

Catholic Social Thought and Liberal Institutions

The present work is a re-issue of the author's earlier *Freedom With Justice* (Harper & Row, 1984) here published with a new introduction and concluding chapter, the additions being intended to take account of the most recent developments in Catholic social doctrine. The author's thesis as set forth in the original introduction asserts that "although the Catholic Church during the nineteenth and early twentieth centuries set itself against liberalism as an ideology, it has slowly come to support the moral efficacy of liberal institutions . . ." (p. xxiii. emphasis in the original). As the concluding chapter of the revised edition makes abundantly clear, the author's 1984 thesis concerning the development of Catholic social thought has been strikingly confirmed—by the issue in 1987 of Pope John Paul II's second social encyclical, *Sollicitudo Rei Socialis*.

Novak's line of argument can be summarized by following his account of the major turning points in the development of Roman Catholic social doctrine. Acting out of a "medieval inheritance" which perceives social consensus as "enunciated by public authority and suffused throughout society from above" (p. 117), and distracted by the "poisonous experience" of Pope Pius IX (1846-1878) with liberal political developments in Italy, the Catholic Church from the beginning of the modern era adopted a hostile, suspicious attitude toward political and economic Liberalism. Writing in 1888, Pope Leo XIII used strong language to denounce those who "style themselves *Liberals*" accusing them of "following the footsteps of Lucifer" as they try to reduce true liberty to oral license (*Libertas Humana*, n. 14). Belief in natural rights, freedom of conscience, and individual economic initiative was identified with anti-clericalism and confused with a kind of subjectivism which threatens the purity of the faith by allowing "each man to be his own pope" (p. 23). When Leo XIII (in *Rerum Novarum*, 1891) argued that freedom of contract in the labor market would not guarantee justice for the worker and that the wage-labor relationship exposes the worker to a new form of "usury," he was praised by a papal successor (Pius XI, 1931) for having "boldly overturned the idols of Liberalism"—that is, for having perceived that liberal institutions embody a kind of idolatry similar to that "overturned" by St. Patrick when he brought the faith to Ireland. In a similar vein, so Novak points out, the pre-Vatican II (1961-65) popes "explicitly rejected the American form of separation of church and state" (p. 23). Prior to the papacy of John XXIII (1958-63), official Church doctrine regularly refused to grant that democracy is in any sense

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The Church's characteristic misinterpretation of Liberalism—political democracy plus free-market capitalism—derives from a fundamental failure to recognize that "there is a difference between liberal philosophies and liberal institutions"

an ideal form of government morally superior to its aristocratic or monarchical alternatives.

Proving himself adept at the kind of "critical social analysis" usually employed by his ideological adversaries (spokesmen for Liberation Theology), Novak insists that in judging a social system one must distinguish between (i) *praxis*; and (ii) the theory formed to justify it. The Church's characteristic misinterpretation of Liberalism—political democracy plus free-market capitalism—derives from a fundamental failure to recognize that "there is a difference between liberal philosophies and liberal institutions" (p. xi). The former may involve great error—e.g. the utilitarian belief that pleasure constitutes the highest human good—while the institutions may in fact embody a "tacit wisdom" not captured by the philosophy. Expressing a very original and illuminating insight, Novak points out that liberal institutions have an "inner intelligibility" (p. xii) perceived neither by their critics nor by those who would justify them in terms of an erroneous liberal philosophy. For those not familiar with the Aristotelian-Thomist philosophic tradition from which Novak proceeds, his point about liberal institutions may be a bit elusive.

According to such a tradition, "practical reason"—the cognitive power which identifies moral value in human conduct—operates through the insights displayed by the person of moral virtues in the exercise of free choice. Using a formula which may seem a bit arcane, natural law philosophers (such as Jacques Maritain, one of Novak's acknowledged mentors) identify such practical wisdom as "knowledge by inclination." Moral values are discovered not by the theories of philosophers, but by the tendency of virtuous men to respond to and implement them in conduct. With striking percipience, Novak extends this conception of practical reason to the analysis of modern social institutions. He thus indicates that such institutions—e.g. private property plus markets—have an

"inner intelligibility" because their operation has a capacity to evoke and be carried forward by the moral decisions of virtuous individuals. It is this crucial insight which, so the author claims, has to date been missing in the Catholic Church's response to modernity and the rise of liberal institutions.

The Church's hostility to Liberalism began to subside after World War II, a grudging toleration giving way to positive approval in the two encyclicals of John XXIII—*Mater et Magistra* (1961) and *Pacem in Terris* (1963). "At last, the Bill of Rights" (p. 131) expresses Novak's enthusiastic endorsement of the latter document. John XXIII implicitly rejects the medieval notion that the common good is to be discerned first by society's elite. Instead, he adopts what reads like a straightforward "rights based" conception of the political order—"the common good is chiefly guaranteed when personal rights are maintained. The chief concern of civil authorities must therefore be to ensure that these rights are acknowledged . . . defended . . . promoted" (*Pacem in Terris*, n. 60). John Locke, Thomas Jefferson, John Rawls couldn't have said it better. As Novak notes, the rights referred to by John XXIII include those civil, political, and economic rights taken as standards for public policy in modern, democratic societies. This pope also gives the Catholic Church's strong moral support to the 1948 UN "Universal Declaration of Human Rights" (*Pacem in Terris*, n. 143) Catholic social thought as typically understood in the U.S. is usually thought of as providing automatic support for the welfare state—a prominent spokesman for the National Catholic Welfare Conference was once identified by a biographer as "Right Reverend Monsignor New Dealer." However, in anticipation of a point that would be given crucial emphasis by his papal successor, John XXIII also includes the right to personal economic initiative among those to be protected by the state: ". . . state activity in the economic field . . . ought not to be exercised in such a way as

to curtail an individual's freedom of personal initiative" (cited by Novak, p. 132). In understanding Liberalism, Pope John XXIII seems to have understood the crucial distinction between *praxis* and theory. "Without accepting *liberalism* as a philosophical position, he borrowed concept after concept from liberal institutional life" (Novak, p. 133; emphasis in the original).

One aspect of the Catholic Church's latter day shift toward the endorsement of Liberalism might be of especial interest to readers of this *Bulletin*, that having to do with religious toleration and the separation of church and state. Writing in 1888, Pope Leo XIII had stoutly insisted that since Roman Catholicism is the one and only true religion instituted by Jesus Christ, separation of Church and State is to be dismissed as a "fatal theory" dangerous alike to the tranquillity of the state and the salvation of souls. "Justice," so he concludes with rigorous logic, "forbids the State . . . to treat the various religions alike and bestow upon them . . . equal rights and privileges" (*Libertas Humana*, ns. 14, 15, 21). In sharp contrast, the *Declaration on Religious Freedom* issued by the Second Vatican Council (1961-65), "greeted with joy . . . as among the signs of the times" the modern, world-wide tendency toward recognition and institutionalization of the right to religious freedom. While reaffirming the theological principle that "the one true religion subsists in the Catholic and Apostolic Church" (*Declaration on Religious Freedom*, n. 1), the Council proceeds to declare that "the human person has a right to religious freedom . . . This right is to be recognized in the constitutional law . . . and thus is to become a civil right" (*Ibid.*, n. 2). And where vestiges of medieval practice remain—where the Catholic Church enjoys "special civil recognition . . . in the constitutional order of society" (as in Ireland or Spain)—so the Council insists, "the right of all citizens to religious freedom should be recognized . . . a wrong is done when government imposes upon its people the profession or repudiation of

any religion" (*Ibid.*, no. 6).

With the two pathbreaking encyclicals of John XXIII and the Vatican II *Declaration on Religious Freedom* it appeared that the Catholic Church was ready at long last to lend its moral authority to the legitimation of liberal institutions. However, as Novak sadly recounts, development of Church teaching on Liberalism—from initial distrust, to hesitant toleration, to positive approval—was soon to be deflected by two major developments. The revolutionary drive toward reform and renewal ushered in by Vatican II—the *aggiornamento* movement—shifted the balance of emphasis within the Church away from passive submission to authority toward a greater recognition of the dignity of the individual person. Unfortunately for the Church's understanding of Liberalism, this movement was detached from what should have been its developmental connection with the natural law tradition and given justification in a new-style mix of method and doctrine that came to be known as "aggiornamento theology." In the process, Novak notes in telling the unedifying story, a fractious resentful in-Church faction—"The Peace and Justice Establishment" (p. 144)—emerged to take a prominent role in the exposition of developing Catholic social thought. According to a spokesman for this establishment, natural law is to be dismissed as a "relic of Greek philosophy" to be replaced by a new method of moral discernment that works by way of "conscientization"—i.e. by raising the level of consciousness among the poor and marginalized members of society. Reliance on *conscientization* would bring home to the Church the realization that the demand for human dignity was blocked by "existing power structures; that these unjust institutions . . . intertwine and reinforce each other; that a small power elite . . . dominates that nation; and that these oppressive national structures combine to forge a transnational system of injustice" (words of Monsignor Joseph Gremillion of the Vatican Commission of

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Justice and Peace, as quoted by Novak, p. 145).

From Novak's account, it is evident the exponents of *aggiornamento* theology have been reading their Marx, especially the *German Ideology*. The accommodation with Marx expands with the post-Vatican II emergence of Liberation Theology and the adoption of the "preferential option for the poor" as a fundamental distributional principle, the latter developments being encouraged by the publication of two key documents—statements by the Latin American hierarchy issued at the Medellin (1968) and Puebla (1979) episcopal conferences. In forging the alliance with Marxism, spokesmen for Liberation Theology try to turn the tables and make their own John XXIII's observation that one can distinguish between (i) a philosophic teaching; and (ii) a social system that subsequently develops out of such a philosophy. As indicated previously, it is precisely this *praxis*-theory distinction which underlies John XXIII's favorable reappraisal of liberal institutions. Liberation theologians, on the contrary, take the distinction to mean that a good Catholic can dispense with the atheism embodied in the premises of Marxism, but employ as valid the "critical social analysis" derived from such premises (cf. the words of Gremillion cited above). With the adoption of Liberation Theology as a paradigm for analysis, the Catholic attitude toward Liberalism seems to shift from a mindless rejection based on an outmoded medieval world view to an equally mindless condemnation inspired by Marxism.

A second retrograde tendency in the Church's response to Liberalism emerges in the documents issued by Paul VI. This pope seems to adopt the modern notion that world history is progressive rather than replicative, and to make a decisive break with venerable tradition in doing so. In evident modification of St. Augustine's classic definition—"peace" is the "tranquillity of order" achieved when each component is "disposed in its proper

place" (*City of God*, XIX, 13)—Paul VI adopts a new formula and makes it a key premise of his analysis: "Development is the new name for peace." Shifting from a static to dynamic conception of peace and social order, Paul VI would seem to have enabled the Church to come to a deeper understanding of liberal institutions. Moreover, in a later official pronouncement he adopts a key principle that according to Novak's conception of democratic capitalism provides a basic element for the liberal model of society. "It is not for the State," writes Paul VI in *Octogesimo Adveniens* (n. 25) but "for cultural and religious groupings . . . to develop in the social body, . . . those ultimate convictions on the nature, origin, and end of man and society."

The apparent willingness to concede the legitimacy of Liberalism is, however, misleading. In fact, so Novak notes, every one of Paul VI's explicit references to Liberalism "bristles with hostility" (p. 135); (cf. the reference to "an erroneous affirmation of autonomy" cited by Novak, p. 143; or the characterization of "liberal capitalism" as making "competition the supreme law of economics, and private ownership . . . an absolute right" *Progressio Populorum*, n. 26). As Novak points out, such a misguided critique of Liberalism might properly be aimed at an Ayn Rand, but "entirely misses the genius of liberal institutions" as these are more accurately characterized by Adam Smith, James Madison, Abraham Lincoln, and John Stuart Mill (Novak, p. 143).

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John Paul II had earlier (1981) called for a commitment to an "'option for the poor'" but, Novak observes, "not in the

mode of resentment and hostility"—i.e. not in the manner all too common among the practitioners of Liberation Theology—but rather "in the mode of a theology of creation" (p. 164). The second encyclical is also founded on a "creation theology" and the fact that it is so grounded is in Novak's estimation of immense importance. After centuries of post-Reformation misunderstanding and anti-American animus in the high places of the Vatican, the grounding in creation theology "firmly places papal social thought in the narrative line of the Anglo-American experiment in political economy" (p. 219). The "classical principles" of such a system are summarized (pp. 220f) and the latest social encyclical is said to come closer to expressing the American vision of freedom as "ordered liberty" than "any prior document of any pope" (p. 221).

The spirit of this latest official statement of Catholic social doctrine is most forcefully expressed in a key passage where John Paul II provides resounding affirmation for a basic liberal right—the right to individual economic initiative. Denial of this right, according to John Paul II, "destroys the spirit of initiative . . . the creative subjectivity of the citizens" and in its place and "in the name of an alleged 'equality'" generates "passivity, dependence, and submission to the bureaucratic apparatus . . ." (John Paul II as quoted by Novak, p. 228f). For John Paul II, Novak writes in conclusion, "'the right of economic initiative' is the fundamental principle of authentic development" (p. 243). It is implementation of this right, rather than paternalistic measures for economic planning and redistribution, that provides the real key to economic development (for a later development of this point, cf. Novak's "The Virtue of Enterprise" *Crisis*; May, 1989). Furthermore, this fundamental right need not find its justification in those questionable philosophies that inspired the original, historical foundation of liberal institutions. On the contrary, Novak understands the pope,

now presiding in Rome, to mean, "This right springs from the image of God . . . Through it, humans are endowed by God with an inalienable creativity which serves the common good of all" (p. 243).

I conclude this review by noting the possible connection between Novak's main conclusion—that the Catholic Church has at long last come to acknowledge the moral legitimacy of liberal institutions, and recent dramatic events occurring at the Berlin Wall, in Nicaragua, and in Eastern Europe—all places where the Catholic Church provides strong moral presence. To appreciate such a connection one needs to take note of a critical point Novak makes in an earlier work—*The Spirit of Democratic Capitalism* (Simon and Schuster, 1982; cf. note 45, pp. 249f of the book under review).

In the earlier social encyclicals the popes rejected both socialism and *laissez faire* capitalism and recommended various measures for "reconstructing the social order"—e.g. the founding of political parties that were to be both "Christian" and "Democratic," instituting programs of "Catholic Action," establishing a modernized guild system in the form of so-called "Industry Council Plans." For nearly everyone except the most docile, loyal Catholics such proposals appeared to be far-fetched, arcane, and utopian. What is more important, such proposals never came to any kind of practical realization even in the predominantly Catholic countries of Europe, the Philippines, or Latin America. The reason they never achieved practical implementation is quite significant for understanding the implications of Novak's present work.

As indicated above, according to the Aristotelian-Thomist natural law theory which undergirds Catholic social thought, the practical wisdom which motivates and directs economic activity must derive from the "knowledge by inclination" acquired, not from the speculation of philosophers, but from the real life experience of virtuous individuals. Thus, if a philosopher,

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theologian, or economist is to provide a theoretical explanation for the working of economic institutions or to make successful theory-based proposals for economic reform, such theoretical formulations must engage and evoke a positive response in the practical decisions of virtuous people. Theologians can propose theories. Virtuous, practical persons verify them. Or as Karl Marx made the point in his refutation of Hegel's idealism, "theory is fulfilled . . . only as it fulfills the needs of the people. It is not enough for thought to realize itself; reality must strive toward thought" (quoted in C.J. Arthur, *The German Ideology*, p. 13). Thus, the reason that proposals for "reconstructing the social order" all came to naught was that such "theories" were not matched by the facts of human nature and therefore could not evoke the tendency for "reality"—the actual development of institutions—"to strive toward thought."

But as Novak argues in this provoca-

tive book, the Catholic Church has finally learned something about Liberal institutions. The newly formulated version of Catholic social thought may have (so recent events suggest) succeeded where old attempts failed—in finding a solid base in psychological reality, in the moral sense of virtuous people as they go about the work of developing viable social institutions.

Recent events at the Berlin Wall, in Eastern Europe, in Russia as she gropes toward perestroika indicate that a new spirit is abroad in the world. That new and powerful moral force, Novak's work indicates, can now be identified. It is, indeed, "the spirit of democratic capitalism." Though stubbornly resisted for over two centuries, such a spirit has finally come to receive support from the "quiet respect for liberal institutions . . . slowly developing within the body of Catholic social thought" (p. 57). ■

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Gorbachev's Economic Dilemma: An Insider's View

The designation of Mikhail Gorbachev as *Time's* "Man of the Decade" brings to mind the stunning era of change that we have been witnessing in the Soviet Union under his leadership. So much has changed so quickly that it is a continuing challenge to comprehend, let alone respond to, these developments. It is a remarkable time, yet it is not clear what economic transformations can and will be made in the Soviet Union.

The Soviets are on a fast track into the modern world. *Glasnost* and *demokratizatsiia* offer the promise of moving from a party fiefdom, a bureaucratic dictatorship, to a participatory society in which the citizenry exercises a significant degree of direction and constraint with regard to the affairs of the country. The