in more detail, economic activity cannot take place in an "institutional vacuum." On the contrary, such a species of human endeavor requires "sure guarantees of individual freedom and private property, a stable currency… hence the principle task of the state is to guarantee…security so that those who work and produce can enjoy the fruits of their labors and thus feel encouraged to work efficiently and honestly…" (CA, 48). It is hard to conceive of a more forthright statement of the standard conservative vision of the role of the state in a market economy.

Radical Catholics worried that their Pope may have lapsed into uncritical individualistic ideology can, however, take comfort. Having rebuked the critics of IMF conditionality with his demand for a stable currency, and having agreed with Adam Smith that a central function of government is to establish "an exact administration of justice" (*Wealth of Nations;* Book IV, chapter 9), John Paul II proceeds immediately to specify a range of "common goods" ("public goods" is the more common neoclassical term) that cannot be produced and sold on the market and therefore must be provided through the public sector. One of the "common goods" so identified provides a good illustration of how John Paul II's humanistic model of a market economy differs from that presupposed in some variants of conservatism.

A true blue follower of Friedrich Hayek, Milton Friedman, or James Buchanan can conclude that the wage differentials established in a free labor market (with higher wages where the risks are higher) allows the individual worker to protect himself against the possibility of unemployment. If risk averse, he chooses the low wage, steady job. By doing so he in effect "insures" himself against a particular kind of hazard. The individuals operating in such a labor market exhibit the kind of individualistic rationality Chicago school economists understand as normal. The market they create provides the worker the option to buy a freely-proffered, valuable commodity—insurance against unemployment. As for the public sector, government must enforce the contracts involved but beyond such a minimum function no trouble-making public official need be allowed to interfere with a self-regulating process. Specifically,

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there is justification for government collection of payroll taxes to finance unemployment compensation.

Such an explanation of how rational individuals interact through private contracts to provide a socially important good offers a straightforward illustration of the kind of analysis sometimes invoked to justify capitalism. It is interesting to note that John Paul II does not accept the conclusion, the logic or the conception of human nature implied in such analysis. In his view, unemployment insurance is a "common good," not a marketable commodity. For the sake of human dignity, the State is to protect the worker "from the nightmare of unemployment" (CA, 15).

Distributive Justice in the Magisterium

The Roman Catholic social magisterium typically employs the Aristotelian distinction between commutative justice, the moral virtue that comes into play in private contracts, and distributive justice. The latter requires that common goods—e.g. the flow of income generated by the use of society's resource base—be distributed among society's members in a "geometric proportion" which matches the share of each to his relative "status" in society. There is a brand of conservative thought which claims that the market process suffices to ensure compliance with both kinds of justice. The play of supply and demand brings commodity prices into equality with average total costs and thus establishes the "arithmetic equality" required by commutative justice. And the same market process, so neoclassical marginal productivity shows, will reward economic endeavor in proportion to productive merit. Wealthier people get that way because they are more productive. To note the policy implications, with respect to distributive justice the role of the state is definitively restricted—to the protection of property rights and enforcement of contracts.

From the beginning, the encyclical tradition has steadily rejected this line of argument. Examining the wage-labor relationship very carefully, Leo XIII (in 1891) explicitly rejects the characteristic conservative belief that freedom of contract suffices to establish justice. Instead, he lays down a substantive principle that was to become a mainstay of Catholic social thought. The head of a family has a right in distributive justice to an income proportionate to his social function—i.e. to a "family living wage." This principle has served as the rallying cry for Catholic participation in the U.S. labor movement, as a basic reference point in discussion of public policy. It has been regularly restated over the years in documents of the magisterium. But it is interesting to note how understanding of this basic distributive principle and its policy implications has evolved over the years.

Writing in 1906, the "Grand Old Man" of American radical Catholicism—Monsignor John A. Ryan—concluded that a straightforward exercise of legislative police power should be invoked to guarantee justice for the working man. "As the protector of natural rights, the state ought to compel employers to pay a living wage."[3] By the year 1931, however, Roman Catholic thought on wage justice had begun to take on considerable sophistication. The end-state principle—the household head is entitled to a living wage—was retained, but the simplistic notion that legislative enactment would suffice to provide such a wage was abandoned. Pius XI observed that "it would be unjust to demand excessive wages which business cannot stand" and, in an observation fit to warm the heart of a committed conservative, warned the policy makers of his day that an effort to increase wages "beyond due measure causes unemployment" (QA, 72, 74).

Drawing upon a deeper understanding of both Aristotle's conception of justice and of the economic process, Pius XI reiterates that the household head is entitled to a living wage and then proceeds to a carefully nuanced conclusion: "But if this cannot always be done under existing circumstances social justice demands that changes be introduced… whereby such a wage will be assured to every adult working man" (QA, 71). The essence of the Pope's argument seems to be as follows. The living wage is not to be achieved by legislative fiat; but the right to such a wage is not to lapse. If payment of such a wage would bankrupt the firm, then all participants in the economic process are morally obligated (and the obligation in social justice is a very, very serious one) to help create the background institutions—the training ladders, apprenticeship programs, educational opportunities—that will enhance worker productivity and thereby enable the firm to pay a living wage without bankrupting itself. To summarize the moral principles involved in such analysis, as a member of society the worker has a right in distributive justice to the education and training that will enable him to earn a living wage; as a participant in the firm, he is entitled to a wage matching his productivity.

It is the latter carefully qualified conception of distributive justice that is adopted by Pope John Paul II in the latest addition to the social magisterium. The living wage principle is reaffirmed. "…Society and the State must ensure wage levels adequate for the maintenance of the worker and his family." But achieving such a wage is said to require, not direct governmental intervention in the form of minimum wage legislation (though such is required to protect "vulnerable workers") but rather a "continuous effort to improve workers' capability…so that their work will be more skilled and productive" (CA, 15). In the oft-quoted passage where he identifies the free market as "the most efficient instrument for utilizing resources," John Paul II also affirms that "it is a strict duty of justice not to allow fundamental human needs to remain unsatisfied and not to allow those burdened by such needs to perish." One might expect a powerful religious leader to conclude that the redistributive mechanisms of the welfare state should be brought in to guarantee the distributive rights of the poor. But such is not the solution proffered by John Paul II. Instead he affirms that, "It…is necessary to help these needy people…to acquire expertise, to enter the circle of exchange, to develop their skills…." Prior to the logic of a fair exchange and the forms of justice appropriate to it," so the Pope asserts, there is a deeper kind of justice concerned with "something which is due to man because he is a man" (CA, 34). The kind of justice "prior" to that of fair exchange is distributive justice. By virtue of his basic human dignity and this prior justice, the worker has a claim on society. The claim, however, is not to a living wage paid by his employer (the "direct employer" in the language of LE), but to educational advantages to be provided by society at large (the "indirect employer").

Such a conception of the place of distributive justice in the economic process reemphasizes the parallel between the economics of the social magisterium and neoclassical general equilibrium welfare economics. Efficiency in the use of resources (Pareto Optimality) is to be achieved through the market. But prior to the inception of the market process, distributive justice (reference to a Social Welfare Function) must establish an equitable pattern of factor ownership so as to give the market its proper moral direction.

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Caveats Concerning the Market

There are those who might conclude that with the affirmation of the free market, the Church's social magisterium has lost its countercultural critical edge. Whereas Leo XIII and Pius XI were quick to denounce the brutal injustices of the industrial revolution, Pope John Paul II may seem to have allowed the Church to be co-opted by the capitalist system and permitted the magisterium to degenerate

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into status quo supportive ideology. Such critics need to ponder that John Paul II is deeply aware of the sinister invitation to evil hidden in the process of capitalist development.

For the modern age, the advance of science and technology confirms the biblical promise that man is to have "dominion" over nature. Economic growth lightens labor, raises living standards, and "opens up new horizons" (SRS, 29). In a sinful world, however, such progress also has its dark side. Economic expansion tempts man to a new form of idolatry—toward a misguided "superdevelopment" that degenerates into the vice of "consumerism" (SRS, 28). John Paul II also shares the modern world's growing anxiety about the way industrialization can damage the environment. The historical emergence of such a tragic possibility calls for careful reassessment of the man-to-nature relationship adumbrated in scripture. Offering such a reassessment, John Paul II affirms that man is to "communicate with nature as an intelligent and noble…'guardian' and not as heedless 'destroyer'…" (RH, 15). Man is to acknowledge his "affinity with other creatures" and is called to "be involved with them" (SRS, 29). Sensitivity to the moral dimension of economic development calls for "respect" for the nature of animals, plants and minerals and regard for their "mutual connection in…the 'cosmos'" (SRS, 34).

We are informed by a prominent contemporary social activist that modern man can recover his "spiritual roots" by rejecting the notion that the natural world is "external to ourselves . . . available for our exploitation and our pleasure."[4] The current age's best known radical/feminist theologian, identifying the Deity as "the Goddess who is primal Matrix" calls for a rejection of the "theological tradition of the chain of being and chain of command" and "challenges the right of the human to treat the nonhumans as…material wealth to be exploited."[5] Writers such as Tom Haydn and Rosemary Reuther invoke an ancient pagan notion. Man finds fulfillment by allowing his life to lapse into cyclical, biological pattern, into symbiotic alliance with plant and animal (with spotted owls, snail darters and redwood trees). Such a conception of the human condition, so an anthropologist might note, resurrects the "myth of the eternal return" (Eliade), and a philosopher writing in the Catholic tradition has noted that repudiation of such a myth marks a crucial first step in humanity's long struggle to achieve civilization.[6] And the Christian knows by faith that history, unlike nature, does not repeat. Man lives out his destiny in a process that is linear, a process that is to terminate one day in a New Creation.

When he denounces consumerism and warns of the industrial threat to the human habitat, John Paul II is not advocating a return to the pagan belief that man is part of the biological scene, the confederate of plant and animal. The Pope does not repudiate the biblical notion that man is created to serve as "lord" and "master" of nature. Rather, he challenges the current age to acknowledge the transcendent dignity of man and thus to perceive that economic growth serves not only to feed the human animal, but also to sustain culture and moral progress. Through his "work" (economic activity) man must not only "earn his daily bread" (produce to fulfill the kind of biological need man shares with animals). He is also to "work" so as to contribute to "elevating unceasingly the cultural and moral level of society" (LE, Salutation). Directed towards such a noble purpose, economic progress provides the modern world with an expanded range of human possibilities, with the opportunity to raise a new hymn of praise and thanksgiving to man's Creator.

An Ecumenical Conclusion

This survey of developments in the Catholic social magisterium can conclude with an ecumenical note. In his discussion of division of labor, John Paul II identifies a special set of moral virtues that come into play in the creation of "working communities." The list includes "diligence, industriousness…reliability…fidelity…courage" (CA, 32). Richard Baxter may have said it first and John Bunyon may have said it all more forcefully. But it is as evident as it is amazing—with these words the world-wide head of the Roman Catholic Church has incorporated that distinctive world view known as "the Protestant Ethic" into the official, social magisterium of his Church. For generations, good little Catholic boys and girls have been taught by the nuns in their parochial schools to say a prayer of thanksgiving for Abraham Lincoln. According to John Paul II the time has arrived when their gratitude should be extended to include those Puritan/Methodist/Evangelical forbears who formulated and gave Western society the "Spirit of Capitalism."

American Catholics are immensely proud of the fact that it was one of our own—the late John Courtney Murray, S.J.—who brought the world wide Church to understand the "American proposition." Derived from the thought of Abraham Lincoln, and emerging out of the day-to-day evolution of American practice, the "proposition" calls for respect for plurality, separation of Church and State, and democracy in decision making. A careful reading of *Centesimus Annus* against the earlier magisterium indicates a similar progressive development in economic thought. The Church has finally come to perceive the moral legitimacy of free market institutions. The Church has thus come not only to adopt Murray's "American proposition," but also to espouse that moral stance identified by yet another American theologian/philosopher (Michael Novak) as "the Spirit of Democratic Capitalism." The publication of *Centesimus Annus* indicates that Michael Novak has at last done for American economic thought and practice what Murray did for our shared political experience.

The "American Proposition" and the "Spirit of Democratic Capitalism" have to the great joy of American Catholics been incorporated into the official magisterium of their Church. But both the "proposition" and the "Spirit" emerged out of the American experience—out of a cultural tradition reflecting interaction between Catholics and their fellow Christians, practical cooperation between those loyal to Rome and "their separated Brethren." Murray's and Novak's accomplishment thus not only uses American experience to enrich the Catholic magisterium. Their heroic achievement also offers hope of how the sad, sad divisions that for centuries have afflicted the People of God might one day be healed. ■

The Church has thus come not only to adopt Murray's "American proposition," but also to espouse that moral stance identified by yet another American theologian/philosopher (Michael Novak) as " the Spirit of Democratic Capitalism."

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1 For discussion of these matters, cf. the article by William C. Spohn, S.J. in the Jesuit publication *Theological Studies* (March, 1992).
2 Donald Dorr, *Option for the Poor* (Orbis Books, 1983) p. 122f.
3 *A Living Wage* (MacMillan, 1906), p. 297.
4 Tom Haydn, as quoted in the *Wall Street Journal;* Feb. 19, 1992.
5 Quoted in Phillip Berryman, *Liberation Theology* (Pantheon Books, 1987), p. 176.
6 Cf. Jacques Maritain, *On the Philosophy of History,* edited by Joseph Evans (Charles Scribner's Sons, 1957), p. 36.