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## Foreword

IT IS MY HONOR TO INTRODUCE this sixth volume of essays from Röpke-Wojtyła Fellows, these from the 2022-23 cohort. The Röpke-Wojtyła Fellowship is a program from the Arthur and Carlyse Ciocca Center for Principled Entrepreneurship at Catholic University in Washington D.C. It consists of a year-long intellectual exchange aimed at addressing important economic and social questions in light of Catholic social thought. The fellows are senior college students selected from a wide range of American institutions of higher-education. This year the fellows met twice in person (at our campuses in Washington D.C. and in Rome) and twice virtually.

The Fellowship is meant to create a community of young scholars and practitioners who care about a free and virtuous society, and how it can be developed and sustained. As I always do, I spoke with all this year's cohort about their experience in the Fellowship, and all, without exception, emphasized the immense value of the conversations, social interactions, and strong personal bonds the fellowship offered them.

The essays in this volume are the fruits of young and discerning minds pursuing truth, and many of them reflect on urgent topics of our time, such as education, the poor, capitalism and culture, totalitarianism, and women's leadership. The essays are divided into three sections: (a) Business and Catholic thought, (b) Political economy, and (c) Political and philosophical inquiries.

I thank the fellows for their joy in learning and exchanging ideas. We all witnessed many great insightful moments of intellectual discovery. I also thank Katherine Schulz who, for the first time this year, helped me select the fellows and supervised every colloquium with great perfection. Thank you, Kate, for everything you did, and I look forward to many years of work together.

My thanks also go to all the scholars who have helped guide the discussions: Dr. Michael Pakaluk, Dr. Paul Radich, Fr. Brad Elliott, Prof. Rebecca Teti, Dr. Catherine Pakaluk, Fr. Bob Gahl Jr., and Dr. Flavio Felice. A special thank you to Dr. Max Torres for his intellectual leadership during our third colloquium in Rome.

Finally, I offer my thanks to Suzanne Patrick for supervising the fellows in the production of this volume, as well as to Candace Mottice, our fellowship manager, and to my other colleagues at the Busch School and at the Ciocca Center for their support.

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BUSINESS AND  
CATHOLIC THOUGHT





# Teleology, American Capitalism & The Preferential Option for the Poor

*Thérèse Klingele Arslan\**

FOR MANY YEARS, THERE HAS BEEN a great deal of growing dissatisfaction with the economic system of the United States, a system which has excluded many from its benefits. Much wealth has accumulated into the hands of a few. Consumerism and corporate rapacity for profit continue to fuel environmental destruction. Decades of industry consolidation have led to numerous corporations holding market oligopolies, undermining free-market competition. These are the results of a largely unrestrained, profit-driven economic system, which I will call “American capitalism,” and which I will argue is teleologically incompatible with the tenet of Catholic Social Teaching (CST) that calls for a preferential option for the poor.

## *American Capitalism*

First, it is crucial to understand what I mean both by “American capitalism,” and then by teleological incompatibility. American capitalism can best be understood as the U.S. system of decentralized economic decision making by private owners of production (capitalists) that is driven primarily by competition of private entities, with limited government regulation,<sup>1</sup> operating within a globalized

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<sup>1</sup> The United States ranks 7th in the Fraser Institute’s 2022 Annual Report on Economic Freedom, which favors limited regulation in its measurement, meaning the more limited government regulation is, the more free a country

system.<sup>2</sup> It is an iteration of a free market that is profit-driven and encourages unchecked self-interest, materialism, and wealth maximization. It can be argued that to call today's American economic system "capitalism" does not adhere to the preferred definition of those who seek to defend the system. This defense is frequently given when deviations from capitalist theory are still called capitalism, shielding them from condemnation. Corporate capitalism, rentier capitalism, crony capitalism, and so on, are among the many outcomes of implementing this system that are dismissed as failed or distorted versions of some unknowable truer form of capitalism. It is, of course, difficult to critique that which cannot be defined or demonstrated. Regardless, capitalism prevails as the primary word used to describe the American economy in both colloquial and scholarly contexts.

Discourse on the meaning of capitalism is made more complex by the variety of conceptions of it and a vagueness which plagues the word. G. K. Chesterton, who sought to write on and solve for

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is determined to be. *See* Joseph N. Cohen, "Is 'Economic Freedom' the Same as Free Market Capitalism?" *A Decompositional Analysis of the Economic Freedom of the World Index* (2011): 12-13; James Gwartney, Robert Lawson, Joshua Hall, and Ryan Murphy, *Economic Freedom of the World: 2022 Annual Report*, *The Fraser Institute* (2022), <https://doi.org/10.53095/88975001>.

The Fraser Institute economic index is one of two main indexes, the other being the Heritage index which also measures government corruption. For a comparison of the two, *see* Ryan H Murphy, "A Comment on 'Measuring Economic Freedom: A Comparison of Two Major Sources,'" *The Journal of Private Enterprise* 31, no. 3 (2016): 69-91 ("The Fraser index performs better than the Heritage index both when they are used in regressions by themselves and when all measures of institutional quality are used as independent variables together." *Ibid.*, 70.).

<sup>2</sup> Robert E. Litan, "The 'Globalization' Challenge: The U.S. Role in Shaping World Trade and Investment" *Brookings*, (March 1, 2000), <https://www.brookings.edu/articles/the-globalization-challenge-the-u-s-role-in-shaping-world-trade-and-investment/>.

problems of capitalism, lamented this linguistic barrier: “Capitalism is really a very unpleasant word,” he writes. “Yet the thing I have in mind, when I say so, is quite definite and definable; only the name is very unworkable for it...this is undoubtedly a very bad word, because it is used by other people to mean quite other things.”<sup>3</sup> Still, as he goes on to argue, it must be called something to discuss it, and he very simply chose the most recognizable term with which to reference it. Capitalism as Chesterton defines it is the “economic condition” consisting of a “roughly recognizable and relatively small” class of capitalist “in whose possession so much of the capital is concentrated as to necessitate a...majority of the citizens serving [them] for a wage.”<sup>4</sup> While Chesterton was describing the then-long-standing phenomenon of capitalists creating a system of servile wage earners, this system still exists today at least in some form. “What I complain of,” wrote Chesterton, “is that [capitalism] is a defense of keeping most men in wage dependence; that is, keeping most men without capital.”<sup>5</sup> In 2022, 68.2% of the total wealth in the United States was owned by the top 10% of earners, and nearly a third of that was owned by the top 2%. In comparison, the lowest 50% of earners owned merely 3% of the total wealth.<sup>6</sup>

A more thorough understanding of capitalism, however, must look at both the inflicted condition and the system itself. The Catholic Church has raised inquiries similar to Chesterton in order to better understand what constitutes capitalism. She has refrained from entirely

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<sup>3</sup> G.K. Chesterton, “The Beginning of the Quarrel,” in *The Outline of Sanity* (London: The Royal Literary Fund, 1926), 3.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Board of Governors of the Federal Reserve System (Federal Reserve), *Table: Distribution of Household Wealth in the U.S. since 1989*, [www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/table/#quarter:133;series:Net%20worth;demographic:networth;population:1,3,5,7,9;units:levels](http://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/table/#quarter:133;series:Net%20worth;demographic:networth;population:1,3,5,7,9;units:levels).

condemning the term but has struggled to define it. Pope St. John Paul II compared two prevalent and conflicting conceptions of the system in his encyclical *Centesimus annus*. On the question of whether to encourage capitalism as a foundation for global economies and societies, following the failure of Communism, the Saint writes:

If by “capitalism” is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a “business economy,” “market economy” or simply “free economy.” But if by “capitalism” is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.<sup>7</sup>

It is under the second that American capitalism falls. It neither recognizes nor responds to the responsibility of the means of production and is not circumscribed within a sufficiently strong juridical framework, much less one which aims to serve an ethical and religious conception of human freedom. American capitalism is bound by a misconception of freedom characterized by self-interest and unrestrained will and a framework of classical liberalism which “enforces uniformity and homogeneity, fosters material and spiritual

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<sup>7</sup> John Paul II, On the Hundredth Anniversary of *Rerum novarum*, *Centesimus annus*, Encyclical Letter (May 1, 1991), para. 42.

degradation, and undermines freedom.”<sup>8</sup> The Church, which sees freedom as the ability to choose the good,<sup>9</sup> rejects this misconception of freedom wholeheartedly, and *Populorum progressio* warns of the dangers of an “unbridled liberalism.”<sup>10</sup>

The papacy also rejects a pure free market—a position which has been attributed primarily to Pope Francis in the accusation of wholesale liberal anti-capitalism, but which he firmly reiterates is in line with the position of Saint Pope John Paul II: “I do not condemn capitalism in the way some attribute to me. Nor am I against the market [economy],” he shares. “Rather, I am in favor of what John Paul II defined as a social economy of the market. This implies the presence of a regulatory authority [‘pata reguladora’], that is the state, which should mediate between the parties. It is a table with three legs: the state, capital, and work.”<sup>11</sup> Likewise, Benedict XVI writes in *Caritas in veritate*: “The conviction that the economy must be autonomous, that it must be shielded from ‘influences’ of a moral character, has led man to abuse the economic process in a thoroughly destructive way.”<sup>12</sup>

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<sup>8</sup> Patrick J. Deneen, *Why Liberalism Failed* (New Haven: Yale University Press, 2019), 3.

<sup>9</sup> *Catechism of the Catholic Church* (CCC), Article 3, 1731-1734, [www.vatican.va/archive/ENG0015/\\_INDEX.HTM](http://www.vatican.va/archive/ENG0015/_INDEX.HTM).

<sup>10</sup> Paul VI, *Populorum progressio* (March 26, 1967), para. 26, [www.vatican.va/content/paul-vi/en/encyclicals/documents/hf\\_p-vi\\_enc\\_26031967\\_populorum.html](http://www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html).

<sup>11</sup> Pope Francis, “Pope Francis Says He Does Not ‘Condemn Capitalism’ in New Book.” *America Magazine*, Feb. 27, 2023, [www.americamagazine.org/politics-society/2023/02/27/pope-francis-el-pastor-244808](http://www.americamagazine.org/politics-society/2023/02/27/pope-francis-el-pastor-244808).

<sup>12</sup> Benedict XVI, *Caritas in veritate*, Encyclical Letter (June 29, 2009), para. 34, [www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf\\_ben-xvi\\_enc\\_20090629\\_caritas-in-veritate.html](http://www.vatican.va/content/benedict-xvi/en/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate.html).

While American capitalism is a mixed economy,<sup>13</sup> it is built on free-market ideology and in many ways resists economic and social regulation in pursuit of a purer free market. This has been compounded by globalization and the international domination of the US in many global markets,<sup>14</sup> evidenced by the continued exportation of labor to sidestep various regulations in favor of larger profits.

### *Teleology*

Understanding American capitalism, it can be examined through a teleological lens. It was Aristotle's *Nicomachean Ethics* that famously argued the existence of a *telos*, one ultimate end or purpose with which everything is imbued.<sup>15</sup> In his theory, the good is derived from meeting the fullness of one's end (*telos*). Teleology was further developed by St. Thomas Aquinas as a way of proving the existence of God<sup>16</sup> and has since been adopted into Catholic teaching. Catholic teleology sees God as the ultimate *telos* of creation, and all human action as oriented towards achieving the true happiness (*eudaimonia*) that comes from unity with God.<sup>17</sup> These actions allow for the individual to exercise virtue, exemplified by the beatitudes, in all areas of life. Free will also opens the individual up to refusing this freedom, and thus not achieving its true end.

But it is not just individuals that have a *telos*. Economic systems exist for an end, too, and human participation helps to form that end. The economy, when justly oriented, exists for the person and upholds

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<sup>13</sup> Christopher Conte and Albert R. Karr, *An Outline of the U.S. Economy* (U.S. Department of State), [usa.usembassy.de/etexts/oecon/chap2.htm](http://usa.usembassy.de/etexts/oecon/chap2.htm).

<sup>14</sup> *Populorum progressio* discusses this in depth, condemning aspects of an international economy based on free trade.

<sup>15</sup> Aristotle, *Nicomachean Ethics*, 1. Edited by Terence Irwin, 2nd ed. *Hackett* (1999).

<sup>16</sup> Aquinas, *Summa Theologica*, Prima Pars Q. 2.

<sup>17</sup> CCC, Ch.1, 27.

human dignity. Catholic teaching outlines a number of obligations and characteristics of a just economy, including that it functions to secure basic necessities of life,<sup>18</sup> the right to work under just conditions, and the economic standing to provide for a family. Crucially, the Catholic framework on economic life asserts:

All economic life should be shaped by moral principles. Economic choices and institutions must be judged by how they protect or undermine the life and dignity of the human person, support the family and serve the common good.... A fundamental moral measure of any economy is how the poor and vulnerable are faring.<sup>19</sup>

Capitalism's end must allow for this preferential option for the poor and vulnerable<sup>20</sup> to be oriented toward the good. But that is not

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<sup>18</sup> "All people have a right to life and to secure the basic necessities of life, such as food, clothing, shelter, education, health care, safe environment, and economic security." United States Conference of Catholic Bishops (USCCB), *A Catholic Framework for Economic Life* (1996), 4, [www.usccb.org/resources/catholic-framework-economic-life-0](http://www.usccb.org/resources/catholic-framework-economic-life-0).

<sup>19</sup> USCCB, *A Catholic Framework for Economic Life*, 2.

<sup>20</sup> The poor and vulnerable have been categories in CST that discuss those who lack material resources or are powerless or disempowered, and later was expanded by JP II to include spiritual poverty as well. Poverty and the role of Catholics is outlined in the Catechism (CCC, VI. 2443-2449). The core of this call is to uphold the inherent dignity of each human being with particular care for the poor and vulnerable by ensuring the material well-being and spiritual empowerment of all, and the protection of marginalized or disempowered groups or individuals who are often neglected by decision-makers. Examples of the vulnerable in the United States have historically included, and continue presently to include, the incarcerated, persons of color, particularly Black Americans, immigrants and refugees, unborn children, and people with disabilities. For a more detailed

how it is constructed in the United States, where it is ultimately oriented towards profit and the accumulation of wealth, estranged from moral principles that would control the pursuit as the primary goal. From its conception, capitalism has been inextricable from profit as an end. Adam Smith analogizes the economic system as a “race to wealth.”<sup>21</sup> Historian Raymond de Roover uses the adjective “capitalistic” to mean aiming to make a profit and business owners having control of capital.<sup>22</sup> In and of itself, the production of wealth is not an evil, but, without a moral foothold, can deteriorate into an economy served by people, rather than an economy that serves the people. Crucially, undeniably, American capitalism is an economic system with profit motive. Max Weber’s observations still ring true: “In the United States, the pursuit of wealth, stripped of its religious and ethical meaning, tends to become associated with purely mundane passions.”<sup>23</sup> Without direction and without a higher final goal, when profit is sought *for its own sake*, one faces a system of greed.

CST makes clear for us that profit alone is not a just orientation: “Profit is a regulator of the life of a business, but it is not the only one; other human and moral factors must also be considered which, in the long term, are at least equally important for the life of a business.”<sup>24</sup> A just capitalism also has a distributive imperative, unmet by the U.S.

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exploration of this definition, *see* Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (London: Burns & Oates, 2006); Leo XIII, *Rerum novarum* (May 15, 1891); Pius X, *Quadragesimo anno* (May 15, 1931); *Populorum progressio*; John Paul II, *Sollicitudo rei socialis* (December 30, 1987); *Centesimus annus*; Benedict XVI, *Caritas in veritate* (June 29, 2009); Francis, *Laudato si*, Encyclical Letter (May 24, 2015).

<sup>21</sup> USCCB, *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy* (1986), [www.usccb.org/upload/economic\\_justice\\_for\\_all.pdf](http://www.usccb.org/upload/economic_justice_for_all.pdf).

<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*

<sup>24</sup> *Centesimus annus*, para. 35.



Production alone is insufficient. “In no way is it bad to produce wealth for the good of all. To produce it is an act of justice,” Pope Francis states. “And for that justice to be complete, it has to be distributive.”<sup>25</sup> By seeking profit as the ultimate end and furthering a concentration of wealth, American capitalism reveals itself as a system which is not oriented to a preferential option for the poor.

*Catholic Social Teaching & the Preferential Option for the Poor and Vulnerable*

Catholic Social Teaching (CST) establishes an imperative for a preferential option for the poor and vulnerable as a core tenet. Instituted in Pope Leo XIII’s encyclical *Rerum novarum* and reiterated and developed in following encyclicals, including *Centesimus annus*, *Quadragesimo anno*, and *Landato si’*, the Church affirms the responsibility of economic systems, policies, and governments to ensure that the tenet is met. The call to address this in the United States was stated in no uncertain terms by the United States Conference of Catholic Bishops (USCCB):

The principle of social solidarity suggests that alleviating poverty will require fundamental changes in social and economic structures that perpetuate glaring inequalities and cut off millions of citizens from full participation in the economic and social life of the nation.... Private charity and voluntary action are not sufficient. We also carry out our moral responsibility to assist and empower the poor by working collectively

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<sup>25</sup> “Pope Francis Says He Does Not ‘Condemn Capitalism’ in New Book.” *America Magazine*, Feb. 27, 2023, [www.americamagazine.org/politics-society/2023/02/27/pope-francis-el-pastor-244808](http://www.americamagazine.org/politics-society/2023/02/27/pope-francis-el-pastor-244808).

through government to establish just and effective public policies.<sup>26</sup>

That American capitalism does not uphold the duty to provide a preferential option for the poor and vulnerable can be shown in many ways. There is no doubt that the US is an incredibly wealthy country, but that wealth is highly concentrated and fails to be distributed. The obvious gap in wealth and the concentration of capital can be illustrated by 2022 data showing 95.4 trillion dollars in income for the top 10%, versus 4 trillion for the bottom 50%.<sup>27</sup> The USCCB shared grave concern on the matter in a 1986 pastoral letter entitled “Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy.” In it, the bishops noted that the US economy was “marked by a very uneven distribution of wealth and income,” citing data on a wealth gap that has widened by over 11% since.<sup>28</sup> “In comparison with other industrialized nations,” they observed:

The United States is among the more unequal in terms of income distribution. Moreover, the gap between rich and poor in our nation has increased during the last decade. These inequities are of particular concern because they reflect the uneven distribution of power in our society. They suggest that the level of participation in the political and social spheres is also very uneven.<sup>29</sup>

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<sup>26</sup> USCCB, *Economic Justice for All*.

<sup>27</sup> Federal Reserve, *Distribution of Household Wealth Table*.

<sup>28</sup> *Ibid.*

<sup>29</sup> USCCB, *Economic Justice for All*, 185.

This structure is sustained by a lack of negotiating power for the impoverished<sup>30</sup> and a notable lack of economic mobility in recent decades, with the US scoring significantly below peer countries.<sup>31</sup> The United States consistently ranks below peer countries in poverty rates overall, in what some call the “poverty paradox,” describing the phenomenon of economic hardship for many in the world’s richest country.<sup>32</sup> One in ten Americans falls below the poverty line,<sup>33</sup> and half of these are in “deep poverty” with persisting generational impacts.<sup>34</sup> These statistics have remained relatively stagnant since the mid-1960s,<sup>35</sup> although poverty measures continue to fluctuate and critics of its methodology suggest significant underestimation.<sup>36</sup> These measures

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<sup>30</sup> Dr. Carolyn Woo, as cited in Jonothan Warren, “Capitalism and Catholicism,” *Scholastic* (October 9, 2014), [scholastic.nd.edu/issues/capitalism-and-catholicism/](http://scholastic.nd.edu/issues/capitalism-and-catholicism/).

<sup>31</sup> Dr. Carolyn Woo, as cited in Warren, “Capitalism and Catholicism.”

<sup>32</sup> David Smith, “The Poverty Paradox: Why Is There Still So Much Economic Hardship in the US?” *The Guardian* (May 11, 2023), [www.theguardian.com/books/2023/may/10/poverty-paradox-new-book-mark-rank-us-economic-hardship](http://www.theguardian.com/books/2023/may/10/poverty-paradox-new-book-mark-rank-us-economic-hardship).

<sup>33</sup> Smith, The Poverty Paradox.

<sup>34</sup> “What Is ‘Deep Poverty?’” *Center for Poverty and Inequality Research* (September 12, 2012), [poverty.ucdavis.edu/faq/what-deep-poverty](http://poverty.ucdavis.edu/faq/what-deep-poverty).

<sup>35</sup> Matthew Desmond, “Why Poverty Persists in America.” *The New York Times* (March 9, 2023), [www.nytimes.com/2023/03/09/magazine/poverty-by-america-matthew-desmond.html](http://www.nytimes.com/2023/03/09/magazine/poverty-by-america-matthew-desmond.html).

<sup>36</sup> Juhohn Lee, “37.9 Million Americans Are Living in Poverty, according to the U.S. Census. But the Problem Could Be Far Worse,” *CNBC* (March 7, 2023), [www.cnbc.com/2023/03/07/why-poverty-might-be-far-worse-in-the-us-than-its-reported.html](http://www.cnbc.com/2023/03/07/why-poverty-might-be-far-worse-in-the-us-than-its-reported.html). The bishop’s letter for Economic Justice acknowledges this issue: “These figures are only partial and very imperfect measures of the inequality in our society.” USCCB, Economic Justice for All. American poverty measurements and global poverty measurements continue to develop and attempt to account for time poverty, resources, childcare costs, et cetera. The US uses two forms of poverty measurement:

nonetheless consistently show people of color experience deep poverty at much higher rates,<sup>37</sup> with Black Americans experiencing multigenerational poverty at 16 times the rate of White Americans.<sup>38</sup>

Still, many laud the system as beneficial to the poor. Supporters assert that the economy has raised the standard of living and lifts people out of poverty. The cost of basic items, it is argued, has drastically reduced. This holds partly true, in large part as a result of industrialization, globalization, and exported labor. But while Americans can buy impressive 100-piece china set for a mere 3.6 hours of work (compared to 44 hours in 1895),<sup>39</sup> many other more pressing necessities have become inaccessible due to prohibitive cost. It takes 397 hours for someone making over four times minimum wage to pay off the average hospital bill,<sup>40</sup> a reflection of the troubling truth that Americans have significantly higher costs than any other OECD country for many goods and services.<sup>41</sup> Access to consumer goods may

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the Official Poverty Measurement (OPM) and the Supplemental Poverty Measurement (SPM), introduced in 2010 to address the shortcomings of the OPM. See “How Poverty in the United States is measured and Why It Matters,” *Population Reference Bureau* (January 21, 2022), <https://www.prb.org/resources/how-poverty-in-the-united-states-is-measured-and-why-it-matters/>.

<sup>37</sup> CPIR, What is Deep Poverty?

<sup>38</sup> Lee, 37.9 Million Americans are Living in Poverty.

<sup>39</sup> John V.C. Nye, “Standards of Living and Modern Economic Growth,” *Econlib*,

[www.econlib.org/library/Enc/StandardsofLivingandModernEconomicGrowth.html](http://www.econlib.org/library/Enc/StandardsofLivingandModernEconomicGrowth.html).

<sup>40</sup> Jacob Wade, “Here’s How Many Hours You’d Have to Work to Pay the Average Hospital Bill,” *GOBankingRates* (June 19, 2023), [www.gobankingrates.com/money/financial-planning/how-many-hours-to-work-to-pay-average-hospital-bill/](http://www.gobankingrates.com/money/financial-planning/how-many-hours-to-work-to-pay-average-hospital-bill/).

<sup>41</sup> “Health Expenditure as a Percentage of GDP by Country 2021.” *Statista*, [www.statista.com/statistics/268826/health-expenditure-as-gdp-percentage-in-oecd-countries/](http://www.statista.com/statistics/268826/health-expenditure-as-gdp-percentage-in-oecd-countries/).

fuel the belief that the poor are “not quite so poor after all,”<sup>42</sup> but as American sociologist Matthew Desmond so pithily puts it, “You can’t eat a cellphone.”<sup>43</sup> Catholics must demand economic justice: “Basic justice also calls for the establishment of a floor of material well-being on which all can stand,” wrote the US bishops, “[The trends in poverty] pose for our nation an urgent moral and human challenge: to fashion a society where no one goes without the basic material necessities required for human dignity and growth.”<sup>44</sup>

Capitalism in the United States fails to benefit many, and this is a reckoning: infinite growth is not sustainable, and the costs extend beyond borders. While upwards trends in quality of life gave hope to many generations, young Americans today are experiencing a stagnation of economic growth and are questioning the limitations of capitalism—and it’s backed by data. In a recent article entitled “Why It Seems Everything We Knew About the Global Economy Is No Longer True,” economist Patricia Cohen observes: “markets on their own weren’t able to automatically distribute gains fairly or spur developing countries to grow or establish democratic institutions,” an observation that the U.S. national security adviser recently accredited to “a central fallacy in American economic policy.”<sup>45</sup> The article enumerates issues with globalization that mark current-day capitalism in the United States, including a vision of growth that doesn’t account for non-renewable resources, the exportation of labor to exploit poor and vulnerable workers, and the lack of safety nets for American

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<sup>42</sup> Desmond, “Why Poverty Persists in America.”

<sup>43</sup> Ibid.

<sup>44</sup> USCCB, Economic Justice for All.

<sup>45</sup> Patricia Cohen, “Why It Seems Everything We Knew About the Global Economy Is No Longer True,” *The New York Times* (June 18, 2023), [www.nytimes.com/2023/06/18/business/economy/global-economy-us-china.html](https://www.nytimes.com/2023/06/18/business/economy/global-economy-us-china.html).

workers (a failure highlighted by the COVID pandemic).<sup>46</sup> These issues are not unique to American capitalism, but are inextricably linked to it.

Globalization and labor mobility has opened the door to an increasing number of ways to take advantage of this system—a point of concern the Church has highlighted:

The global market has stimulated first and foremost, on the part of rich countries, a search for areas in which to outsource production at low cost with a view to reducing the prices of many goods, increasing purchasing power and thus accelerating the rate of development in terms of greater availability of consumer goods for the domestic market.<sup>47</sup>

Exploitation in American capitalism flows from its profit prioritization, which finds that reducing labor expenses is a viable shortcut. Predatory hiring exploits the labor of immigrants, the impoverished, and other vulnerable groups. Incarcerated individuals working in slavery-like conditions account for \$11 billion in goods and services for prisons.<sup>48</sup> When the teleological end of the system is profit, human dignity is a secondary concern.

In an exploration of the persistence of poverty, Desmond explains economic exploitation succinctly in his Pulitzer Prize winning book, *Poverty in America*. “When we are underpaid relative to the value of what we produce, we experience labor exploitation; when we are overcharged relative to the value of something we purchase, we

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<sup>46</sup> Ibid.

<sup>47</sup> USCCB, Economic Justice for All.

<sup>48</sup> \$2 billion in goods and \$9 billion in services. “Captive Labor: Exploitation of Incarcerated Workers: ACLU.” American Civil Liberties Union, November 20, 2023 [www.aclu.org/news/human-rights/captive-labor-exploitation-of-incarcerated-workers](http://www.aclu.org/news/human-rights/captive-labor-exploitation-of-incarcerated-workers).

experience consumer exploitation.”<sup>49</sup> This is the situation for a shocking number of American workers. “The United States offers some of the lowest wages in the industrialized world,” Desmond explains, “A larger share of workers in the United States [earn] less than two-thirds of median wages than in any other country belonging to the [OECD]<sup>50</sup>...Poverty wages have swollen the ranks of the American working poor, most of whom are 35 or older.”<sup>51</sup> Corporations like Amazon, Nestle, and Uber which dominate US markets are well known perpetrators of workers’ rights violations including labor exploitation.<sup>52</sup> Even as labor costs plummet, corporations continue to increase profit margins by hiking the prices of necessities for American consumers. As inflation reached its highest peak in 40 years during the COVID pandemic, corporations saw their largest profit margins since the 1950s.

It is not enough to assume, either, that the reduction of financial poverty fulfills the obligation of a preferential option to the poor. The protection of human dignity is by far the most important measure.

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<sup>49</sup> Desmond, “Why Poverty Persists in America.”

<sup>50</sup> Organization for Economic Cooperation and Development, “Wage Levels” (2022), as cited in Desmond “Why Poverty Persists in America.”

<sup>51</sup> The OECD has 38 member countries.

<sup>52</sup> Jack Kelly, “A Hard-Hitting Investigative Report into Amazon Shows That Workers’ Needs Were Neglected in Favor of Getting Goods Delivered Quickly,” *Forbes* (November 9, 2022), [www.forbes.com/sites/jackkelly/2021/10/25/a-hard-hitting-investigative-report-into-amazon-shows-that-workers-needs-were-neglected-in-favor-of-getting-goods-delivered-quickly/](http://www.forbes.com/sites/jackkelly/2021/10/25/a-hard-hitting-investigative-report-into-amazon-shows-that-workers-needs-were-neglected-in-favor-of-getting-goods-delivered-quickly/); James Wilson, “Uber’s Oppression of Workers’ Rights,” *EU Political Report* (July 13, 2022), [www.eupoliticalreport.eu/ubers-oppression-of-workers-rights/](http://www.eupoliticalreport.eu/ubers-oppression-of-workers-rights/); “Mars, Nestlé and Hershey to Face Child Slavery Lawsuit in US.” *The Guardian* (February 12, 2021) <https://www.theguardian.com/global-development/2021/feb/12/mars-nestle-and-hershey-to-face-landmark-child-slavery-lawsuit-in-us>.

Reducing poverty is insufficient if it goes hand in hand with a ceiling to economic mobility and enables a proliferation of exploitation which traps people below their baseline needs. The Church establishes a right to “adequate family policy on the part of public authorities in the juridical, economic, social and fiscal domains.”<sup>53</sup> Pope Francis’s encyclical *Amoris laetitia* emphasizes the impact of labor disparity, which is a trademark of poverty in America today: “In many ways, the present-day economic situation is keeping people from participating in society. Families, in particular, suffer from problems related to work,” he writes, quoting the Charter of Rights for the Family, “This situation does not help family members to gather together or parents to be with their children in such a way as to nurture their relationships each day.” Given the data demonstrating that dedicating time to your family can “sabotage your career,”<sup>54</sup> it is safe to say this aspect of human dignity remains unmet.

It is naïve to hope that, in a liberal system that rejects a forceful undercurrent of moral imperatives, the market will reflect firm ethical and moral standards. American capitalism sees profit as the ultimate end, a *telos* incompatible with a preferential option for the poor and vulnerable. Profit cannot exist as the final end in any way that is compatible with economic justice, and Catholics in the United States are, as a result, called to participate in the formation of a more just economy—not forgetting that the economy exists to serve the people, rather than the people to serve the economy.

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<sup>53</sup> Pontifical Council for the Family, *Charter of the Rights of the Family* (October 22, 1983), Introduction, [www.vatican.va/roman\\_curia/pontifical\\_councils/family/documents/rc\\_pc\\_family\\_doc\\_19831022\\_family-rights\\_en.html](http://www.vatican.va/roman_curia/pontifical_councils/family/documents/rc_pc_family_doc_19831022_family-rights_en.html).

<sup>54</sup> Chris Morris, “Disconnecting to Spend Time with Your Kids Could Sabotage Your Career,” *CNBC* (May 11, 2019), [www.cNBC.com/2019/05/10/disconnecting-to-spend-time-with-your-kids-could-sabotage-your-career.html](http://www.cNBC.com/2019/05/10/disconnecting-to-spend-time-with-your-kids-could-sabotage-your-career.html).



# Educating the Business Professional in Newman's University

*Blake Perry\**

IN *THE IDEA OF A UNIVERSITY*, JOHN HENRY NEWMAN champions liberal education: the “exercise of mind, of reason, [and] of reflection” by which man pursues knowledge not for its usefulness toward an end but rather for its own sake.<sup>1</sup> Newman distinguishes liberal education from “commercial education,” declaring that “mercantile occupations are not liberal at all” since they require instruction utilizing knowledge for particular ends.<sup>2</sup> Thus, business education—which trains students in subjects such as economics, accounting, and finance and is oriented toward a practical and professional end—appears irreconcilable with Newman’s understanding of liberal education. And as the Church’s seminal resource regarding higher education, *The Idea of a University* cannot be overlooked.<sup>3</sup> Nonetheless, in *The Vocation of the Business Leader*, the Pontifical Council for Justice and Peace explicitly charges Catholic universities to take business education seriously.<sup>4</sup> More generally, since Leo XIII’s *Rerum novarum*, popes and ecumenical councils have increasingly addressed business and political economy in an effort to

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<sup>1</sup> John Henry Newman, *The Idea of a University* (University of Notre Dame Press, 1982), 80.

<sup>2</sup> *Ibid.*, 81.

<sup>3</sup> Frank Turner, “Newman’s University and Ours,” in *The Idea of a University* (Yale University Press, 1996), 282.

<sup>4</sup> Kenneth Goodpaster and T. Dean Maines, “The Distinctive Vocation of Business Education in Catholic Universities,” *Journal of Catholic Higher Education* 31, no. 2 (2012): 193-212, 194, citing Pontifical Council for Justice and Peace, *The Vocation of the Business Leader* (2012).

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educate the Church and broader world on commerce, implicitly endorsing such an educational objective. Yet can Catholic universities respond to the call to educate business professionals while adhering to Newman's conception of liberal education?

This essay argues that Catholic universities can offer an education respecting Newman's vision while instructing students in business subjects. Newman's understanding of liberal education actually enhances the education of business professionals, particularly business leaders, by producing the "gentleman" of cultivated intellect. And far from compromising or limiting the pursuits of Newman's vision for liberal education, learning subjects such as economics, accounting, and finance enables the gentleman to realize the social purpose of his education. Additionally, when properly taught, these subjects respect Newman's pedagogy because they provide essential theories and instruments for organizing empirical data in the pursuit of truth.<sup>5</sup> The essay concludes with two recommendations for contemporary Catholic business schools seeking to devise a business education consistent with Newman's ideas.

*The Liberally-Educated Business Professional*

Future business professionals ought to receive a liberal education due to the nature of education itself (as understood by Newman) and the leadership capacity one acquires through liberal education. Newman insists that education aims to cultivate "a state or condition of mind" in which knowledge is pursued for its own sake.<sup>6</sup> Distinct from instruction—which imparts methods, tools, and skills and is oriented toward a practical end—education has no practical end

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<sup>5</sup> Adam Stewart, "Towards a Philosophy of Liberal Education: John Henry Newman on Teaching Universal Knowledge, the Cultivation of the Intellect, and the Enlargement of Mind," *Irish Theological Quarterly* 85, no. 2 (2020): 169-182, doi.org/10.1177/0021140020906950.

<sup>6</sup> Newman, *The Idea of a University*, 86.

necessarily but rather “train[s] the intellect in pursuit of truth.”<sup>7</sup> Thus, all higher education—including business education—ought to be fundamentally liberal.

Furthermore, liberal education fosters qualities indispensable for commerce by producing the “gentleman” of “cultivated intellect.”<sup>8</sup> Newman defines the cultivated intellect as an enlarged mind capable of seeking, grasping, and ordering varied and complex ideas; the truly great intellect “takes a connected view of old and new, past and present, far and near.”<sup>9</sup> This kind of intellect is crucial for the business leader. Charles William Eliot, former president of Harvard University, notes that “accuracy in observation, quickness and certainty in seizing upon the main points of a new subject, and discrimination in separating the trivial from the important in great masses of facts” are critical for business leaders, as they must confront and consider various factors—many of which cannot be quantified or calculated by financial and economic models—in business decisions.<sup>10</sup> In its annual 10-K report filed with the Securities and Exchange Commission, each U.S. public company discloses factors and risks influencing its daily operations.<sup>11</sup> Every company elucidates intricate and complex business operations affected by macroeconomic, political, geographical, social, and moral factors. Since many of these risks lie outside a company’s direct control and can change rapidly, the business leader must be able to parse, evaluate, and respond to any challenge that arises. Furthermore, the gentleman of cultivated intellect possesses “a candid,

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<sup>7</sup> Kevin Whelan and Mary Katherine Tillman, “Newman on Education,” ThinkND, [think.nd.edu/wp-content/uploads/2020/10/2.2-Newman-on-education-a-Brief-Introduction.pdf](http://think.nd.edu/wp-content/uploads/2020/10/2.2-Newman-on-education-a-Brief-Introduction.pdf).

<sup>8</sup> Newman, *The Idea of a University*, 91.

<sup>9</sup> *Ibid.*, 101.

<sup>10</sup> Charles W. Eliot, “Uses of Education for Business,” *The Speaker* (1910), 448-451.

<sup>11</sup> “How to Read a 10-K,” Securities & Exchange Commission, [www.sec.gov/answers/reada10k.htm](http://www.sec.gov/answers/reada10k.htm).

equitable, [and] dispassionate mind,”<sup>12</sup> which enables one to impartially and rationally examine empirical data to arrive at truth.<sup>13</sup> The dispassionate mind is critical for the business leader, who must oftentimes make difficult decisions regarding, for example, retaining or releasing employees; responding to political or social movements; or determining his own salary and benefits. Personal and emotional considerations can easily bias and cloud the business leader’s judgment, leading to poor decisions; thus, the dispassionate mind is indispensable because it enables the business professional to evaluate data impartially to reach sound decisions.

Due to his cultivated intellect and dispassionate mind, the gentleman is well-equipped to realize the vocation of a business leader delineated in Catholic Social Teaching and recent papal encyclicals. John Paul II notes that the purpose of business extends well beyond profit to include the “integral development of the human person.”<sup>14</sup> While profit and other financial metrics are legitimate measures of business performance, business leaders must assess the “human and moral factors” inseparable from business decisions and avoid a short-term, technical approach focused solely on financial metrics.<sup>15</sup> Benedict XVI concurs with John Paul II that business decisions have diverse human and moral consequences that ought to weigh heavily in decision-making, declaring in *Caritas in Veritate* that business decisions must “be carefully designed to correspond to people’s concrete lives, based on a prudential evaluation of each situation.”<sup>16</sup> Through its

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<sup>12</sup> Newman, *The Idea of a University*, 91.

<sup>13</sup> Stewart, “Towards a Philosophy of Liberal Education.”

<sup>14</sup> John Paul II, *On the Hundredth Anniversary of Rerum novarum, Centesimus annus*, Encyclical Letter (May 1, 1991), para. 43, [www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf\\_jp-ii\\_enc\\_01051991\\_centesimus-annus.html](http://www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_01051991_centesimus-annus.html).

<sup>15</sup> *Ibid.*, para. 35.

<sup>16</sup> Benedict XVI, *Caritas in veritate*, Encyclical Letter (June 29, 2009), para. 47, [www.vatican.va/content/benedict-](http://www.vatican.va/content/benedict-)

ability to understand, integrate, and prudentially evaluate diverse ideas and consequences to reach sound decisions, the cultivated intellect is necessary for the business leader. Furthermore, in *Laudato Si* Pope Francis censures the modern economy for exploiting technical specialization to increase short-term profits.<sup>17</sup> As businesses increasingly focus on specialization to achieve short-term economic growth, the resulting economy neglects human, moral, social, and political structures in its pursuit of profit and progress. Pope Francis declares, “The fragmentation of knowledge...leads to a loss of appreciation for the whole, for the relationships between things, and for the broader horizon, which then becomes irrelevant.”<sup>18</sup> Indeed, Pope Francis calls for business leaders who reject specialized approaches and instead comprehensively evaluate how the economy serves and impacts moral, social, and political dimensions of human society.<sup>19</sup> Since the cultivated intellect is capable of constructing and implementing integral business solutions—those that look beyond singular dimensions of business activity and promote holistic human development by accounting for a multitude of financial and nonfinancial factors—the gentleman of cultivated intellect can fulfill the vocation of the business leader understood in contemporary encyclicals.

Nonetheless, Newman insists that liberal education pursues knowledge as an end in itself and thus cannot have as its end inculcating the student with particular principles or ideologies;<sup>20</sup> therefore, Newman’s program cannot produce business leaders

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[xvi/en/encyclicals/documents/hf\\_ben-xvi\\_enc\\_20090629\\_caritas-in-veritate.html](http://www.vatican.va/content/francesco/en/encyclicals/documents/hf_ben-xvi_enc_20090629_caritas-in-veritate.html).

<sup>17</sup> Francis, *Laudato si*, Encyclical Letter (May 24, 2015), para. 110, [www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco\\_20150524\\_enciclica-laudato-si.html](http://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html).

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*

<sup>20</sup> Newman, *The Idea of a University*, 91.

conformed to a certain economic and social perspective. According to scholar Frank Turner, this perhaps perplexing aspect of Newman's conception of education stems from Newman's understanding of human nature, remarking, "Newman's faith that human sinfulness requires supernatural redemption limited the moral aspirations of his university. In his view the liberal education addressed only the natural human being in a natural civic setting. The liberal education could not address the issues relating to human redemption."<sup>21</sup> Because Newman recognizes the fundamental role of grace in transforming human nature, he concludes that education cannot instill certain moral principles in students. Newman thinks the task of moral education is best left to the Church, not the university, since "larger answers to the evils of the human condition must come from a divine order of truth."<sup>22</sup>

Turner's analysis recognizes that Newman addresses the human person in a civic setting, underscoring the inherent social aspect of liberal education.<sup>23</sup> Indeed, Newman ascribes to the university the social purpose of "training good members of society" and cultivating "the art of social life, and its end [of] fitness for the world."<sup>24</sup> Despite claiming that liberal education pursues knowledge for its own sake, Newman acknowledges that liberal education has a practical result. According to scholar Adam Stewart, this practical component stems from Newman's fundamental understanding of university education with regard to religion and society.<sup>25</sup> Stewart notes that Newman's ideas reacted to the fear that Catholic universities may be reduced to seminaries used to train clergy; this educational model would fragment knowledge into "sacred and profane categories," thus "weaken[ing] the

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<sup>21</sup> Turner, "Newman's University and Ours," 288.

<sup>22</sup> *Ibid.*, 289.

<sup>23</sup> *Ibid.*, 288.

<sup>24</sup> Newman, *The Idea of a University*, 134.

<sup>25</sup> Stewart, "Towards a Philosophy of Liberal Education."

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institution's ability to educate, and thereby transform...society."<sup>26</sup> Newman's educational philosophy avoids the categorization of knowledge and moral formation to achieve the fundamental social purpose of liberal education. Newman understands the social purpose of one's education not as its end but rather as a concomitant of the cultivated intellect.<sup>27</sup> Newman emphasizes liberal education's social purpose because he recognizes that liberal education enables individuals to ascend to positions of leadership in society.<sup>28</sup> At the time Newman wrote, liberal education promoted social mobility throughout Europe; this social mobility allowed individuals to garner influence in politics, culture, and religion. Thus, Newman constructed his idea of a Catholic university to facilitate similar ascendancy. In this respect, the gentleman's social purpose is intrinsic to his liberal education.

*Realizing Liberal Education's Social Purpose through Business*

I argue that business is an excellent arena in which to exercise this leadership capacity and realize the social dimension of one's education, since business is an inherently social activity whose operations affect individuals, associations, and society as a whole. Yet this claim relies on the assumption that business is a morally decent pursuit. Indeed, skepticism regarding the morality of commerce is especially prominent in the Aristotelian tradition.<sup>29</sup> In his *Politics*, Aristotle asserts that "a merchant's way of life...is ignoble and contrary to virtue."<sup>30</sup> Although contemporary sentiment viewing businesspeople as greedy and

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<sup>26</sup> Ibid.

<sup>27</sup> Whelan and Tillman, "Newman on Education."

<sup>28</sup> Turner, "Newman's University and Ours," 297.

<sup>29</sup> Fred D. Miller, Jr., "Aristotle and Business: Friend or Foe?" in *Wealth, Commerce and Philosophy: Foundational Thinkers and Business Ethics* (Chicago: University of Chicago Press, 2017), 31-52, 31-32.

<sup>30</sup> Aristotle's *Politics*, trans. Carnes Lord, 2nd ed. (Chicago: The University of Chicago Press, 2013), VII.9.1328b40-41.

dishonest likely influenced Aristotle, he contends “that any [gainful] exchange, any trade, is essentially exploitative” because “the acquisitions of any trader must necessarily be at the expense of that trader’s trading partner.”<sup>31</sup> Aristotle critiques the very nature of business activity regardless of how it is performed. Moreover, Alasdair MacIntyre argues that the Aristotelian conception of virtue conflicts with the modern economic order and its emphases on individualism, acquisition, and elevating market values to a prominent social place.<sup>32</sup>

In *Honorable Business*, moral philosopher and business ethicist James Otteson argues that commerce rightly understood is noble and virtuous because commerce is fundamentally value-creating. Within a “properly functioning market economy”—an economy in which business activity is just and humane and human beings possess full moral agency to contract with others for goods and services—all transactions are free and voluntary.<sup>33</sup> In this economy, parties transact only when each benefits from the exchange; thus, business is not exploitative or zero-sum but rather positive-sum.<sup>34</sup> And the increase in prosperity generated by each transaction “adds to the overall stock of society’s prosperity.”<sup>35</sup> Furthermore, Otteson observes that commerce “can generate better relations among people” because the demands of commerce often require individuals from different regions, nations, and creeds to cooperate in mutually beneficial ways.<sup>36</sup> Whereas familial, associational, and national boundaries segregate other aspects of society, business transcends many of these boundaries and is thus an

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<sup>31</sup> Miller, “Aristotle and Business,” 31-35.

<sup>32</sup> Miller, 31.

<sup>33</sup> James Otteson, *Honorable Business: A Framework for Business in a Just and Humane Society* (Oxford University Press, 2019), 17.

<sup>34</sup> *Ibid.*, 23.

<sup>35</sup> *Ibid.*, 26.

<sup>36</sup> *Ibid.*, 27.



exceptionally social endeavor.<sup>37</sup> Therefore, commerce's social component makes it an excellent arena in which to pursue the social purpose underlying Newman's educational vision.

But in order to realize commerce's social benefits, understanding the subjects of economics, finance, and accounting is necessary. Indeed, John Paul II notes that profit and other financial measures are legitimate indicators "that a business is functioning well" and "that productive factors have been properly employed and corresponding human needs have been duly satisfied."<sup>38</sup> The business leader must understand and use these measures; devising integral solutions to business challenges does not mean neglecting hard data provided by economics, finance, and accounting, but simply relegating this data to its rightful place among moral and social factors. The financial implications of decisions are still critical because they matter for the welfare of the firm. Understanding these technical topics is thus essential for the gentleman exercising the social purpose of his education in commerce. Yet does teaching students these topics contradict Newman's understanding of liberal education?

In the Preface to *The Idea of a University*, Newman declares that the university "is a place of teaching universal knowledge."<sup>39</sup> Stewart clarifies that by "universal knowledge" Newman means "truth"—specifically, the truth of "empirical data...made available to the senses through the different methods employed by each of the academic disciplines."<sup>40</sup> For Newman, the fundamental purpose of liberal education is "the application of reason to truth for the purpose of

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<sup>37</sup> These arguments correspond to the "doux commerce" thesis, a framework articulated by Montesquieu and frequently invoked to defend commerce. See Emma Borg, "The Thesis of 'Doux Commerce' and the Social License to Operate Framework," *Business Ethics, the Environment & Responsibility* 30, no. 3 (2021): 412-422, //doi.org/10.1111/beer.12279.

<sup>38</sup> Centesimus annus, para. 35.

<sup>39</sup> Newman, *The Idea of a University*, xxxvii.

<sup>40</sup> Stewart, "Towards a Philosophy of Liberal Education."

generating knowledge.”<sup>41</sup> Stewart, a sociology professor himself, explains that this pedagogy justifies and facilitates teaching students sociology, because this pedagogy invites students to “transform the world from an overwhelming collection of observable social data (truth) into a coherent explanatory system (knowledge) through the use of social theory (reason).”<sup>42</sup> Since social theory attempts to generalize and explain human behavior to help students develop “a connected view or grasp of things,” sociology is a legitimate discipline within a liberal education.

The same pedagogy can apply to the fields of economics, accounting, and finance and thus justify their inclusion in a liberal education. These topics aim to give students a connected view of things by providing students with the capacity to understand and interpret data of business operations. In these courses, students learn how to use the theories and tools of economics, accounting, and finance to sort and make sense of empirical data and thereby achieve knowledge of business operations. Recognizing the distinct social component of Newman's education and how business offers a noble arena in which to exercise this social purpose provide a strong case for the inclusion of business coursework in a liberal education; Stewart's understanding of Newman's pedagogy enables the compatibility of liberal education and business coursework.

Nonetheless, some might contend that even if business is morally decent, business is not the highest arena in which to exercise one's liberal education. Aristotle labels trade and wage-earning work as “vulgar” because “they make the mind a thing abject and lacking in leisure.”<sup>43</sup> Aristotle thinks leisure is the highest good, and anything that detracts from the pursuit of leisure (like a commercial career) is less

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<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> Aristotle and Terence Irwin, *Nicomachean Ethics*, 3rd ed. (Indianapolis: Hackett Publishing Company, 2019), VIII.2.1337b13-15.

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than ideal. Yet by refusing to develop an education that categorizes the profane and divine and emphasizing the social good of the liberally-educated gentleman, Newman discredits the notion that contemplation is the preferred or best use of one's education. Indeed, Turner declares that "Newman's vision of the university contain[s] a clear appreciation of the active life."<sup>44</sup> Newman does not envision a university whose students and graduates solely contemplate; rather, he affirms the pursuit of the active life by acknowledging the distinct social purpose of the gentleman.

*Two Recommendations for Catholic Business Education*

In light of *The Idea of a University*, this essay has provided a vision for educating the business professional, arguing that a business education ought to be fundamentally liberal yet include coursework in commercial subjects to enable the gentleman to realize his social purpose. In further developing this kind of business education, I conclude with two recommendations for modern Catholic business schools.

First, to realize Newman's vision, theology must be an integral subject. Turner states, "In Newman's mind...religious truth undergirds and informs all other truth."<sup>45</sup> Although Newman provides substantial space for academic freedom and rejects a moral component of university education, he sees theology as a framing discipline enabling the wholeness of liberal education because "universal knowledge must involve the interrelations of what humans know" and theology is capable of integrating and synthesizing knowledge across disciplines.<sup>46</sup> John Paul II revitalizes and recapitulates Newman's

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<sup>44</sup> Turner, "Newman's University and Ours," 300-301.

<sup>45</sup> *Ibid.*, 286.

<sup>46</sup> George Marsden, "Theology and the University: Newman's Idea and Current Realities," in *The Idea of a University* (Yale University Press, 1996), 302-317, 305.

assertion in *Ex corde ecclesiae*, declaring that theology “serves all other disciplines in their search for meaning, not only by helping them to investigate how their discoveries will affect individuals and society but also by bringing a perspective and an orientation not contained within their own methodologies.”<sup>47</sup> Theology enables scholars “to determine the relative place and meaning of each of the various disciplines within the context of a vision of the human person and the world that is enlightened by the Gospel, and therefore by a faith in Christ, the Logos, as the centre of creation and of human history.”<sup>48</sup> An education grounded in theology is especially critical for the business professional, as commerce forms an integral component of society and touches the lives of all individuals. Thus, exploring business in light of theological underpinnings allows students to achieve a fundamental understanding of how disciplines like economics, accounting, and finance relate to the human person and the whole of society.

Second, Catholic business schools that aspire to this framework must cultivate authentic community. Newman claims he would prefer a university that simply brings young men together for several years over a university that awards degrees to those who pass examinations.<sup>49</sup> Newman extols the university as a place where “a multitude of young men, keen, open-hearted, sympathetic, and observant...come together and freely mix with each other.”<sup>50</sup> Community allows for liberal learning, since in a community one can encounter, group, and integrate diverse strands of thought to arrive at knowledge.<sup>51</sup> And John Paul II affirms, “A Catholic University pursues its objectives through its

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<sup>47</sup> John Paul II, *Ex corde ecclesiae*, Apostolic Constitution, (August 15, 1990), para. 19, [www.vatican.va/content/john-paul-ii/en/apost\\_constitutions/documents/hf\\_jp-ii\\_apc\\_15081990\\_ex-corde-ecclesiae.html](http://www.vatican.va/content/john-paul-ii/en/apost_constitutions/documents/hf_jp-ii_apc_15081990_ex-corde-ecclesiae.html).

<sup>48</sup> *Ibid.*, para. 16.

<sup>49</sup> Newman, *The Idea of a University*, 109.

<sup>50</sup> *Ibid.*, 110.

<sup>51</sup> Turner, “Newman’s University and Ours,” 298.

formation of an authentic human community” because of the social nature of the human person and the role of community in facilitating human flourishing.<sup>52</sup> Thus, one hallmark of a business school intent on adhering to Newman’s vision ought to be its community. Indeed, William J. Byron, former President of Catholic University of America, notes that many business schools are characterized by competition, as students compete for similar academic and professional positions.<sup>53</sup> Yet Catholic universities must recognize the distinct social nature of the human person and the central role of community in a liberal education. Cultivating community is particularly salient for a business education, as cooperation and community mirror the fundamental positive-sum value creation and social prosperity that occur when individuals practice business honorably.<sup>54</sup>

Inspired by contemporary conversations regarding the vocation of the business leader and role of business education in a Catholic university, this essay has demonstrated a framework for business education consistent with Newman’s idea of a university. The gentleman formed through Newman’s liberal education is well-prepared for a career as a business leader, and commerce is a worthy arena in which to realize the social purpose of his education. Yet to successfully and fruitfully participate in commerce, the gentleman must understand the fundamental topics required to operate and manage a business, such as economics, accounting, and finance. These topics can be integrated into liberal education in light of Adam Stewart’s understanding of Newman’s pedagogy. In further developing this vision for a business education, the study of theology and the formation of authentic community are central components. Overall,

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<sup>52</sup> Ex corde ecclesiae, para. 21.

<sup>53</sup> William J. Byron, “How Catholic Business Schools Can Do Better than Harvard,” *America Magazine* (August 16, 2017), [www.americamagazine.org/arts-culture/2017/08/15/how-catholic-business-schools-can-do-better-harvard](http://www.americamagazine.org/arts-culture/2017/08/15/how-catholic-business-schools-can-do-better-harvard).

<sup>54</sup> Otteson, *Honorable Business*, 26-7.

this framework is capable of educating a business leader who can contribute to integral human development and the common good.

# The Philosopher and the Business Professional: A Need for Teleology and Dialogue

*Andrew Reasor\**

**G**OD CREATED THE WORLD with a proper order. Natural law attests to God's design of creation and reveals to man that he was created for God. At the very least, the existence of natural law indicates that man was created for something other than himself. Throughout history man has repeatedly failed to make God the focal point of his existence and daily life. Man is no better today. Of the many teleological issues this lack of orientation has caused, one is a false understanding of the purpose of work. In these troubled times, one of society's greatest needs is for continued dialogue between the Catholic philosopher and the Catholic business professional.<sup>1</sup> Dialogue would create a society in which the principles taught by the philosopher are implemented by the business professional; and the ethical and societal troubles which the business professional face would be solved and combatted with the guidance of the philosopher. The business professional especially has a duty to be immersed in the proper philosophical formation and to be receptive to critique. Over

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<sup>1</sup> Any time "philosopher" or "business professional" is used throughout the remainder of this paper, I am referring to Catholic philosophers and business professionals specifically. If I mean another kind, it will be specified.

time, such dialogue would rekindle a sense of teleology and reorient man towards God, his final destination.

Our world is losing its awareness of and concern for natural law and order and the role they play in our day-to-day life.<sup>2</sup> In the corporate world especially, work can know no bounds and consume man's life. Countless professionals can waste their lives focusing on their work and personal gain. They are swallowed whole by a career and career goals. Our society encourages idolatry through materialism and other forms of temporal gratification that can be brought about through the disordered prioritization of a career.<sup>3</sup> As a result, man dulls his contemplative capabilities. We read in the encyclical *Laborem exercens* that, "however true it may be that man is destined for work and called to it, in the first place work is 'for man' and not man 'for work'."<sup>4</sup> God created us for Himself, but we have shifted our focus from God's created order to man himself. Man must return to God and be educated on how he can unite himself to God through his daily work.

God's order is visible in creation through procreation, the food chain, the seasons, and so forth. God's created order is understood morally and ethically through natural law. Natural law should serve as a basis regardless of how a system uses rights or laws. On natural law, Aquinas writes, "The Psalmist thus signifies that the light of natural reason whereby we discern good and evil is simply the imprint of God's light in us. And so it is clear that the natural law is simply rational creatures' participation in the eternal law."<sup>5</sup> There is a sense of order and of right and wrong in every human being. Reviving a sense of order and teleology in the world will direct individuals, specifically secular philosophers and business professionals, to a higher end. Mankind

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<sup>2</sup> John Paul II, *Fides et ratio* (September 14, 1998), 5.

<sup>3</sup> Pontifical Council for Justice and Peace, *Vocation of the business leader: a reflection* (2012), 11, 42.

<sup>4</sup> John Paul II, *Laborem exercens* (September 14, 1981), 6.

<sup>5</sup> Thomas Aquinas, *Summa theologiae*, trans. Richard J. Regan (Hackett Publishing Company, Inc.), 1a-2ae, q. 91, a. 2.



must constantly be reminded of God as his End since we are His creatures. Such an idea can only be understood when man submits himself to God and truth.

Our world is moving further and further away from all truth, even natural law. Yet God rules everything through eternal law. St. Thomas Aquinas describes eternal law as "...simply the plan of divine wisdom that directs all the actions and movements of created things."<sup>6</sup> Since we are rational beings, we partake in this plan of divine wisdom in a particular way. Our participation in the eternal law is through the natural law.<sup>7</sup> Man cannot, and will not, escape the unchanging law interwoven into God's order. Aquinas articulates that natural law does not adapt or change from nation to nation but is "common to all..."<sup>8</sup> While divine and human law, may add to it, nothing can subtract from natural law's first principles.<sup>9</sup> Nor is it possible that the principles of natural law can ever be separated from man. Aquinas, utilizing Augustine, writes "Your law was written in the hearts of men, and no sort of wickedness erases it.' But the law written in the hearts of men is the natural law. Therefore, the natural law cannot be erased."<sup>10</sup> The false practices of our times such as transgenderism, abortion, homosexual unions, and other disordered movements, attack not only human dignity but the ordering of nature and reality itself. Focus on a divinely created order points to man's creation as gift and how he reaches his finality in God. Man was created with an End, God, and at the most basic level we find natural law as an inescapable emphasis of this.

A loss of teleology leaves activities such as work disordered. Man is made *Imago Dei*. Our capacity to work is a part of our being made in God's image. In the encyclical *Laborem exercens*, Pope St. John Paul II

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<sup>6</sup> Ibid.

<sup>7</sup> Ibid., 1a-2ae, q. 93, a. 1.

<sup>8</sup> Ibid., 1a-2ae, q. 94, a. 4.

<sup>9</sup> Ibid., 1a-2ae, q. 94, a. 5.

<sup>10</sup> Ibid., 1a-2ae, q. 94, a. 6.

writes, “through the mandate received from his Creator to subdue, to dominate the earth. In carrying out this mandate, man, every human being, reflects the very action of the Creator of the universe.”<sup>11</sup> A society could be in any stage of social, economic, or technological development, and still be partaking in God’s command to subdue the earth.<sup>12</sup>

In this encyclical, the great saint distinguishes between the objective and subjective senses of work. The modern mistake is replacing the primacy of the subjective sense with the objective sense.<sup>13</sup> The objective sense is defined as that which we are subduing. It establishes our dominion of the earth, and can be achieved through technology. Technology is the result of our own work and gives us the ability to subdue the earth so long as it aligns with the principle of stewardship. It can increase both the quantity and quality of what is produced and is only problematic when it interferes with man, who is the subject of work.<sup>14</sup>

The subjective sense of work is man himself. He is the subject since work is performed by him. St. John Paul II writes, “As a person he works, he performs various actions belonging to the work process.”<sup>15</sup> The ethical value of work is a result of its performance by a human person.<sup>16</sup> Work’s dignity is found in the subjective dimension, since man is always work’s purpose.<sup>17</sup> Work is not impersonal and something that can be sold. To do so is to treat man just as the “material means of production.”<sup>18</sup> To uphold the dignity of work, we

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<sup>11</sup> Ibid., 4.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid., 7.

<sup>14</sup> Ibid., 5.

<sup>15</sup> Ibid., 6.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid., 7.

must understand the dignity of man as subject, maker, and the true purpose of work.<sup>19</sup>

Natural law shows that man exists within a created order even when so many people work against this order. Work is made for man as has been revealed through Revelation and developed through Church Teaching. Man's dignity as one who works, and a correct conception of what it means to work, must be restored. A lack of teleology has led to this and many other problems today, as it has throughout history. I firmly believe that teleology can be restored through the dialogue of the philosopher and business professional. The philosopher seeks God and desires to understand truth through the revealed world. On the other hand, the business professional has a bountiful platform. They can live a life oriented towards the truth in example to others and may also implement strategies, policies, programs, and daily discourse which enforce and share the reality of this truth to others.

Yet, it is essential that both professions be rooted in the truths of the Catholic faith. There are many well-meaning philosophers, but without the fullness of Christ's Church they will easily miss the mark. Similarly, much good can be achieved by business professionals who are Christian, or even agnostic or atheist. However, it is the fullness and beauty of the Catholic faith which will enable and move these businessmen and women to further cooperate with God's grace and mercy. It will uniquely and beautifully touch the lives of those they encounter.

Pope St. John Paul II sings high praises of the vocation and role of the philosopher in society. His encyclical *Fides et ratio* discusses the importance of the utilization and harmony of both faith and reason.<sup>20</sup> He defines human beings as those who seek truth; it is a part of our

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<sup>19</sup> Ibid.

<sup>20</sup> John Paul II, *Fides et ratio* (September 14, 1998).

human nature.<sup>21</sup> Therefore, philosophy is one of the most important human tasks and is particular to the faculty of human reason.<sup>22</sup> Philosophy is not a sterile discipline bound to reason alone but should be integrated with and uplifted by faith. It is a means to communicate the Gospel to the world.<sup>23</sup> In fact, philosophy itself has the profound responsibility of forming not only thought, but culture as well.<sup>24</sup>

Despite the grandeur of this description, there is a continually fading interest in good philosophy as it orients itself towards man instead of God. Pope St. John Paul II expresses concern over this, "...at the present time in particular, the search for ultimate truth seems often to be neglected."<sup>25</sup> An intellectual war is being waged by the true philosophers to take man's focus from "quick success" and back to ultimate truth.<sup>26</sup> The philosopher must hold himself to an incredibly high standard as he keeps his focus on God.

Pope St. John Paul II states that all are philosophers in some capacity: "All men and women, as I have noted, are in some sense philosophers and have their own philosophical conceptions with which they direct their lives."<sup>27</sup> The role of the philosopher is not limited to the individual who has dedicated his career to such an endeavor. The philosophical conceptions according to which we direct our lives make all the difference. All men and women in the public square, Catholic or not, have thousands of souls under their watch as they direct their lives based on certain principles. Often, these principles are quite misguided.

Due to this, business professionals must be well-formed and educated to take on the most challenging social, cultural, economic,

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<sup>21</sup> Ibid., 3, 28.

<sup>22</sup> Ibid., 5.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid., 6.

<sup>25</sup> Ibid., 5.

<sup>26</sup> Ibid., 6.

<sup>27</sup> Ibid., 30.

and moral dilemmas. All business professionals must be philosophers. They do not have to take great lengths to achieve this status. It can be achieved by simply reading, contemplating, and discussing great philosophical works, which will allow them to lead their careers and colleagues with more confidence and virtue. While this is a form of engagement for the business professional, there is still a need for dialogue.

Without authentic and continuous dialogue between the philosopher and business professional, there is a greatly missed opportunity. Without dialogue, the two lose touch with each other and the world's most pressing issues. Scholars and academia can create a perspective that slowly grows out of touch with a changing world. The business leader has his feet on the ground and witnesses the many shifting factors around him. He experiences first-hand the change in ethical dilemmas, the shift in the power of technology, and many other issues and trends. The philosopher can call the business professional higher as he may succumb to complacency and a life of expediency. The dialogue of the philosopher and business leader can serve the common good tremendously. They assist each other in aligning with truth and understanding and solving current issues and the difficulties in implementing truly excellent policies and strategies. Just as the philosopher has a beautiful vocation, so too does the business leader.

In November 2014, the Pontifical Council for Justice and Peace published the document *Vocation of the Business Leader: A Reflection*.<sup>28</sup> Especially since the publication of *Rerum Novarum*, the Church has made her stance on the vocation and importance of the business leader clear. Regardless of the business professional's spirituality within the Church, they are called to live out the Gospel in their daily lives and communicate its tenets through their business. Business leaders must spread the Gospel through their vocation to business and sanctify the

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<sup>28</sup> Pontifical Council for Justice and Peace, *Vocation of the business leader: a reflection* (2012).

world. The document itself, while not perfect, is an example of the effectiveness of collaboration and dialogue between intellectuals and professionals as it was assembled by such.<sup>29</sup> It shows the power of Catholic social teaching, Catholic social thought, and Catholic social practice.<sup>30</sup>

The document lays down two core principles and three broad business objectives which are the groundwork for the six practical principles for business. Each of these are rooted in truth and serve an end. They acknowledge and serve an existing order. Without the cooperation of business leaders, they cannot be made a reality. That is why Catholic social practice is absolutely essential. Many business leaders choose to live a “divided life” in which they separate Christocentric values from their professional career.<sup>31</sup> The divided life is disordered as it leads to idolatry and consumerism.<sup>32</sup> It is the business professional who bears the weight of putting Catholic social teaching and thought into practice in their given community. It is a shame so many of us run from this responsibility.

The Pontifical Council states that all businesses should be rooted in the two core principles of human dignity and the common good.<sup>33</sup> Human dignity is defined as, “the conviction that each person, regardless of age, condition or ability, is an image of God and so endowed with an irreducible dignity or value. Each person is an end in him or herself, never merely an instrument valued only for its utility...”<sup>34</sup> Essential elements of this dignity are vocation and personal fulfilment, which can only be achieved in community.<sup>35</sup> Communion with others is of the utmost importance to human dignity. We reflect

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<sup>29</sup> Ibid., Foreword.

<sup>30</sup> Ibid., 28.

<sup>31</sup> Ibid., 10.

<sup>32</sup> Ibid., 11, 42.

<sup>33</sup> Ibid., 30.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid., 31.

our Creator through our social nature as well as through our reason and free will.<sup>36</sup> Our social nature assists in our endeavors for personal fulfillment and in understanding the common good. Human dignity is recognized through an appropriate level of “earthly flourishing” through the proper quantity of resources which assist in the perfection of virtue and holiness.<sup>37</sup>

The second core principle is the common good. According to the document the Second Vatican Council defines it as, “The sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily.”<sup>38</sup> Common goods arise through human beings collectively striving towards a shared goal whether it be through business, family, or friendship.<sup>39</sup> We are not only individual beings, but we also have a social nature. The common good enables us to develop both communally and individually.<sup>40</sup>

A lack of business challenges the common good. Two problems that arise from a lack of business activity are the loss of qualified individuals to other countries due to economic conditions and a lack of goods to support dignity in daily life.<sup>41</sup> Accordingly, “Businesses are therefore essential to the common good of every society and to the whole global order.”<sup>42</sup> Likewise, businesses also suffer where there are not the proper public goods, common goods, and “moral-cultural environment.”<sup>43</sup> Public goods are defined as, “the rule of law, property rights, free and open competition, the provision of sound currencies and fiscal policies, critical transportation and communication

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<sup>36</sup> *Ibid.*, 32.

<sup>37</sup> *Ibid.*

<sup>38</sup> *Ibid.*, 34

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*

<sup>41</sup> *Ibid.*, 35.

<sup>42</sup> *Ibid.*

<sup>43</sup> *Ibid.*, 36.

infrastructures...”<sup>44</sup> So, while societies look heavily to businesses, businesses also look to society and its established structures of morals and laws.

To do business well, as it was intended, is to operate within the order of creation. Business is repeatedly reduced to idolatry and thus makes profit its aim. The nature of profit is to be a “good servant” and not the objective of business.<sup>45</sup> The Pontifical Council writes, “Creation is endowed with an order that we discover but do not create. Living creatures and the natural world may reasonably be employed to serve genuine human needs.”<sup>46</sup> While profit is necessary for a business to flourish, it should never be the sole objective and placed above the service of genuine human needs.

The document published by the Pontifical Council calls business leaders to action and asks them to be open to fraternal correction by the members of the Church.<sup>47</sup> It is an excellent example of theological and philosophical inquiry addressing genuine concerns of the business world that point to teleology in creation and in man’s activities. Especially prior to 2010, the business world was rapidly losing any sense of duty to God and man. Occasional dialogue between philosophers and business professionals would greatly aid in rooting man’s daily life in charity and truth. Additionally, this philosophical inquiry would enable the business professional to become a philosopher.

The business world changes quickly, and dialogue would also greatly benefit the philosopher. There are many individuals who fight to simply stay afloat economically amidst the chaos of change and the volume of work. Due to the disconnect between academia and the world, which is exacerbated by this rapid change, the philosopher may

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<sup>44</sup> Ibid.

<sup>45</sup> Ibid., 53.

<sup>46</sup> Ibid., 54.

<sup>47</sup> Ibid., 82.



begin to develop inaccurate perspectives of current events and overemphasize certain academic perspectives. Likewise, the business leader may be swallowed up by the surrounding immorality and laxity of his peers and leaders. Regular, localized, and global communication between philosophers and business leaders would lead to philosophers who are in tune with current events and business leaders who are motivated by their ultimate purpose.

After all the other demands of daily life that each vocation faces, I believe that this dialogue will change the world. It starts small. Philosophers must stay up to date on current issues and trends in the public square and in business. Similarly, business professionals should form themselves and engage in various philosophical works and ideas. We must create dialogue through localized efforts, such as at the parish level, and even through academic conferences. Through finding ways to engage in community and discussion, the philosopher and business professional can uncover how their common interests of Catholicism, human dignity, and the common good are tightly interwoven through their vocations. Not only can the two benefit from each other's knowledge and character, but they can also address and remedy man's current needs as he steers away from God and loses sense of direction and *telos*.

Works like those published by Pope St. John Paul II and the Pontifical Council for Justice and Peace are examples of how the Church can bring its members back to the truth. Just as the Pontifical Council for Justice and Peace urged business leaders to be open to correction from fellow members, we must guide one another under the teachings of the Church. It is not the goal of these documents to provide exact policies and strategies. The comradery of the two professions, while it may only be occasional at best, is essential to transform culture, morality, and society at large and to restore any sense of teleology. The world will benefit greatly as the two professions bring communities to God through Catholic social teaching and thought in practice.



# The Dignity of Agricultural Labor: A Discussion of Undocumented Workers and Minimum Wage

*Maureen Pierce\**

**A**MERICA IS THE LAND OF IMMIGRANTS. From its beginning with the colonies to the “melting pot” of the early twentieth century and the enduring idea of the “American dream,” people of all races and cultures have chosen America as their home. Yet, while almost all American families trace their lineage to a different country, new waves of immigrants still are subject to discrimination and mistreatment. One population that suffers today is immigrant farm laborers across the country. Studies continually show that they have little access to basic human necessities and resources, such as decent housing and healthcare.<sup>1</sup> While it may be more comfortable for consumers to ignore that the food they eat each day can be provided by exploited labor, this is clearly a crisis that deserves attention. This paper seeks to give a new perspective on how to solve the issues faced by undocumented Latin American populations working on farms. In examining the push for higher minimum wages for agriculture labor, I argue that, although this does aid workers, ultimately the only thing that can truly lead to a life filled with dignity is the extension of legal rights and a formal path to citizenship.

## *History and Contextualization*

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<sup>1</sup> Nicole Foy, “California farmworkers cope with wildfire smoke, pesticides, roaches and rodents, survey says,” *Cal Matters*, (February 3, 2023), [calmatters.org/california-divide/2023/02/farmworkers-conditions-california-report/](https://calmatters.org/california-divide/2023/02/farmworkers-conditions-california-report/)

A deeply unsettling truth about agriculture is that, in the United States, success on a large scale has often historically relied on cheap labor sourced from people with few rights to defend themselves. Examples in history range from African slaves in the South to Dust Bowl migrants in the West. As time went on, the government began to aid farmers in their search for low-cost labor.<sup>2</sup> A significant impact on the demographic of farmworkers was the Bracero program which allowed around 22 million Mexicans to find work in America.<sup>3</sup> Unfortunately, although these migrants can be necessary for a farm's operations, many Bracero participants were abused and the government did little to protect them. It was especially easy to mistreat illegal immigrants that accompanied the Braceros since threats to deport laborers back to their home country were usually enough to keep anyone from making serious complaints about their conditions. Scholars point to this program as the crucial turning point that led America to develop a heavy dependency on immigrant labor, particularly from Latin and South America.<sup>4</sup> Employers became accustomed to having low-cost labor in whatever circumstances were convenient for them to provide. The government has attempted to remedy the situation by enacting reforms, such as the H2-A program, where farmers can only apply for guest workers after they have reasonably tried to satisfy their labor needs from local sources.<sup>5</sup> The system remains broken, however, and data shows that the labor force

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<sup>2</sup> Ronald L. Mize and Alicia C.S. Swords, *Consuming Mexican Labor: From the Bracero Program to NAFTA* (Toronto: University of Toronto Press, 2011), 3.

<sup>3</sup> Ibid.

<sup>4</sup> Mize and Swords, *Consuming Mexican Labor*, 3.

<sup>5</sup> David J. Bier, "H-2A Visas for Agriculture: The Complex Process for Farmers to Hire Agricultural Guest Workers," *Cato Institute*, (March 10, 2020), [www.cato.org/publications/immigration-research-policy-brief/h-2a-visas-agriculture-complex-process-farmers-hire](http://www.cato.org/publications/immigration-research-policy-brief/h-2a-visas-agriculture-complex-process-farmers-hire).

is overwhelmingly comprised of migrant populations vulnerable to potential mistreatment.<sup>6</sup>

Today, immigrants are estimated to comprise somewhere from 48 to 70% of the agriculture labor force.<sup>7</sup> In California, the National Agricultural Workers Survey (NAWS) reported that in 2020, about 88% of farmworkers were not born in the United States and it is estimated that 59% are not authorized to be in this country.<sup>8</sup> These numbers are due to the history described previously and the ease of continuing what generations of farmers have done before, but also because of the prevailing culture in agriculture. Farming is labor intensive and migrants usually possess characteristics that make them appealing employees. Due to their desperate status, they usually rely on farm-provided housing, making tardiness for work a rare anomaly. They also have no bargaining power to leave since they are not usually eligible for a driver's license and, in some states, even stepping off the farm opens them to the possibility of being deported. In addition, the physical distance from any social community means that they do not require vacation time and are willing to work much longer hours than local citizens. Altogether, this has set up a perfect storm of reasons for farmers to purposely or inadvertently take advantage of immigrants to this country.<sup>9</sup>

The reality of this landscape has contributed to a number of problems, and abuse continues to happen in this country. The lack of ability to advocate for themselves exposes illegal workers to the risk of being mistreated at their jobs. Farm labor is inherently difficult, but

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<sup>6</sup> See following paragraph for references.

<sup>7</sup> Kathleen Sexsmith, "Decoding Worker 'Reliability': Modern Agrarian Values and Immigrant Labor on New York Dairy Farms," *Rural Sociology* 84, no. 4 (2019): 707.

<sup>8</sup> National Agricultural Workers Survey, U.S. Department of Labor, Last modified 2020, [www.dol.gov/agencies/eta/national-agricultural-workers-survey](http://www.dol.gov/agencies/eta/national-agricultural-workers-survey)

<sup>9</sup> Sexsmith, "Decoding Worker 'Reliability,'" 715.

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many immigrants report not being provided with proper protective equipment, particularly for applying pesticides or working in extreme heat. Housing conditions are often poor with pest and rodent problems, unclean drinking water, and cramped living spaces. A study from the University of California Merced interviewed over 1,200 workers and found that 36% would not want to file a report about any of their concerns and almost two-thirds of those individuals said this was due to fear of retaliation.<sup>10</sup> Just as concerning is the lack of health care available to this population. A survey from Farmworker Health Study said that between a third and a half of farm laborers are afflicted with chronic diseases.<sup>11</sup> They might be unable to receive care for a number of reasons, whether it is from lack of insurance; inability to qualify for Medicare; lack of sick days from their employer; no driver's license, car, or other means of transportation; or the depletion of medical resources in more rural areas. Lack of employer consideration in these matters makes laborers feel devalued—simply another cog in the wheel for farm owners to make more money. Laborers' grievances deserve the attention of the public until their basic human needs have been satisfied.<sup>12</sup>

*Impact of Minimum Wage Raises*

To help farmworkers live a better life, some advocacy groups have proposed that agricultural minimum wage be increased. Simply looking at numbers alone, it is easy to understand their position. This paper focuses on data gathered from the state of California because it has

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<sup>10</sup> Foy, "California farmworkers cope with wildfire smoke, pesticides, roaches and rodents, survey says."

<sup>11</sup> "After a rural California hospital closes, farmworkers pay the price," *PBS News*, (April 21, 2023), [www.pbs.org/newshour/health/after-a-rural-california-hospital-closes-farmworkers-pay-the-price](http://www.pbs.org/newshour/health/after-a-rural-california-hospital-closes-farmworkers-pay-the-price)

<sup>12</sup> Foy, "California farmworkers cope with wildfire smoke, pesticides, roaches and rodents, survey says."

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recently seen large changes in their minimum wage levels. Twelve years ago, the California Research Bureau published a short report stating that the median annual income of a farm laborer was about \$14,000.<sup>13</sup> This is in sharp contrast to the median income of California residents, which was calculated to be \$53,367.<sup>14</sup> Almost a third of immigrant households had incomes below the poverty level, double that of the national average for households are in poverty.<sup>15</sup> Higher minimum wage would likely help to close the gap, especially because close to 40% of agricultural workers receive wages at or within 10% of the local minimum wage rate.<sup>16</sup> Better pay would increase discretionary income which would improve the standard of living for those in the throes of poverty. The Brookings Institute argues that higher minimum wage in general across the country would alleviate the strains faced by struggling families and help them to achieve self-sufficiency.<sup>17</sup>

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<sup>13</sup> Patrick Rogers and Matthew K. Buttice, “Farmworkers in California: A Brief Introduction,” *California Research Bureau* in the California State Library, (October, 2013),

[latinocaucus.legislature.ca.gov/sites/latinocaucus.legislature.ca.gov/files/CRB%20Report%20on%20Farmworkers%20in%20CA%20S-13-017.pdf](http://latinocaucus.legislature.ca.gov/sites/latinocaucus.legislature.ca.gov/files/CRB%20Report%20on%20Farmworkers%20in%20CA%20S-13-017.pdf)

<sup>14</sup> Income, Poverty and Health Insurance Coverage in the United States: 2011, United States Census Bureau, Last modified September 12, 2012, [www.census.gov/newsroom/releases/archives/income\\_wealth/cb12-172.html#:~:text=Real%20median%20household%20income%20in,46.2%20million%20people%20in%20poverty](http://www.census.gov/newsroom/releases/archives/income_wealth/cb12-172.html#:~:text=Real%20median%20household%20income%20in,46.2%20million%20people%20in%20poverty)

<sup>15</sup> Rogers, “Farmworkers in California: A Brief Introduction.”; Income, Poverty and Health Insurance Coverage in the United States.

<sup>16</sup> Amy M. G. Kandilov and Ivan T. Kandilov, “The Impact of Minimum Wages on the U.S. Agricultural Sector,” *NC State Economist* from NC State University (Fall, 2018), [cals.ncsu.edu/wp-content/uploads/sites/31/2018/10/Economist-Kandilovs-.pdf](http://cals.ncsu.edu/wp-content/uploads/sites/31/2018/10/Economist-Kandilovs-.pdf).

<sup>17</sup> Joseph Parilla and Sifan Liu, “A \$15 minimum wage would help millions of struggling households in small and mid-sized cities achieve self-sufficiency,” *The Brookings Institution*, (March 17, 2021), [www.brookings.edu/blog/the-avenue/2021/03/17/higher-regional-](http://www.brookings.edu/blog/the-avenue/2021/03/17/higher-regional-)

Conceptually, laborers would then be able to work fewer hours and still obtain better housing, purchase more nutritious food, and afford basic healthcare.

One argument against minimum wage hikes is that farmers would then need to increase the price of food which has a trickledown effect to all consumers, but the response is that the change is relatively minimal. In a study published by University of California Davis in 2017, they showed that the average individual grocery bill for Americans would only see an increase of one dollar when higher minimum wage rates are put into effect.<sup>18</sup> And while some costs might go up, there is historical evidence to suggest that increased wages lead to a more prosperous economy overall, offsetting the negative impacts. According to the Washington Post, the first minimum wage in 1938 immediately resulted in higher consumer spending.<sup>19</sup> Today, researchers think that minimum wage hikes will have the same effect. More spending boosts production so companies hire more people to keep up with the demand. There are other positive impacts as well. With higher wages comes better revenue for local governments who can use the money to implement better programs and services for their constituents. This would lead to a better life not just for immigrants but for everyone in their community.<sup>20</sup>

An objection to raising minimum wage that carries more weight is the potential increase in unemployment. Research done by Michael Strain, the Director of Economic Policy Studies, gives evidence that

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[minimum-wages-can-lift-half-of-struggling-households-into-economic-self-sufficiency/](#).

<sup>18</sup> “Food Spending 2017,” *Rural Migration News* 24, no. 4 (2018), [migration.ucdavis.edu/rmn/more.php?id=2218](http://migration.ucdavis.edu/rmn/more.php?id=2218)

<sup>19</sup> Colleen Doody, “The missing piece of the minimum wage debate,” *Washington Post*, (February 25, 2021),

[www.washingtonpost.com/outlook/2021/02/25/missing-piece-minimum-wage-debate/](http://www.washingtonpost.com/outlook/2021/02/25/missing-piece-minimum-wage-debate/)

<sup>20</sup> *Ibid.*



hundreds of thousands of Americans are likely to lose their jobs if the federal minimum wage is increased.<sup>21</sup> In the past, job losses often were targeted towards unskilled and young workers. This is because when minimum wage rises, it generally triggers an increase in wages in all tiers. If labor costs go up across the board, employers seek to build a workforce comprised of a few highly trained workers who can provide a greater rate of return, so those without skill suffer. Therefore, minimum wage increases can actually hurt the very people they are designed to help.<sup>22</sup> It is not obvious at first glance that this would hurt farm workers' job prospects since generally few jobs require higher education. However, historical data shows that increases in labor costs usually lead farmers to either hire fewer people or invest in automation.<sup>23</sup> In a 2019 study by Amy Kandilov and Ivan Kandilov, although short-term employment was insignificantly affected by minimum wage increases, the results showed that 20-year employment levels decreased by as much as 4%.<sup>24</sup> For agriculture, this is especially concerning because, as previously mentioned, many unauthorized workers depend completely on their livelihood for housing. Loss of employment would mean that they are stranded in the United States with no security whatsoever and no ability to improve their position.

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<sup>21</sup> Michael R. Strain, "A \$15 Minimum Wage Will Harm Workers," *American Enterprise Institute*, (February 7, 2019), [www.aei.org/wp-content/uploads/2019/02/strain\\_15\\_min\\_wage\\_testimony\\_2019\\_02\\_07.pdf?x91208](http://www.aei.org/wp-content/uploads/2019/02/strain_15_min_wage_testimony_2019_02_07.pdf?x91208).

<sup>22</sup> Bradford L. Barham, Ana P. Melo, and Thomas Hertz, "Earnings, Wages, and Poverty Outcomes of US Farm and Low-Skill Workers," *Applied Economic Perspectives and Policy* 42, no. 2 (2020): 313.

<sup>23</sup> Madilynne Clark, "Washington state's agricultural labor shortage," *Washington Policy Center*, (June, 2017), [www.washingtonpolicy.org/library/doclib/Clark-Washington-state-s-agricultural-labor-shortage-PB-6-23-17.pdf](http://www.washingtonpolicy.org/library/doclib/Clark-Washington-state-s-agricultural-labor-shortage-PB-6-23-17.pdf).

<sup>24</sup> Kandilov and Kandilov, "The minimum wage and seasonal employment: Evidence from the US agricultural sector," 620.

Furthermore, as other industries traditionally have retained people with higher education, it can become harder for immigrants to find outside employment that could remedy the loss of jobs in the agriculture industry.<sup>25</sup>

An in-depth study performed by the University of Illinois Urbana-Champaign shows that, even if wage increases in California were successful in distributing wealth to unskilled laborers, it would not be enough because California is considered to be a “high-wage, high-cost state.”<sup>26</sup> In other words, they pay high wages to their workers compared to the rest of the country, but it is not considered a livable wage since there is such a high cost of living. This study was performed in 2016 and projections at the time did show that the anticipated (and since realized) wage hikes were expected to outpace the rise in the cost of living. However, the recent drastic rise in inflation following the pandemic may have changed the reality of this expectation with food-at-home prices skyrocketing by 11.4% in 2022 and the Consumer Price Index increasing 20.4% from 2018-2022.<sup>27</sup> This highlights an additional issue with the minimum wage debate: there is no time to stop and analyze the impact of increased wages before they need to be raised higher to keep up with the cost of living. Pushes to increase California’s base rate are already being heard, but, as shown above, this

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<sup>25</sup> Strain, “A \$15 Minimum Wage Will Harm Workers.” N.B. This claim is developed from source material published in 2019. Emerging trends may contradict this statement, but at the time of the original publication of this paper, the 2019 data was the most statistically complete source available.

<sup>26</sup> Travis Grout and Jennifer Ifft, “Higher Wages Don’t Always Mean a Higher Standard of Living: Rural Cost-of-Living and Farmworker Wages,” *farmdoc daily* 7, no. 136 (2017), [farmdocdaily.illinois.edu/2017/07/higher-wages-dont-always-mean-higher-standard-of-living.html](http://farmdocdaily.illinois.edu/2017/07/higher-wages-dont-always-mean-higher-standard-of-living.html).

<sup>27</sup> Food Prices and Spending, United States Department of Agriculture, Last modified February 27, 2023, [www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-prices-and-spending/](http://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-prices-and-spending/)

could become a major roadblock for immigrants in their path to prosperity.

*Analysis and Quality of Life for Immigrants*

California is far from the only state facing the dilemma about what is best for immigrant farm workers. In this paper, I will approach the problem less from an economic nature and more guided by principles of human dignity. To define dignity, I turn to Catholic Social Teaching (CST). The United States Conference of Catholic Bishops wrote, “If the dignity of work is to be protected, then the basic rights of workers must be respected—the right to productive work, to decent and fair wages, to the organization and joining of unions, to private property, and to economic initiative.”<sup>28</sup> Pope Francis has also spoken on this topic, saying policy needed to be “specifically geared to a better distribution of income, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality.”<sup>29</sup> These two quotes provide a clear framework by which to examine the current work environment in California and determine if raising minimum wage is the most appropriate way to lead immigrants to a life of dignity.

It is true that wages are helpful in achieving dignity. One key requirement for a dignified life is that people must be able to obtain personal property, which can only be expected to come from the money earned in work. In the groundbreaking encyclical *Rerum novarum*, Pope Leo XIII articulated this sentiment, writing, “Private

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<sup>28</sup> United States Conference of Catholic Bishops, *The Dignity of Work and the Rights of Workers*, Last modified 2023, [www.usccb.org/beliefs-and-teachings/what-we-believe/catholic-social-teaching/the-dignity-of-work-and-the-rights-of-workers](http://www.usccb.org/beliefs-and-teachings/what-we-believe/catholic-social-teaching/the-dignity-of-work-and-the-rights-of-workers).

<sup>29</sup> Pope Francis, *Evangelii gaudium* (November 24, 2013), [www.vatican.va/content/francesco/en/apost\\_exhortations/documents/pa-pa-francesco\\_esortazione-ap\\_20131124\\_evangelii-gaudium.html](http://www.vatican.va/content/francesco/en/apost_exhortations/documents/pa-pa-francesco_esortazione-ap_20131124_evangelii-gaudium.html).

ownership is in accordance with the law of nature.”<sup>30</sup> It is imperative that all people have the right to obtain private property. Without ample income, it would be difficult for migrant workers to purchase anything for themselves, even food or housing. Therefore, farmworkers must be able to earn enough capital to seek out these personal opportunities and choices. Employers are responsible for paying full-time employees a wage that is commensurate with what is needed to live a sustainable lifestyle in that geographical area. This idea is also made clear in *Rerum novarum*. Pope Leo XIII shows that labor is not only part of man’s nature, but it is necessary to him for self-preservation.<sup>31</sup> Therefore, employers cannot offer inadequate wages under the assumption that employees could simply choose not to work. Because almost everyone must labor in some capacity, it places the employer under obligation to only offer payment that justly provides for their employees’ human needs.

However, a significant barrier to this ownership of private property still exists, no matter the wage rate. I propose that the answer lies not in increasing earnings for immigrant laborers, but in creating pathways for those undocumented persons to achieve legal status. This is vital because it would finally provide undocumented workers with a voice. As early 20<sup>th</sup> century historian Hilaire Belloc writes, society must consist of workers and employers *freely* exchanging labor to be truly just.<sup>32</sup> Documented workers would have less to fear about retribution from employers and could speak more freely about harmful working conditions, intense work schedules, and poor housing. Workers could unionize and fight for what they deserve, fulfilling the third stipulation

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<sup>30</sup> Pope Leo XIII, *Rerum novarum* (May 15, 1891), [www.vatican.va/content/leo-xiii/en/encyclicals/documents/hf\\_l-xiii\\_enc\\_15051891\\_rerum-novarum.html](http://www.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum.html).

<sup>31</sup> *Ibid.*

<sup>32</sup> Hilaire Belloc, *The Servile State*, (New York: Henry Holt and Company, 1946), 119.

from Catholic Social Teaching.<sup>33</sup> Currently, many agricultural workers rely on the state to set the price at which they will be paid, but with collective bargaining they could push farmers for the wage that they want to receive.<sup>34</sup> On the reverse side, if farmers do not want to pay the requested wage, the documented workers would have the option to work elsewhere. Those immigrants first entering the United States might be comfortable working on a farm for lower than national average wages because it might still be an improvement over their previous life or for their children's. No pope or pillar of CST ever suggested that there is a "one size fits all" perfect minimum wage. They simply said that wages must be just for the work performed to allow employees to pursue a dignified life.<sup>35</sup> If laborers have the freedom to request housing accommodations or work off-season, this solves the issue without placing undue burden on the farmer to comply with statewide legislation.

It is worth noting that undocumented immigrants express a desire that, if they gained legal status, they would likely want to perform other jobs, regardless of the industry in which they work.<sup>36</sup> This could pose problems to the agriculture world if, once legalized, more than half of the labor force refuses jobs in that sector. However, the answer to this problem cannot be to continue to exploit humans for the sake of profit, as Pope Francis said.<sup>37</sup> If legalization of undocumented

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<sup>33</sup> United States Conference of Catholic Bishops, *The Dignity of Work and the Rights of Workers*.

<sup>34</sup> Philip Martin, "Mexican Workers and U.S. Agriculture: The Revolving Door." *The International Migration Review* 36, no. 4 (2002): 1130.

<sup>35</sup> United States Conference of Catholic Bishops, *The Dignity of Work and the Rights of Workers*.

<sup>36</sup> John Burnett, "Employers Struggle With Hiring Undocumented Workers: 'You Cannot Hire American Here,'" NPR, (August 21, 2019), [www.npr.org/2019/08/21/752336132/employers-struggle-with-hiring-undocumented-workers-you-cannot-hire-american-her](http://www.npr.org/2019/08/21/752336132/employers-struggle-with-hiring-undocumented-workers-you-cannot-hire-american-her).

<sup>37</sup> Francis, *Evangelii gaudium*.

immigrants gives them the freedom to choose not to work in agriculture, causing a labor shortage, then the government may have to intervene to encourage workers to come from other sources. It is not the intent of this paper to imply that it is wrong to hire foreigners as farmworkers. It is simply to say that, if agriculture will continue to rely on the help of foreigners, these men and women must be extended the proper respect that is due to them as prescribed by Catholic Social Teaching.

A final caveat must be made. I have not proposed the exact path that would be opened for the legalization of undocumented immigrants, and it is out of the scope of my research to do so.<sup>38</sup> When looking at history, blanket programs that legalized all current aliens without addressing the future were not helpful.<sup>39</sup> There also must be reforms to the border crossing that both allow marginalized peoples to start a new life in the United States and give the government a chance to know who is living in this country. This is not a one-time act, and it will require a great deal of precision and nuance from today's legislators to ensure that both present-day immigrants and future generations are protected under the law.

### *Conclusion*

The number of unauthorized immigrants involved in the agriculture industry is staggering. Without these workers, the agriculture industry would likely crumble under the weight of finding

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<sup>38</sup> I think it is also necessary to mention at this point that I am not suggesting legalization must come in the form of complete and full citizenship for all laborers. However, I am arguing that some system of documentation and potential paths to future citizenship be available to all peoples, including those that originally entered the country illegally.

<sup>39</sup> Mize and Swords, *Consuming Mexican Labor*. N.B. I drew this conclusion after reading multiple chapters in this book. It was not derived from one single page or chapter.

the necessary replacements to do the grueling work. The answer clearly, then, cannot be to deport all illegal aliens and hope that American citizens will take the jobs. It must become an accepted fact that this population of people is vital to the success of our food and agriculture sector. Currently, immigrant farm laborers are often mistreated, or, at the very least, do not enjoy the protections that are available to an average citizen. Yet without these workers, the average citizen would either have nothing to eat or would find themselves working these same undesirable jobs. Therefore, it is evident that it is the responsibility of this country to pass legalization reforms that will put an end to any current abuses and pave the way forward for continued equitable treatment of society's most fundamental workers. Legalization gives farm laborers the chance to fully become part of the American community, and as Wilhelm Röpke so eloquently wrote, "Man can wholly fulfill his nature only by freely becoming part of a community and having a sense of solidarity with it."<sup>40</sup> Simply paying workers more, while possibly leading to a better quality of life, will never hope to meet the fulfillment of human nature that can come from being accepted and seen as part of the greater human community. I close with the words of Pope Saint Paul VI: "All people have the right to work, to a chance to develop their qualities and their personalities in the exercise of their professions, to equitable remuneration which will enable them and their families 'to lead a worthy life on the material, social, cultural and spiritual level.'"<sup>41</sup> With legalization, families can finally achieve just that.

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<sup>40</sup> Wilhelm Röpke, *A Humane Economy – The Social Framework of the Free Market*, (Wilmington: ISI Books, 1960), 91.

<sup>41</sup> Paul VI, *Octogesima adveniens*, Apostolic Letter (May 14, 1971), [www.vatican.va/content/paul-vi/en/apost\\_letters/documents/hf\\_p-vi\\_apl\\_19710514\\_octogesima-adveniens.html](http://www.vatican.va/content/paul-vi/en/apost_letters/documents/hf_p-vi_apl_19710514_octogesima-adveniens.html).





# POLITICAL ECONOMY



# The Anthropological Failure of Marxism

*Maggie Black\**

**K**ARL MARX WOULD BE PLEASED. The trend amongst younger generations to embrace Marxism is an alarming movement, but an unsurprising one as the world witnesses an ever-increasing tendency towards atheism and nihilism. While this trend is perhaps another upshot from the root of hubris within our fallen world, Christians are nevertheless called to identify and reject evil when they encounter it. Marxism is a prime example of this evil and is an ideology worth exploring so that it, and all its manifestations, can be rejected wholesale. The call of the Marxist ideology is clear: kill God and abolish his influence on man and human society. The fundamental errors of Marxism lead to its anthropological errors which culminate in the misunderstanding of man's work and its salvific character. This essay will approach the topic by first outlining the Marxist rejection of God, the misconceptions of the human person and his work, and finally by explaining the general misreading of human society.

The intentional eradication of God is the root of the evil latent within the communist ideology and is the key reason Christians must reject it, *prima facie*. Marx and Engles initially coined their magnum opus the 'Communist Confession of Faith' as it sought to rid society of God and root out all influence of religion to replace it with a secular vision of man and the world. Secularization is explicitly called for in the Communist Manifesto as it states, "Communism abolishes eternal truths, it abolishes all religion, and all morality, instead of constituting them on a new basis; it therefore acts in contradiction to all past historical experience."<sup>1</sup> The call for this ideology is plain: rid the world

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<sup>1</sup> Karl Marx, *The Communist Manifesto* (London: Penguin Classics, 2015), 26.

of God and His influence. Though clearly an impossible task, Marx and Engles had a hubristic view of themselves, their own ideology and a pseudo-religious belief in its power. The eradication of a God who, in their view, set down burdensome rules and restrictions was the path to their view of true freedom, which was freedom no different than that promised to Eve by the prince of darkness—namely, a perverted self-love that forgets the true meaning of the person created Imago-Dei. The project and its failure are explained well in *Divini redemptoris*: “In a word the Communists claim to inaugurate a new era and a new civilization which is the result of blind evolutionary forces culminating in a humanity without God.”<sup>2</sup> Nietzsche proclaimed that God is dead and Communists endeavor to make his proclamation a reality at every level of society. Communism and related ideologies are opposed to truth at their core to such extent that they call for a new Gospel—one radically opposed to the teachings of Christ.<sup>3</sup> Harkening back to the draft title of the *Manifesto*, the Communist ideology has a distinctive, mocking, religious fervor. Although they believe otherwise, there is no path forward for man or society after the denial of God—only destruction and decay. As *Centesimus annus* explains, social improvement without God is a futile endeavor: “There can be no genuine solution of the ‘social question’ apart from the gospel and that the ‘new things’ can find in the Gospel the context for their correct understanding and the proper moral perspective for judgment on them.”<sup>4</sup>

The teaching of Christ in scripture must be the guide for the understanding of man and the organization of society. Divine revelation also teaches man a proper understanding of work and its place in an ordered human life. Without this foundation in the word

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<sup>2</sup> Pius XI, *Divini redemptoris* (March 19, 1937), 12.

<sup>3</sup> Marx, 32.

<sup>4</sup> John Paul II, On the Hundredth Anniversary of *Rerum novarum*, *Centesimus annus*, Encyclical Letter (May 1, 1991), 5.

of the triune God, the social order takes on a new character without reference to man's dignity and responsibility.<sup>5</sup> This brand of atheism views society in a mechanistic and materialistic way which collapses all existence into a singular reality devoid of meaning and true potential. The materialistic view eliminates the possibility of transcendence or deeper meaning, favoring an unstoppable progress of determinate forces moving towards an end that is nothing more than death. Communism espouses this vacant view of human life as *Divini redemptoris* describes:

According to this doctrine there is in the world only one reality, matter, the blind forces of which evolve into plant, animal and man. Even human society is nothing but a phenomenon and form of matter, evolving in the same way. By a law of inexorable necessity and through a perpetual conflict of forces, matter moves towards the final synthesis of a classless society. In such a doctrine, as is evident, there is no room for the idea of God; there is no difference between matter and spirit, between soul and body; there is neither survival of the soul after death nor any hope in a future life.<sup>6</sup>

Existence without God can only be described in a way devoid of meaning because God himself is the source of all meaning. The secularization of the world through the Communist ideology ignores basic truths of human existence but does not deny that man needs something outside of himself to which he can aspire. This exterior summit of existence is found for the communists in political aspirations as identified in *Centesimus annus*: "Politics then becomes a

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<sup>5</sup> Ibid., 13.

<sup>6</sup> *Divini redemptoris*, 9.

‘secular religion’ which operates under the illusion of creating paradise in this world. But no political society—which possesses its own autonomy and laws—can ever be confused with the Kingdom of God.”<sup>7</sup> The communist ideology attempts to break man’s connection to the divine and leave him, and all of humanity, with nothing to which to aspire but the futile task of creating utopia on Earth. Many ideologies look to politics as the savior and turn to policy solutions, arrogantly believing that man is capable of turning the fallen world into something far beyond their power. Criticism of this escapism is not to conflate the desire of secular idealistic ideologies with Christian charity, a concern for others, and a wish to improve human society; rather, the criticism is aimed at those ideologies, whereby the human condition is rejected, and individuals espousing them believe themselves to be as God. The false divinization of man, and of ideology, leaves him in a state of utter confusion and brute senselessness, for his ultimate meaning cannot be found within himself. *Centesimus annus* explains this destructive effect well: “Marxism had promised to uproot the need for God from the human heart, but the results have shown that it is not possible to succeed in this without throwing the heart into turmoil.”<sup>8</sup> Life without the recognition of God is painful and devoid of hope. As a created being, man is made to long for his Creator and indeed to become like Him. Any ideology which denies this does violence to the human condition. Communism’s denial of God is a fundamental error which warps everything that their ideology seeks to explain or improve.

The denial of God and therefore man’s transcendence leads to a fundamental misunderstanding of man and his relation to himself, his work, and society at large. Inherently tied up with the rejection of God is a fundamental misunderstanding of the human person; as *Centesimus annus* explains, “the fundamental error of socialism is anthropological in nature. Socialism considers the individual person simply as an

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<sup>7</sup> *Centesimus annus*, 25.

<sup>8</sup> *Ibid.*, 24.

element, a molecule within the social organism, so that the good of the individual is completely subordinated to the functioning of the socio-economic mechanism.”<sup>9</sup> In this understanding, man loses his context for meaning and is subsumed into a group of people, wherein his identity is to be found singularly in relation to this group. Within man the power of rationality, unique amongst creatures of the world, must be the basis for any ideology directing the action of man within society. Man is endowed with reason by God in order that he may achieve a purpose that transcends earthly reality. In order to achieve this transcendence, man’s freedom must be respected. Freedom, in any real sense, is a fundamental aspect of man’s being, and if an ideology fails to appreciate this and favors a mechanistic deterministic view, then all subsequent applications will fail. Communism falls prey to this misunderstanding and intentionally denies man’s freedom in order to place him within a group beholden to nothing but the desires of that subset of individuals. As called for in the Manifesto, “And the abolition of this state of things is called by the bourgeois, abolition of individuality and freedom! And rightly so. The abolition of bourgeois individuality, bourgeois independence, and bourgeois freedom is undoubtedly aimed at.”<sup>10</sup> Communism falsely portends that freedom is a potentiality only for those who belong to the bourgeois class. This misconception is a logical step from both the rejection of man’s autonomy and the conflation of class identity with personal identity. In this system of rigid class structure, the only hope for man is for a classless society where he can possibly carve out some sense of individuality. Within the communist position, there is only the collective society and all effort on the individual level must be directed toward the achievement of the goals of the society. Man is reduced to the level of a means to an end, and, worse, the end in the perspective of this ideology may not be realized for him. The erasure of the

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<sup>9</sup> Ibid., 13.

<sup>10</sup> Marx, 23.

individual is a direct result of the denial of God and His creative act of endowing the creature with dignity.

The Church has always proclaimed man's dignity, on the basis of man's creation,<sup>11</sup> and it is a proclamation which must be included in any discussion about society and man's relation to it. There is a tendency amongst secular political theorists to either cast man to the side as a depraved individual, and favor the class as a whole, or ignore the failings of man and assume he is a being capable of greatness without God. Society must recognize that an endless desire for Earthly progress without the Creator of the world is utterly purposeless. Instead, society must be ordered so that each person is recognized in his dignity and his call to realize the ultimate purpose of his life. As *Centesimus annus* explains, "The apex of development is the exercise of the right and duty to seek God, to know him and to live in accordance with that knowledge."<sup>12</sup> It is for this purpose that man was created and this is what he must strive to realize each day.

Out of a misunderstanding of the human person, Communism rejects the true dignity of work, viewing it only as a drudgery from which man should seek to rid himself. Beginning with a true understanding of the human person, work takes on a deep, profound, and indeed salvific character. *Laborem exercens* outlines this understanding well: "Man is the image of God partly through the mandate received from his Creator to subdue, to dominate, the earth. In carrying out this mandate, man, every human being, reflects the very action of the Creator of the universe."<sup>13</sup> This understanding defines what it means to be human and should underlie the organization of an ordered society. This society must understand work correctly as it constitutes a significant part of the post-lapsarian condition. As *Laborem exercens* identifies, "Toil is something that is universally known,

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<sup>11</sup> Revised Standard Version, 1989, Genesis 1:26-31

<sup>12</sup> *Centesimus annus*, 29.

<sup>13</sup> John Paul II, *Laborem exercens* (September 14, 1981), 4.



for it is universally experienced.”<sup>14</sup> It is plain that toil cannot be eliminated from the human condition. Man’s labor only has value if the worker himself is understood in his God-given dignity. The effort of Communism to rid society of the drudgery of work contains a partial truth. It should be universally accepted that work which is not according to the dignity of man, namely that which is excessively burdensome or dangerous, is work that should not be upheld. However, this idea should not be taken to mean that all work is harmful to man and labor is something to be minimized insofar as is possible. Communism seeks to subvert the labor system and replace it with top-down control, supposedly freeing the working man from his bondage. This is accomplished by the state takeover of the means of production, reducing the individual to an undignified “cog in the State machine.”<sup>15</sup> The communist ideology subjects man to another kind of bondage; as a slave of the state, an objectively worse position insofar as he is no longer able to freely choose the work he engages in. Striking among the failures of Communism is the failure to recognize the prominence of man as an individual worker within the economy. Man as a free agent with inherent dignity is in some sense the center of the economic system.

From the beginning of time God outlined for man what a proper relationship between work and rest should be. The story of Genesis presents the manner in which man was meant to live in the prelapsarian world, worshiping God and living in communion with him. After the fall, God describes how man will now be forced to toil on the Earth. If the story ended with that proclamation there would certainly be reason to despair, but there is hope in the salvation of Jesus Christ. By his death he gave us new life and by his incarnation he gave us a new understanding of the human person and his work. *Laborem exercens* perfectly encapsulates this understanding of the transformed character

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<sup>14</sup> Ibid., 6.

<sup>15</sup> *Centesimus annus*, 13.

and transformative power of work: “Jesus not only proclaimed but first and foremost fulfilled by his deeds the ‘gospel’, the word of eternal Wisdom, that had been entrusted to him. Therefore this was also ‘the gospel of work’, because *he who proclaimed it was himself a man of work*, a craftsman like Joseph of Nazareth.”<sup>16</sup> By humbling Himself to the form of a man, Christ took on human nature and raised it to greater heights. Man and his work can now, through the grace of God, participate in his salvation. There is a deepened sense of the dignity of the human person: once dead in sin, now alive in Christ. If man takes up his cross and follows in the steps of his Savior and Creator, “The Christian finds in human work a small part of the Cross of Christ and accepts it in the same spirit of redemption in which Christ accepted his Cross for us...we always find a *glimmer* of new life, of the *new good*.”<sup>17</sup> With this understanding, man should carry with him a renewed appreciation for labor as united with the suffering, death, and resurrection of Jesus Christ. The communist ideology is not able to access this greater depth because of their primary rejection of God.

The fundamental errors of the Communist philosophic and economic view lead to the misunderstanding of the purpose and end of society, which creates fanciful expectations of human progress. As has been elucidated, the Communist ideology fails to include God, leading to a fundamental misunderstanding of man and his work. The initial rejection of God, who is the beginning and end of all creation, leads to a dramatic misconception of both what society is and what it could become. The Communists have no hope of understanding society correctly since they begin with the rejection of God. The ideology describes society as an aggressive struggle between groups of people with the only hope being in an upending of the normal processes by a violent revolution that will establish a peaceful and just society. This bleak understanding of human society is an

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<sup>16</sup> *Laborem exercens*, 26.

<sup>17</sup> *Ibid.*, 27.

understandable conclusion for a philosophy that rejects the Creator of community. The Communists view all society through the lens of class conflict and become further entrenched into their beliefs through perceived slight of a lower class individual. Throughout history there have been those who are able to reasonably support themselves and those who live on meager wages and the charity of others; however, in opposition to the argument presented by Communism, these two groups are not inherently antagonistic toward one another. The former group has risen to the top not only through inherited wealth and advantages but also through personal responsibility and ingenuity. The latter group has not been able to achieve material success often through disadvantages beyond their control but also through failures of discipline and accountability. Tensions which exist in society cannot all be attributed to material success or lack thereof, and they cannot be ameliorated by the violent revolution called for by Communists.

The ideology is not quiet about this call for revolution: “In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things.”<sup>18</sup> While this radical call is ignored, or even blatantly denied, by many modern political activists who espouse Marxism, it is undeniably at the core of the Marxist-Lenin Communist ideology; moreover, it is the path by which communist sympathizers must necessarily follow. A society built by violent revolution has little hope of peace; and if that same society rejects God, then no hope remains. Once the Creator is rejected, man and all his qualities are unknown. The fundamental link between God and man, most fully real in the incarnation where God the Father revealed his son to us and the Christ revealed man to himself. This inseparable connection between the Creator and the creature applies to every facet of man’s life. Thus, the purported solution of changing the hands that control the means of production is simultaneously naive and arrogant.

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<sup>18</sup> Marx, 34.

The hope of a change of economy falsely promises to create a utopia here on Earth—an impossible task within this fallen world. Young people seem to embrace ideologies with Marxist influence, likely out of a misunderstanding of the ideologies themselves and of what the other options offer. From Black Lives Matter to Antifa, the younger generation has demonstrated its support for this ideology.<sup>19</sup> The faulty premises of Communism see the culmination of their failure in the unrealistic beliefs about the future possibilities for society. As *Centesimus Annus* explains, “Man is understood in a more complete way when he is situated within the sphere of culture through his language, history, and the position he takes towards the fundamental events of life, such as birth, love, work and death. At the heart of every culture lies the attitude man takes to the greatest mystery: the mystery of God.”<sup>20</sup> When the question of the meaning of personal existence is eliminated, the life of the nation is corrupted. A denial of God and misunderstanding of man and his work degrades the picture of society to an eternal struggle between two antagonistic groups fighting for peace without the hope of heaven.

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<sup>19</sup> Among Americans aged 18-24, an Axios poll reports that 49.6% of Millennials and Generation Z individuals surveyed report that they would prefer living in a socialist country. “Exclusive Poll: Young Americans are Embracing Socialism,” *Axios* (March 10, 2019), [www.axios.com/2019/03/10/exclusive-poll-young-americans-embracing-socialism](http://www.axios.com/2019/03/10/exclusive-poll-young-americans-embracing-socialism).

<sup>20</sup> *Centesimus annus*, 24.

# Subsidiarity and Modern Political Economy: A Discussion on Government Intervention

*Kathryn Linz\**

**W**E LIVE IN A WORLD THAT IS PLAGUED with the effects of sin. The dignity of life is often disregarded. There are people who struggle to feed and house their families, and couples and individuals who reject children out of either the fear that they would not be able to provide for them or a belief that children are merely an inconvenience. People die from diseases while medicine and pharmaceuticals are often motivated by huge profits rather than a true desire to heal those who suffer. Around the world, people are subject to the effects of war, drug cartels, gang violence, famine, and, all too often, governments that do little to address these things.

Few people reject that the world has problems, but arguments still exist and generally revolve around the magnitude and the methods humanity should take to address them. Many solutions have been proposed to seek change recently—from Universal Basic Income (UBI), government-provided healthcare, affordable housing programs, student loan forgiveness, and open borders, to name a few. It would be economically naïve to claim that the government should provide all things to all people, no matter the cost, because this financial system would not likely be sustainable. First, this would require massive taxation. Also, governments are inherently inefficient because they must also take out of taxes to pay wages and other operational expenses, and government provision may limit individuals' choice and

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economic freedom which can lead to dissatisfaction and revolution. This system would also be morally problematic because it eliminates opportunities for individuals to pursue virtue by showing charity to those around them. However, the opposite end of the spectrum—no government provision—may be considered heartless: to have human beings who may in fact be unable to provide for themselves starving on the street, because those around them reject the call to be charitable or they themselves do not have sufficient means to properly care for others. What is the happy medium, where those truly in need (either temporarily or permanently) receive some level of care that is not solely left to the discretion of those who may refuse this calling, and yet there is a sturdy financial system that still leaves room for individuals to choose the virtue of charity? When should the government intervene to create or maintain this system?

This essay seeks to examine when the government should intervene and under what parameters by reconciling the framework of modern political economy with Catholic theology and social teaching, specifically subsidiarity. First, an overview of each system will be presented. Then, the essay will compare the two ideologies to see where they are compatible and explore avenues to resolve any incompatibilities. Particularly, it will explore the support that the Coase Theorem grants for subsidiarity and discuss public funding of private provision as a method for supporting those in need when individuals cannot or will not voluntarily do so.

### *Secular Political Economy*

Secular political economy hinges on four critical questions: 1) When should the government intervene in the economy? 2) How might the government intervene? 3) What is the effect of government intervention? And 4) why is a policy selected? Although econometric analysis and logical reasoning can provide a positive answer to questions 3 and 4, questions 1 and 2 are normative, and a variety of

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qualitative answers may be given. Political ideology impacts the answer to question 1 in particular, but generally government might intervene when a market is deemed failed (through an externality) or when redistribution is deemed necessary. If government chooses to intervene, they may do so through taxes or subsidies, restrictions or mandates, public provision, or public financing of private provision (question 2). The methods for answering question 3 fall into econometrics and outside the scope of this essay—although in a more extended discussion, it is crucial to understand whether the solutions derived in principle actually achieve their goals in practice.<sup>1</sup>

This essay is particularly interested in answers to question 1 on when the government should intervene. An examination of this question quickly leads us to a discussion on externalities. An externality is a cost or benefit that stems from the consumption or production of one party but is borne by another.<sup>2</sup> This framework can apply not only to businesses and the externalities they cause, but also to personal interactions. If your next-door neighbor plays loud music late into the night when you have to work the next morning, this is a negative consumption externality that you bear because it has a negative effect on you and comes from your neighbor's consumption of music. Nobel Prize-economist Ronald Coase developed a theorem in 1960, called the Coase Theorem, that poses a solution. According to this theorem, given sufficient market conditions (efficient, competitive, and negligible transaction costs), individuals will negotiate to resolve issues on their own. You might determine, for example, that you don't mind your neighbor playing loud music as long as he pays you \$200 or more per hour of music past 9:00, and you and your neighbor will negotiate to reach an agreement based on this. If markets always allow the

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<sup>1</sup> Jonathan Gruber, *Public Finance and Public Policy*, Seventh Edition (New York: Worth Publishers, 2022).

<sup>2</sup> Will Kenton, "Externality: What It Means in Economics, With Positive and Negative Examples," *Investopedia* (December 31, 2022), [www.investopedia.com/terms/e/externality.asp](http://www.investopedia.com/terms/e/externality.asp).

application of the Coase Theorem, externalities can essentially cease to exist because individuals will always negotiate sufficient compensation so as to be indifferent to the effects of the externality.<sup>3</sup>

However, a multitude of issues can arise when the Coase Theorem is put into practice. First, for the Coase Theorem to apply, there must be negligible transaction costs, but this can be difficult to achieve. Even simply negotiating with my neighbor takes time that I prefer to spend doing other things. It may also be against social norms to do so, which further discourages negotiation. Assignment of blame may be difficult when there are numerous parties and a wide area—for example, everyone contributes to pollution in some way that affects everyone else, but it would be an astronomically complex problem to determine the levels of pollution that every person has contributed and the amount that they should pay to everyone else to compensate. In an externality affecting a group of people, holdout costs may also prevent compromise when one party demands too much, even if all others in his group agree to a resolution. And, crucially, property rights are not always clearly defined when it comes to common areas or what an individual should be allowed to do with property that he owns. In fact, property rights are at the heart of the Coase Theorem (originally pertaining to radio frequency regulation). When these issues arise, it may not be possible to apply the Coase Theorem and negotiate as individuals, and this is when another entity—and eventually the government—may need to intervene to resolve the externality instead.<sup>4</sup>

Political economy may also call for government intervention when redistribution is deemed necessary. This may be for alleviating poverty, reducing wealth inequality to promote social stability and cohesion, or providing social insurance. Of course, the comfort in

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<sup>3</sup> Jeff Wallenfeldt, “Ronald Coase,” *Britannica* (June 13, 2023), [www.britannica.com/biography/Ronald-Coase#ref753411](https://www.britannica.com/biography/Ronald-Coase#ref753411).

<sup>4</sup> Gruber, “Externalities: Problems and Solutions,” in *Public Finance and Public Policy*.



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levels of inequality, cohesion, etc. vary across governments and even change as administrations do. Therefore, the point at which redistribution is deemed necessary will also vary, and there is room for personal and organizational convictions to dictate this point.

Now we launch into the second question posed by political economy—when the government chooses to intervene, how do they do so? This is also a critical question when examining the government’s role. As mentioned above, these interventions fall into the categories of taxes or subsidies, restrictions or mandates, public provision, or public financing of private provision. Taxes are put into effect not only to obtain money for government initiatives, but also to discourage behaviors that the government deems undesirable—for example, a government might tax businesses based on how much they pollute. Conversely, subsidies incentivize “good” industries or behaviors that may struggle on their own—farming, for example, is highly subsidized. Restrictions or mandates are rules that the government puts in place that must be followed—rather than taxes or subsidies which can be only incentives. In public provision, the government creates its own system to provide citizens with some good or service—be it food stamps, housing assistance, or even social security or disability insurance. In fact, government-provided social insurance makes up the largest portion of the U.S. budget—at 57% of the federal budget among social security, Medicaid and Medicare, and other economic security programs<sup>5</sup>. Finally, the government may fund private companies to provide goods or services. A recent example of this is the CHIPS Act. Although a U.S. supply of semiconductors is critical, the semiconductor industry requires massive up-front capital, and it can be more expensive to produce in the U.S. than in other countries currently dominating the industry. Rather than create its own foundries

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<sup>5</sup> Center on Budget and Policy Priorities, “Policy Basics: Where do our Federal Tax Dollars Go?” (July 28, 2022), [www.cbpp.org/research/federal-budget/where-do-our-federal-tax-dollars-go](http://www.cbpp.org/research/federal-budget/where-do-our-federal-tax-dollars-go).

or research and development branches, the U.S. government has pledged \$50 billion to companies with proposals to strengthen the U.S. semiconductor ecosystem.<sup>6</sup>

*Catholic Social Teaching on Government Intervention*

Numerous papal encyclicals address the question of government intervention from a Catholic perspective. Key encyclicals include Pope Leo XIII's *Rerum novarum*, Pope Pius XI's *Quadragesimo anno*, Pope St. John Paul II's *Centesimus annus*, and Pope Paul VI's *Populorum progressio*. In particular, the concept of subsidiarity is introduced, where each issue should be handled by the lowest unit in society—the family—if possible, and, if not, progress up the chain of larger institutions with the State intervening only when absolutely necessary.<sup>7</sup> Pope Pius XI says,

Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do.<sup>8</sup>

This leads to the belief that works of charity, for example, that are in the power of the family, individuals, or businesses should be performed by them, rather than the State.

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<sup>6</sup> National Institute of Standards and Technology, “About CHIPS for America” (June 13, 2023), [www.nist.gov/chips](http://www.nist.gov/chips)

<sup>7</sup> Catechism of the Catholic Church, para. 1883.

<sup>8</sup> Pius XI, *Quadragesimo anno* (May 15, 1931), 79.

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When discussing the charitable works of the Church, Pope Leo XIII also goes on to state how “no human expedients will ever make up for the devotedness and self-sacrifice of Christian charity,”<sup>9</sup> particularly in response to the suggestion that the State should provide a system of relief. Thus, undoubtedly a government that *entirely* provides for the needy goes too far. However, he adds that to achieve remedy and relief, “all human agencies must concur” and all units across all levels of a system must cooperate.<sup>10</sup> Taken together, Pope Leo XIII suggests that, although charity should be primarily be the role of individuals and the Church, the State may also have a role to play for the purpose of unity in the cause. In addition, the State itself is incapable of true virtue as it is not rooted in Christ. Therefore, families should address issues when possible before elevating it to a community, business, or State level. While the State should not fully take over the role of helping the needy and impoverished, it should support the smaller units of society in achieving this.

*Comparison*

Subsidiarity actually coincides quite well with the Coase Theorem, which reinforces that individuals will negotiate to mitigate the effects of externalities when possible, and only elevate the issue to the State or other entities when needed. This also goes with Christ’s teaching in *Matthew* 18:15-17,

If your brother sins [against you], go and tell him his fault between you and him alone. If he listens to you, you have won over your brother. If he does not listen, take one or two others along with you, so that every fact may be established on the testimony of two or

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<sup>9</sup> Leo XIII, *Rerum novarum* (May 15, 1891), 30.

<sup>10</sup> *Ibid.*, 31.

three witnesses. If he refuses to listen to them, tell the church. If he refuses to listen even to the church, then treat him as you would a Gentile or a tax collector.<sup>11</sup>

As discussed, the Coase Theorem often does not apply for a multitude of reasons—most notably the presence of excessive transaction costs, the difficulty in assignment of blame (especially due to unclear property rights), and the potential for holdout costs. To faithfully follow Christ’s teaching, perhaps individuals could extend the acceptable negotiation conditions to be more forgiving. In the interest of following subsidiarity, an individual may consider swallowing transaction costs when possible to avoid elevating the issue, despite the Coase theorem saying that he will not necessarily. For instance, in the previous case of your neighbor who plays loud music late at night, rather than immediately going to the HOA or the police and quickly filing a complaint without risking your relationship with your neighbor, you could opt to talk to him yourself—even if the Coase Theorem states that you wouldn’t (or shouldn’t) because of the time it takes and the social norms of conflict aversion that may discourage you from addressing the issue head on. As subsidiarity would have it, you are more equipped to handle the issue as an individual close to the situation than the community or local law enforcement is.

A solely secular view of the Coase Theorem may, however, miss even more criteria for its application. Not every negative externality can be addressed financially, particularly when it comes to life issues. If a woman chooses to “consume” an abortion against the will of the baby’s father, for example, no amount of money can ever compensate him for the loss of his child. In this case, a government restriction may be necessary to prevent abortion and the negative externalities it causes (alongside being very morally problematic on its own). If people ruin the environment, even millions of dollars of compensation become

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<sup>11</sup> *Matthew* 18:15-17.

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meaningless, because money is of little importance when the environment is so deteriorated that it can no longer support life. *Centesimus Annus* supports government intervention in these cases as well by stating the State should support the most defenseless members of society<sup>12</sup>—including the unborn, or those with no power on their own to combat harmful environmental effects.

When it comes to redistribution through welfare programs and assistance to the needy, the Church is clear that the role first should fall to the family, with the State's intervention being limited. Again, secular political economy does not have a policy on when inequality becomes too much—this is variable with the wishes of a particular government. Therefore, the answer to “when is redistribution necessary?” is quite compatible with Catholic social teaching (CST). Although the Popes are not economists and have not given specific numbers for an acceptable level of wealth inequality, *Rerum Novarum* clearly sets out the role of capital and labor and provides a chastisement of unacceptable working conditions and compensation. Following from this, if a business owner is living an extremely frivolous lifestyle at the expense of his workers, who are enduring inhumane conditions and are unable to support their families (and whom the owner refuses to compensate fairly), this could call for some form of redistribution. In such a case, this may look like mandates about minimum wage or working conditions, or a tiered tax system that effectively takes additional money from the wealthy business owner to provide services to the poor employee.

In light of these social teachings, the Church may prefer particular methods of intervention when it is called for. Again, these may include taxes and subsidies, mandates and restrictions, public provision, or public financing of private provision. I argue that the final method may be particularly in line with the Church's preference for subsidiarity

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<sup>12</sup> John Paul II, On the Hundredth Anniversary of *Rerum novarum*, *Centesimus annus*, Encyclical Letter (May 1, 1991), 40.

when it is effective, especially when compared to general public provision.

Public provision to the needy largely removes both the temporal need and the opportunity for the family to pursue the virtue of charity (although of course there is still a spiritual need to be virtuous). However, with public financing of private provision, businesses (a smaller unit than the State) have a larger role in caring for the needy and can be supported in this by the government if needed. Not only does this align with Pope Leo XIII's statement on the importance of all human agencies aligned to a cause, but it also aligns with subsidiarity. Furthermore, by assisting in the financial realm, it would encourage businesses whose mission may be to help others but may otherwise have to sacrifice elements of that mission to remain profitable.

### *Conclusion*

Our world is full of examples of people in need, and in the intricate system that our world has become it can be difficult for individuals to fulfill the needs of those around them. Political economy focuses on the when, how, what, and why of government intervention and policies. Particularly, government intervenes when a market fails through an externality or when redistribution is deemed necessary. The Coase Theorem suggests that individuals will negotiate to resolve externalities on their own, but we see many barriers to this—particularly excessive transaction costs and ill-defined property rights. Still, the CST principle of subsidiarity aligns well with the objectives set out by the Coase Theorem, and, in the interest of following Christ's teaching to first take up any issue with your brother himself, perhaps society could consider loosening some of the requirements for the Coase Theorem when faced with an externality to avoid escalating the issue, even if it comes with some personal cost or discomfort. Only

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when this fails should the government consider interventions such as mandates or taxes.

In the case of redistribution, political economy leaves much to the discretion of a particular administration and is therefore quite compatible with CST's emphasis on the dignity of the human person, equal treatment of the poor and wealthy, and the State-supported smaller units aiding the needy. Public financing of private provision of aid is particularly compatible with both CST and subsidiarity because more power is given to businesses (as a smaller unit than the State). This leaves more freedom for families and business owners to pursue virtue, which the State itself inherently cannot do.

Despite the complexity and frequent disagreements in the political sphere of our world, it is clear that a system is possible that aligns with CST while still being built on the foundations that modern political economy provides. Such a system marries subsidiarity with reasonable support from the state, while still critically allowing individuals to pursue the virtue of charity.





# Catholic Lending Ethics for the Modern World

*Kyle McClelland\**

USURY WAS CONDEMNED BY A VARIETY of religious and philosophical traditions ranging from ancient Greece to eastern religions. The Catholic Church condemns usury as contrary to justice and charity. However, it seems that there has been a change in the practice or enforcement of this doctrine. Some have even gone as far as to say the social teaching of the magisterium can undergo “complete reversals.”<sup>1</sup> In this essay, I will clarify the teaching of the Church on the doctrine of usury, demonstrate how this teaching aids the common good of society, and then suggest some practical applications of this teaching in public policy today.

St. Thomas Aquinas, writing in the 13<sup>th</sup> century, defined usury as “taking payment for the use of money lent,”<sup>2</sup> thus charging excessive interest on a loan. It should be observed that usury is a sin against justice; its evil can be discerned by the light of natural reason. Though, most of the sources referenced in this essay are Catholic, the arguments given do not depend on one’s acceptance of revealed doctrine in the Catholic Church. In the papal encyclical *Vix pervenit*, Pope Benedict XIV observes that usury is unjust because “the creditor desires more than he has given.”<sup>3</sup> This creates an inequality between the lender and the borrower and violates the principles of natural law. If one gives

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<sup>1</sup> See Jeffrey Tucker, “Catholics and ‘Usury’: A Tragic History,” *Crisis Magazine* (November 16, 2011).

<sup>2</sup> Thomas Aquinas, *Summa theologiae*: The sin of usury (Secunda Secundae Partis, Q. 78), [www.newadvent.org/summa/3078.htm](http://www.newadvent.org/summa/3078.htm).

<sup>3</sup> Benedict XIV, *Vix Pervenit* (1745).

and receives more than he gave, he violates the principles of justice. St. Thomas, in the *Summa*, describes usury as “selling what does not exist.”<sup>4</sup> His reasoning is that money, by its nature, is used in exchange for other goods. If you lend money out, what you are owed is the value of what you give. In the case of money, this is exactly quantifiable. You are owed the exact amount you lent out.<sup>5</sup> If you charge anything above the principal, you are charging for the use of money, which is selling the same thing twice. Charging above the principal is a sin against justice because it creates an inequality in the transaction, thereby leading to exploitation.

In *Vix Pervenit*, however, the Pope Benedict XIV observes that, when certain situations arise, there may be “entirely just and legitimate reasons arise to demand something over and above the amount due on the contract (*mutuum*).”<sup>6</sup> When these situations arise, one could be granted a “title” to charge something above the principal. A title can be thought of as a right to claim more than the monetary amount of what one lent. However, as the Pope observes, these situations are not “intrinsic to the loan.”<sup>7</sup> This means that the titles that arise cannot be present by virtue of the act of lending. The most common titles, according to Thomas Storck, were “*lucrum cessans*” (lost gain as a result of losing funds in the loan) and “*damnum emergens*” (actual damage caused by not having funds available).<sup>8</sup> Though initially controversial, this title is admitted by several sainted moralists, including St.

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<sup>4</sup> Aquinas, *Summa theologiae*, Q. 78.

<sup>5</sup> This is taking for granted that no extrinsic titles occur, which will be discussed later.

<sup>6</sup> *Vix Pervenit*.

<sup>7</sup> *Ibid*.

<sup>8</sup> Thomas Storck, “The Sin of Usury,” *The Josias* (June 5, 2017), [thejosias.com/2017/06/05/usury/](http://thejosias.com/2017/06/05/usury/).

Bernadine of Sienna<sup>9</sup>, St. Antoninus of Florence<sup>10</sup>, and St. Alphonsus Ligouri.<sup>11,12</sup>

Over time, it has become the case that the former title of *lucrum cessans* has become more common, and therefore more situations have arisen where it may be permissible to charge something above the principal. This is why we can conclude, as Charles Stanton Devas does in his seminal work *Political Economy*, that the Church doctrine and moral principles did not change but were applied to a set of different circumstances.<sup>13</sup> He describes what has happened as an “evolution” in doctrine and clearly explains that the Church has not “been compelled by the progress of science and civilization to alter her teaching and permit what she forbade.”<sup>14</sup> He rejects the idea that the Church was corrected by the zeitgeist of the times, and instead argues that the Church applied the same teaching to different circumstances. He notes that

The essential wrongfulness of making profit without labor, risk or responsibility from the property of others, of claiming an increase from what is essentially barren, or turning the simplicity or distress of others to one’s own gain, has been maintained by the Church from her foundation to this day; and the resort of usurers, whether in the Temple of Jerusalem, the drinking shops of Poland, or the loan offices of

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<sup>9</sup> John Noonan, *The Scholastic Analysis of Usury* (1957), 115.

<sup>10</sup> Bede Jarrett, *Saint Antonio and Medieval Economics* (1914), 65.

<sup>11</sup> John Noonan, *The Scholastic Analysis of Usury* (1957), 267.

<sup>12</sup> It is also admitted by several traditional moral theology manuals (*see, e.g.*, Fr. Dominic Prummer, *Handbook of Moral Theology* (1921), 157; Thomas Slater, *Manual of Moral Theology for English-speaking Countries* (1925), 324; McHugh and Callan, *Moral Theology* (1929), 275).

<sup>13</sup> Charles Stanton Devas, *Political Economy* (1901), 328.

<sup>14</sup> *Ibid.*

England, she has looked on as a den of thieves. Usury is just as unlawful now as in the middle ages; but many transactions bearing the same name or appearance, which were usurious then are now innocent; the Church rightly forbade them then, and as rightly permits them now.<sup>15</sup>

In short, the Church's position is that usury is charging excessive interest on a loan. Without a just title to charge above the principal, charging *any* interest on a loan would be excessive, and thus usurious.

Contrary to popular sentiment, the historical evidence suggests that the stringent (by comparison) usury restrictions of the medieval era may have been healthy for the economy. Economist John Maynard Keynes, in his work *General Theory of Employment Interest and Money*, lays out the economic rationale for why the usury prohibition of the Middle Ages may have helped the common good:

Provisions against usury are amongst the most ancient economic practices of which we have record. The destruction of the inducement to invest by an excessive liquidity preference was the outstanding evil, the prime impediment to the growth of wealth, in the ancient and medieval worlds. And naturally so, since certain of the risks and hazards of economic life diminish the marginal efficiency of capital whilst others serve to increase the preference for liquidity. In a world, therefore, which no one reckoned to be safe, it was almost inevitable that the rate of interest, unless it was curbed by every instrument at the disposal of society,

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<sup>15</sup> Ibid.

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would rise too high to permit of an adequate inducement to invest.<sup>16</sup>

In this passage, Keynes notes how the usury prohibition may have encouraged economic investment by deterring people from using their money for loans with interest rates, which did not necessarily provide economic value. He notes that interest rates would be high because of high liquidity preference and the low marginal efficiency of capital. In common terms, interest rates would be high because investment opportunities would be scarce and the demand for money would be high. The populous would demand having money at hand but not necessarily have any productive use for it. This creates an environment where interest rates would be extremely high. This theorization is backed by empirical evidence from England, displaying where usury was permitted, the interest rates charged were very high.<sup>17</sup> The economic historian Sir William Ashley notes that the skepticism of the medieval scholastics towards interest was justified by the economic circumstances of the time. He writes:

It is scarcely denied by competent modern critics that, at some period at any rate, during the Middle Ages there was such an absence of opportunities for productive investment as relatively to justify this strong prejudice against interest.<sup>18</sup>

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<sup>16</sup> John Maynard Keynes, *General Theory of Employment Interest and Money* (1936), 218.

<sup>17</sup> A. R. Bell, C. Brooks, and T.K. Moore, "Interest in Medieval accounts: examples from England, 1272-1340," *University of Reading* (2009), [centaur.reading.ac.uk/16784/](http://centaur.reading.ac.uk/16784/).

<sup>18</sup> William Ashley, *An Introduction to English Economic History and Theory* (1914), 156.

Because relatively productive investment opportunities were contemporaneously absent, if people were to charge interest, it would most likely be a sort of extortion, not merely charging to make up for foregone revenues. If this were the case, it is entirely possible that the interest prohibition increased economic welfare. He then concludes that “on the whole [the prohibition on interest] was suited to the economic condition of western Europe.”<sup>19</sup>

William Cunningham, in writing about the history of the English economy in *The Growth of English Industry and Commerce*, comes to a similar conclusion based on different factors:

The rule was not arbitrary, but commended itself to ordinary common-sense and it did not hamper trade. The limits which were laid down in regard to money loans were not so narrow as modern writers appear to suppose and every encouragement was given to men who could afford it, to make gratuitous loans for definite periods, as a form of Christian charity: and it may be confidently affirmed that no real hindrance was put in the way of material progress in the then existing state of society by these restrictions.<sup>20</sup>

In this passage, Cunningham observes the presence of charitable lending markets that provided liquidity and did not present a negative effect to economic welfare. These restrictions also were common sense at the time, and it would have been generally viewed as excessive to charge interest on a loan. The Church can infallibly rule on matters of faith and morals, such as the moral prohibition of usury, but though she is not necessarily infallible on matters of economic prudence in the

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<sup>19</sup> Ibid., 157.

<sup>20</sup> William Cunningham, *The Growth Of English Industry And Commerce* (Cambridge: Cambridge University Press, Fifth Ed., 1910), 258.

case of the medieval economy, historical economic evidence seems to suggest the approaches taken in light of this moral teaching were conducive to the common good of society.

Some have argued, using modern economic theory, that, through the usury prohibitions, the Church was acting in her own economic interest, and these restrictions were to the detriment of society. Koyama (2010) argues the usury prohibition in the Middle Ages was enacted by the Church, at least in part, to earn monopoly rents by restricting lending markets.<sup>21</sup> He argues that the Church used her influence and power to artificially lower interest rates so she could have easier access to capital. This position falls apart under scrutiny. Glaeser and Scheinman (1994) observe that, throughout history, usury laws are “immensely common”<sup>22</sup> and “for a rent seeking theory to be generally applicable, one would have to argued that borrowers universally possessed more political power than lenders.”<sup>23</sup> This is contrary to common sense, as nations in debt wield less political power, not more.

The utilitarian philosopher Jeremy Bentham, in his *Defense of Usury*, makes the most famous objection to the Church’s teaching on usury. In this work, Bentham presents several arguments criticizing condemnations of usury. Bentham begins by observing the diversity of interest rates charged throughout societies and civilizations and posing the question: “[W]hat one is there, that is intrinsically more proper than another? What is it that evidences this propriety in each instance? what but the mutual convenience of the parties, as manifested by their

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<sup>21</sup> Mark Koyama, “Evading the ‘Taint of Usury’: The usury prohibition as a barrier to entry,” *Explorations in Economic History* 47, no. 4 (October 2010): 420-442.

<sup>22</sup> Edward Glaeser and Jose Scheinkman, “Neither a Borrower nor a Lender Be: An Economic Analysis of Interest Restrictions and Usury Laws,” *National Bureau of Economics Research Working Paper Series* (1994), nber.org.

<sup>23</sup> *Ibid.*

consent?”<sup>24</sup> Undergirding this objection is the idea that value is subjective. Bentham wants to argue that all prices are equally valid, and nobody may determine what is an appropriate price to pay for something, because such a price does not exist and is merely a function of custom. For St. Thomas Aquinas, though, the idea of pricing is more nuanced. A paper by Darryl Koehn and Barry Wilbratte summarize Aquinas’ concept of a just price as “the price to which a just buyer and just seller would commit as part of a voluntary exchange conducted with a reasoned awareness of each other’s good and the good of the larger community.”<sup>25</sup> It is on these grounds that usury laws may be justified: that one can examine the price of a certain good and note that no person, with proper knowledge of the individual good, would value the good at such a price and therefore the transaction must be exploitative.

In his writings on usury, Bentham takes an attitude common to today’s critics of market intervention. He observes what he believes to be a hypocrisy on popular treatment of the financial industry and other forms of commerce, stating:

For him who takes as much as he can get for the use of any other sort of thing, an house for instance, there is no particular appellation, nor any mark of disrepute: nobody is ashamed of doing so, nor is it usual so much as to profess to do otherwise. Why a man who takes as much as he can get, be it six, or seven, or eight, or ten per cent. for the use of a sum of money should be called usurer, should be loaded with an opprobrious name, any more than if he had bought an house with

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<sup>24</sup> Jeremy Bentham, *Defence of Usury* (1787), [oll.libertyfund.org/title/bentham-defence-of-usury](http://oll.libertyfund.org/title/bentham-defence-of-usury).

<sup>25</sup> Daryl Koehn and Barry Wilbratte, “A Defense of a Thomistic Concept of the Just Price,” *Business Ethics Quarterly* 22, no. 3 (July 2012): 501-526, [cambridge.org/S1052150X00005091](http://cambridge.org/S1052150X00005091).



*Kyle McClelland*

it, and made a proportionable profit by the house, is more than I can see.<sup>26</sup>

In this passage, he observes that people may charge for the use of their possessions, and charge above the costs to make a profit. Society commends these transactions as just and rarely outlaws them. However, in the case of this specific asset, society outlaws these transactions, or at the bare minimum, views them with a sort of moral disapproval. St. Thomas Aquinas addresses this specific example 500 years before Bentham in the *Summa Theologica*, writing:

There are things the use of which does not consist in their consumption: thus to use a house is to dwell in it, not to destroy it. Wherefore in such things both may be granted: for instance, one man may hand over to another the ownership of his house while reserving to himself the use of it for a time, or vice versa, he may grant the use of the house, while retaining the ownership. For this reason a man may lawfully make a charge for the use of his house, and, besides this, revendicate the house from the person to whom he has granted its use, as happens in renting and letting a house.<sup>27</sup>

St. Thomas Aquinas notes that there are two kinds of goods: goods that are consumed in their use and goods that are not consumed in their use. Aquinas believes money has no value intrinsic to itself; it is an exchange of value. If one lends money, one only owes the value of what was given. To charge anything more than that would be a sort of exploitation. However, in the example of the house, one can licitly

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<sup>26</sup> Bentham, *Defence of Usury*.

<sup>27</sup> *Summa theologiae*, Q. 78.

charge for the use of the house, because the house is not “used up” in its “consumption.” In usury, one charges for both the use of and the value of the principal, thus overcharging the other person.

With the widespread applicability of the title *lucrum cessans*, it may be tempting to view usury as a relic of days gone past, but usury is still an evil that inflicts itself on modern society and economy. As mentioned previously, it is considered usury to charge anything above the principle, excepting extrinsic titles. Generally, with the principle of *lucrum cessans*, the just interest rate in modern society would be equivalent to the projected-risk free rate of return. Any interest above this would constitute usury.

There are multiple examples of usury in our contemporary economy. In some states, payday lenders exact interest rates as high as 600% for a 14-day \$300 loan. These lenders exploit the capital needs of the poor by charging rates well beyond what could be considered just. These malicious loans have negative effects on society. Dobridge (2016) finds that “access to payday credit reduces wellbeing” by incentivizing diversion of funds away from more necessary household expenditures.<sup>28</sup> One could argue that the high rates associated with payday lenders are due to the high rates of default, and the lender is being fairly compensated for the risk he faces. Gold (2009) disproves this on two counts. First, he finds that payday loans are not riskier than mainstream consumer loans.<sup>29</sup> Secondly, he finds that payday lending firms are more profitable than mainstream consumer lenders.<sup>30</sup> Therefore, the transaction between these payday lenders and their

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<sup>28</sup> Christing L. Dobridge, “For Better and for Worse? Effects of Access to High-Cost Consumer Credit,” Finance and Economics Discussion Series 2016-056, Board of Governors of the Federal Reserve System (2016), [dx.doi.org/10.17016/FEDS.2016.056](https://dx.doi.org/10.17016/FEDS.2016.056).

<sup>29</sup> Aaron Gold, “Payday Lending: Grounding the Policy Debate Through Economic Analysis,” Honors Thesis, New York University (2009), [www.stern.nyu.edu/sites/default/files/assets/documents/con\\_043130.pdf](http://www.stern.nyu.edu/sites/default/files/assets/documents/con_043130.pdf).

<sup>30</sup> Ibid.

borrowers is both exploitative and to the detriment of the common good.

There are some practical steps governments and institutions can take to help alleviate the scourge of usury and aid the common good. First, we can pass a law restricting the interest rates of certain loans. Second, steps can be taken to provide capital to the poor through more charitable loans. Both of these would provide assurance that the interest rates would not exceed a certain amount and would limit the effects of usury. We could follow the guidance of St. Paul VI, who suggests, “Rates of interest and time for repayment of the loan could be so arranged as not to be too great a burden on either party, taking into account free gifts, interest-free or low-interest loans, and the time needed for liquidating the debts.”<sup>31</sup> This would help divert the poor away from exploitative loans and towards genuine credit relief. It is also necessary for Catholics hoping to pursue a career in finance to study the teachings of the Church and to ensure that they are not cooperating directly with any grave evil. Pope Benedict XVI rightly observed that “the economy needs ethics in order to function correctly.”<sup>32</sup> To truly achieve its proper end, our economy needs the moral guidance found in the Catholic Church.

The issue of usury still plagues the common good. In an increasingly globalized world, Catholics and non-Catholics alike must work together to create a just and equitable economy oriented towards the common good of mankind.

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<sup>31</sup> Paul VI, *Populorum progressio* (March 26, 1967).

<sup>32</sup> Benedict XVI, *Caritas in veritate* (June 29, 2009).



# Honest Pricing: The Unreasonableness of Price Controls

*Theresa Ramsay\**

**H**OW MUCH SHOULD A GENERATOR COST? How much should a generator cost after a hurricane? Should those two questions receive different answers? The image of a person on dialysis, desperate for a life-saving generator, is a vivid one. It is also only one among any number of striking hypothetical examples a person might use to demonstrate the need to keep prices “reasonable” for essential items—especially after an unforeseen disaster. It makes sense to use the language of “reason” in regard to prices because they are signs rooted in our rational nature in the same way that language is. However, precisely because of this link, the development of price controlling mechanisms untethered from market realities can be considered a form of dishonesty. Prices should be honest—truthful reflections of the market realities they are tied to.

By applying natural-law-rooted moral framing to an examination of the nature of prices and money according to Austrian economist, Ludwig von Mises, I hope to demonstrate in what way pricing can be said to be honest and, further, demonstrate why price controls can be considered morally wrong according to the socially-uniting virtue of justice.

## *Reason and Language*

In developing the moral framework of my inquiry, errors can clarify orthodoxy. This is the case when Jean-Jacques Rousseau questions: “Which was more necessary,” in his *Discourse on Inequality*, “an already formed society for the institution of languages or already

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invented languages for the establishment of society?”<sup>1</sup> The anthropological assumption underpinning this question is flawed. Language and sociability are wrapped up in man’s nature; both our faculty of language and our social bent are rooted in our rationality.

According to Rousseau, man is not inherently sociable. “[I]t is at least clear from how little care nature has taken to bring men together through mutual needs and to facilitate their use of speech, how little it has prepared their sociability and how little it has contributed for its part to all they have done to establish social bonds.”<sup>2</sup> Although Rousseau rebels against seemingly artificial elements of speech, the Catholic faith does not. Doctor of the Church, St. Augustine gives us a framework to understand language through understanding it as a sign.

Signs, St. Augustine writes, are “things used to signify something.”<sup>3</sup> Drawing a more specific distinction, St. Augustine speaks of conventional signs being:

[T]hose which living creatures show to one another for the purpose of conveying, in so far as they are able, the motion of their spirits or something which they have sensed or understood. Nor is there any other reason for signifying, or for giving signs, except for bringing forth and transferring to another mind the action of the mind in the person who makes the sign.<sup>4</sup>

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<sup>1</sup> Jean-Jacques Rousseau, *The Major Political Writings of Jean-Jacques Rousseau: The Two Discourses and The Social Contract*, translated by John T. Scott (Chicago, IL: The University of Chicago Press, 2012), 80.

<sup>2</sup> Ibid.

<sup>3</sup> Augustine, *On Christian Doctrine*, translated by D. W. Robertson, Jr. (Upper Saddle River, NJ: Prentice-Hall Inc., 1958), 8-9.

<sup>4</sup> Ibid., 34-35.

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Man, as rational, primarily uses verbal signs to communicate what is held in their minds.

Speech is natural to man, and only to man, even though it is dependent on convention. Animals may use their voice as a means of relating conventional signs through specific warning cries, mating calls, or pain responses—yet such noises do not reach the level of speech in the manner of man, according to his rational nature. Unlike animal voicings, “speech serves to reveal the advantageous and the harmful, and hence also the just and the unjust.”<sup>5</sup> From this, it is evident that human language is united to our social nature and, by extension, to the virtue of justice.

*What Money Is*

To further understand the relationship between justice and price-signs, it is necessary to understand what money is. Simply put, a currency ought to be a supremely marketable commodity within the market proper to it.<sup>6</sup> This is explained by Ludwig von Mises in his work, *The Theory of Money and Credit*. He proposes the origin of money in the following manner. First, he identifies two types of exchange: direct and indirect.<sup>7</sup> Direct exchange is the simple form of exchange seen in bartering. We also see direct exchanges, Mises says, in some

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<sup>5</sup> Aristotle, *Politics*, translated by Carnes Lord (Chicago, IL: The University of Chicago Press, 2013), 1253a.

<sup>6</sup> United States dollars are among the most marketable commodities in the American market. I can walk into any normal store and pay in USD for any other commodity using it. Of course, there are things that are nearly universally marketable, such as gold. Even gold, however, maintains so much value because of its marketability—it’s not directly consumed (luxury restaurants’ gold-leafed desserts aside).

<sup>7</sup> Ludwig von Mises, “The Origin of Money,” in *The Theory of Money and Credit* (New Haven, CT: Yale University Press, 1953), [mises.org/library/theory-money-and-credit/html/pp/1209](https://mises.org/library/theory-money-and-credit/html/pp/1209).

cases in which a laborer is paid in kind “so long on the one hand as the employer uses the labor for the immediate satisfaction of his own needs and does not have to procure through exchange the goods in which the wages are paid, and so long on the other hand as the employee consumes the goods he receives and does not sell them.”<sup>8</sup> Mises points to agriculture as an area in which this type of occurrence might still be observable. To make this example more concrete: a farmhand is hired with the offer of enough produce to feed himself in exchange for his work.

Suppose, however, that our hypothetical farmhand exclusively eats prepackaged, mass-produced food. He doesn’t want vegetables. One day, after receiving his leafy wages, the farmhand heads to the local Snackz Mart, deposits the fruit of his labor onto the conveyor belt, and begins to try and persuade the store owner to accept the produce in exchange for a month’s supply of Twinkies. Unfortunately, even though the Snackz Mart is well-stocked with Twinkies, the store owner is not so different from the farmhand in matters of taste—and so she turns him down. Her rejection is not without empathy, however, as she has also long run out of her own favorite food: Un crustables. As they stand together forlornly, a stranger’s excited shout breaks their silent commiseration. A newcomer to town (who has spent the last two weeks concerned for her neighbors and their eating habits) rushes to the register, announcing that she has a trunk full of Oreos and has been “dying for something fresh!” In a world without indirect exchange, that would be the crushing end of this brief story. The economics of this world are, thankfully, less tragic. All of our characters leave the register happier thanks to that principle which allows that, when there are more than two individuals and commodities: “A may then acquire a commodity  $p$ , not because he desires to consume it, but in order to exchange it for a second commodity  $q$  which he does desire to

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<sup>8</sup> Ibid.



consume.”<sup>9</sup> Things become marketable and, through a series of exchanges, parties are able to gain commodities through mutually beneficial transactions.

Although it is unsurprising that *marketability* is essentially equivalent to *value* in a market system, this is a central fact in Mises’ monetary theory. Money’s usefulness resides in the fact that it can be used as a common medium of exchange. Its value is subjective and, as such, is “not measured, but graded.”<sup>10</sup> There is no value inherent to money—its worth is specifically rooted in its marketability. This is not to trivialize money, however. Indirect exchange only occurs if a person feels assured that the item they receive, but does not intend to consume, will enable them to get those items which they do wish to consume. And Mises states this explicitly: “Individuals have recourse to indirect exchange only when they profit by it; that is, only when the goods they acquire are more marketable than those which they surrender.”<sup>11</sup> Money is a thing of convention, but it is a sign of marketability—and, as such, is not going to be sought in an exchange if it (or the amount received) is less marketable than whatever commodity is available.

Despite Mises’ hesitance to step outside of his role as economist and make philosophical claims, his monetary theory offers a moral framework compatible with Aristotle. Further, Aristotle fits well within the framework of Catholic social teaching due to his influence on the Western, Christian understanding of justice. Aristotle argued that society is held together in justice “by proportionate requital.”<sup>12</sup> To

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<sup>9</sup> Ibid.

<sup>10</sup> Mises, “Money as a Price-Index,” in *The Theory of Money and Credit*, [mises.org/library/theory-money-and-credit/html/pp/1213](http://mises.org/library/theory-money-and-credit/html/pp/1213).

<sup>11</sup> Mises, “The Origin of Money.”

<sup>12</sup> Aristotle, “Nicomachean Ethics,” in *The Basic Works of Aristotle*, edited by Richard McKeon (New York: Random House, 1941), 1132b. Similarly, albeit without the language of virtue, Mises recognized that “human civilization as it has been hitherto known to historical experience is

modernize Aristotle's language, society is held together by exchange upon the basis of division of labor; though written in translated, antiquated, and not entirely economic terms, he argued:

Now proportionate return is secured by cross-conjunction. Let A be a builder, B a shoemaker, C a house, D a shoe. The builder, then, must get from the shoemaker the latter's work, and must himself give him in return his own. If, then, first there is proportionate equality of goods, and then reciprocal action takes place, the result we mention will be effected.<sup>13</sup>

Money expedites the process of exchange. In the above example, it would take a great deal of shoes for the labor of a shoemaker to be equal to that of a builder's house.<sup>14</sup> Money acts as an intermediate (to use Aristotle's language). To use Mises' language: money, as a highly marketable commodity, facilitates indirect exchange.

Society is based on this type of exchange, Aristotle asserts, writing that because of the principle of exchange, "all goods must have a price set on them; for then there will always be exchange, and if so, association of man with man."<sup>15</sup> Mises, modern as he is, emphasizes contractility. For him, money enables contractual 'this-for-that.' When Aristotle speaks of reciprocity holding a society together, he shows the moral significance of voluntary exchange. The ability to engage in such exchange and the definiteness permitted by the use of conventional

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preponderantly a product of contractual relations" (Mises, *Human Action: A Treatise on Economics, The Scholar's Edition* (Auburn, AL: Mises Institute, 1998), 253).

<sup>13</sup> Aristotle, "Nicomachean Ethics," 1133a.

<sup>14</sup> This and much of my argument about the civilizational significance of contractual relationships is taken (as permitted) from my previous work, an essay on Mises titled "Socialism as Anti-Social," with changes.

<sup>15</sup> Aristotle, "Nicomachean Ethics," 1133b.

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intermediates does not seem to be violable without an injustice occurring.

*Trade and Society*

Economic transactions, whether monetary or barter, go hand in hand with justice—specifically, Aristotle’s “corrective” form of justice which, “of transactions,” including activities such as “sale, purchase, loan for consumption, pledging, loan for use, depositing, letting (they are called voluntary because the origin of these transactions is voluntary).”<sup>16</sup> In other words: market activities are tied up with justice.

Justice is essential to proper unity in a society. While Rousseau believes the general will binds a community together,<sup>17</sup> Catholic social teaching offers a vision of society upheld and sustained more securely. As Pope Pius XI writes:

Because order, as St. Thomas [Aquinas] well explains, is unity arising from the harmonious arrangement of many objects, a true, genuine social order demands that the various members of a society be united together by some strong bond. This unifying force is present not only in the producing of goods or the rendering of services—in which the employers and employees of an identical Industry or Profession collaborate jointly—but also in that common good, to achieve which all Industries and Professions together ought, each to the best of its ability, to cooperate amicably.<sup>18</sup>

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<sup>16</sup> *Ibid.*, 1131a.

<sup>17</sup> Rousseau, 173.

<sup>18</sup> Pius XI, *Quadragesimo Anno* (May 15, 1931), 84.

Every person has a place in a properly ordered society and a shared movement toward the common good. Similar to the body of the Church in which each member serves a different function for the good of the whole—trade facilitates mutual aid, according to justice, within a society.

This role of trade elevates the importance of maintaining a person's right to engage in voluntary exchange in a truly voluntary manner. Whereas distinctively human, free contractual relations are conducive to peace and thereby productive, “war, carnage, destruction, and devastation we have in common with the predatory beasts of the jungle.”<sup>19</sup> Civilization depends on mutually-beneficial, coordinated actions: reciprocity.

What happens, then, when prices are tampered with? Of course, civilization does not instantaneously collapse. However, monetary tampering does obscure or even reverse the signals by which people make rational decisions of proportional exchange and, so, demonstrates an implicit denial of individuals' abilities to engage in free exchange according to their rational nature. Although conventional, prices are rational (as opposed to arbitrary) and should truthfully reflect market realities—primarily, supply and demand. By and large, a buyer and a seller should be able to communicate market realities and needs to each other through prices and purchases or lack thereof.

An objection might be raised: perhaps in extreme circumstances the government should be able to place limits on prices to prevent the injustice of price gouging. For example, in the case of the hurricane with which I opened this paper, it might be said that the government ought to prevent the cost of generators from increasing exorbitantly. If a person were to have a dire need for a generator in these circumstances, one might further contend that the government would be derelict if they were to allow sellers to price gouge a person in such need.

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<sup>19</sup> Ludwig von Mises, *Liberalism* (Auburn, AL: Mises Institute, 2018), 24.

Pope Paul VI affirmed and broadened the principles in *Rerum Novarum*, applying them to international trade and asserting that “when two parties are in very unequal positions, their mutual consent does not guarantee a fair contract; the rule of free consent remains subservient to the demands of the natural law.”<sup>20</sup> Likewise, the same principle might be applied to trade which occurs in an area affected by a disaster: people with generators and such goods are in unequal positions to those in need of generators, particularly if those individuals are poor. Therefore, one might argue that in certain circumstances the government can override price determinations sellers would prefer—price gouging should be prevented.

Based on my previous arguments, anti-price-gouging legislation seems cause for concern. After all, according to Leo XIII, the foremost duty “of the rulers of the State should be to make sure that the laws and institutions, the general character and administration of the commonwealth, shall be such as of themselves to realize public well-being and private prosperity.”<sup>21</sup> Prices are conventional signs of market realities. Therefore, artificially lowering prices is deceptive and can harm the public well-being as well as private prosperity. Such damage is evident in the real world. As relayed in a Cato Institute article, “price constraints will discourage conservation of goods at exactly the time they are in especially high demand. Simultaneously, price caps discourage extraordinary efforts to bring goods in high demand into the affected area.”<sup>22</sup> The strictly economic damage caused by anti-price gouging legislation is historically clear and a variety of examples related

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<sup>20</sup> Paul VI, *Populorum Progressio* (March 26, 1967), 59. The principle seen in *Rerum Novarum*: that an employer might still exploit an employee and contractual agreements are not guarantees of justice.

<sup>21</sup> Leo XIII, *Rerum Novarum* (May 15, 1891), 32.

<sup>22</sup> Michael Giberson, *Cato Institute*, “The Problem with Price Gouging Laws” Spring 2011, [www.cato.org/regulation/spring-2011/problem-price-gouging-laws](http://www.cato.org/regulation/spring-2011/problem-price-gouging-laws).

to gasoline price mandates are cited in the above article, with reference to other commodities.<sup>23</sup>

Because prices change according to need, controlled and deceptive pricing will not communicate that there is a need for more of a material good (this can be seen in the 2023 outrage over egg prices: the reality which caused the price increase was only noticed at a wide scale *after* the prices changed significantly). Civil authorities, therefore, should avoid tampering with the prices sellers wish to assign.

In no way do I intend to argue against the fact that men have a duty towards each other. The Church holds that “the eternal law of God is the sole standard and rule of human liberty.”<sup>24</sup> This duty opposes an individual’s avarice or unordered desire for profit. However, the principles of subsidiarity hold in regards to pricing because those nearer to any particular sphere of political action are both *most affected* by it and *more aware* of it. For this reason, the government should be wary of interfering with normal price signaling of sellers, even in cases of emergency. If the government were to do so, well-intentioned as they could be, they also run the risk of denying the capability of their citizens to behave according to reason. Just as speech should not be censored at will, prices should not be tampered with by those who are too far removed to understand what is just to an individual engaging in trade—and what would cause a loss.

As rational creatures, made in the image of God, we are able to understand the world. And we can communicate. More importantly than pragmatic speaking and listening, however, we are called to share in God’s love with each other. One hopes that, in the case of a hurricane, charity would drive members of a community to provide those in need with necessities. Such hope is not unfounded or even

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<sup>23</sup> Of course, there are other articles on this topic. This paper’s focus is more concerned with the moral issues surrounding price-controls as opposed to empirical arguments, which many others have researched and developed.

<sup>24</sup> Leo XIII, *Libertas Praestantissimum* (June 20 1888), 10.

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naive. Following Hurricane Harvey in Texas, I was impressed with stories of businesses providing food and opening doors to those in need.<sup>25</sup> A hypothetical seller could always lower the price of a generator out of a desire to be charitable, and there would be no concern over the dishonesty of the price because the seller would do so as a rational decision according to his right of property. That seller would be willingly foregoing what money he may earn because he has, in a post-disaster situation, a highly marketable product.

Although Rousseau discounts our communicative as well as our sociable nature, it is precisely that same part of our nature which makes us capable of entering into communion with God as one body, elevated by charity. In our earthly life, economics and pricing are just a small piece of this duty—but shouldn't be discounted.

### *Conclusion*

Prices, if they are to operate as signs, ought to communicate market realities. By changing prices in a manner untethered from that which they signify, a government implicitly denies the right of their citizens to engage in free, contractual trade. It denies their ability to communicate market realities and make decisions based off those communicated realities. Language, and conventional signs more broadly, shouldn't act contrary to justice—and certainly it should not occur in a mandated manner by those very authorities charged with maintaining justice. Propaganda is, considered simply, information spread by governments motivated by political aims rather than by truth. Therefore, a government willing to promote falsity for political

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<sup>25</sup> Two memorable examples: Dan Solomon, *Texas Monthly*, “How H-E-B Took Care of its Communities During Harvey” September 6, 2017, <https://www.texasmonthly.com/the-daily-post/heb-took-care-communities-harvey/>. And Heidi Glenn and Daniella Cheslow, *NPR*, “Stores Full Of Furniture ‘Mattress Mack’ Opens His Doors To Flood Victims” August 29, 2017.

ends, even if those political ends are purportedly just, treads into the realm of propaganda.



# Chile as a Model of Michael Novak's Democratic Capitalism

*Luke Schafer\**

**I**N 2021, WITH A GDP PER CAPITA of \$16,247, Chile was the second wealthiest country in South America, only trailing Uruguay.<sup>1</sup> In fact, it had been so since 2016, when it overtook Argentina and Venezuela.<sup>2</sup> Chile's position was more impressive considering that, unlike countries such as Argentina, which for many decades had been among the wealthiest in Latin America, economic success was untrammelled territory for Chile—historically, its GDP per capita had been at or below the South American median.<sup>3</sup> However, between 1989 and 2019 the Chilean economy grew at a steady clip of 4.6% per

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<sup>1</sup> However, according to Purchasing Power Parity (PPP), Chile was the richest country in South America in 2021. *See* “GDP per Capita, PPP – Latin America & Caribbean.” *The World Bank | Data*, The World Bank, [data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=ZJ&most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=ZJ&most_recent_value_desc=true).

<sup>2</sup> Chile has since been overtaken by Guyana—which now has \$18,989 per capita—for the second spot in South America. However, Guyana's wealth is misleading because it is inflated by recent oil discoveries. In 2019, Guyana's GDP per capita was only \$6,863. *See* “GDP per Capita – Latin America & Caribbean, North America.” *The World Bank | Data*, The World Bank, [https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ZJ-XU&most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ZJ-XU&most_recent_value_desc=true).

<sup>3</sup> Rodrigo Cárdenas, “FMI: Pib Per Cápita de Chile Es El Más Alto de Sudamérica y Será El Primero En Llegar a Los US\$30 Mil,” *La Tercera* (April 6, 2021), [www.latercera.com/pulso-pm/noticia/fmi-pib-per-capita-de-chile-es-el-mas-alto-de-sudamerica-y-sera-el-primero-en-llegar-a-los-us30-mil/KLVZXGEQKFE2VILZBXDI5YK5LM/](http://www.latercera.com/pulso-pm/noticia/fmi-pib-per-capita-de-chile-es-el-mas-alto-de-sudamerica-y-sera-el-primero-en-llegar-a-los-us30-mil/KLVZXGEQKFE2VILZBXDI5YK5LM/).

year, catapulting it into the top echelon.<sup>4</sup> This impressive growth occurred after Chile adopted a neoliberal economic system paired with democratic governance. When combined with its tradition of Catholic moral-cultural ethos, Chile's development strategy aligns with the tenets of what Catholic philosopher Michael Novak calls "Democratic Capitalism."<sup>5</sup>

Democratic capitalism is not unique to Chile; rather, it is more synonymous with the United States, a country where systems of economic and political liberty, combined with a Judeo-Christian moral-cultural system, have largely been in place since the nation's inception. In contrast, such institutional structures are relatively absent in South America. Whereas the United States inherited the British legal system that opened the way to political democracy and free markets, as well as a largely Protestant-derived moral-cultural system that valued wealth creation and hard work, Novak argues South America—Chile included—received the *ancien regime* of Iberia.<sup>6</sup> This regime lacked a democratic heritage and was suspicious of free markets and their attendant materialism. Moreover, it entailed a moral-cultural system deeply infused by Catholicism yet tinged with romantic and utopian illusions.

According to Novak, this explains why South America has lagged North America in economic development.<sup>7</sup> It's not for lack of trying—

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<sup>4</sup> Mary Anastasia O'Grady, "Chile Slides toward Constitutional Suicide," *The Wall Street Journal* (May 22, 2022), [www.wsj.com/articles/chile-constitutional-convention-rewrite-new-entitlement-private-school-voucher-authoritarian-11653247004](https://www.wsj.com/articles/chile-constitutional-convention-rewrite-new-entitlement-private-school-voucher-authoritarian-11653247004).

<sup>5</sup> See, e.g., Michael Novak, *The Spirit of Democratic Capitalism* (Lanham, MD: Madison Books, 1991).

<sup>6</sup> Novak, *Democratic Capitalism*, 22.

<sup>7</sup> In 2021, the unweighted average GDP per capita of the 12 South American countries was \$8,048. The combined figure for the United States and Canada was \$61,118 per capita. See "GDP per Capita – Latin America & Caribbean, North America."

South America has been trying to develop for two centuries—but its Iberian endowment has often held back its efforts. During the 19<sup>th</sup> Century, aristocratic systems stymied growth, while in the 20<sup>th</sup> Century, Import Substitution Industrialization, Marxist rebellions, and right-wing dictators set the continent backward. However, rather than learn from their mistakes, many countries found it easier to blame their Northern neighbors for policies they claimed were stunting South American growth. Such attitudes often produced situations where the state nationalized industry and consolidated economic power—the opposite of that proposed by a system of democratic capitalism.

For many decades, Chile was not immune to these tendencies. The 19<sup>th</sup> Century saw uneven development—aristocrats thrived while the rest lived in poverty. After the Great Depression—in which Chile was the world’s most negatively affected country—the country adopted a model of Import Substitution Industrialization (ISI).<sup>8</sup> The Chilean government raised tariffs, established import quotas, and consolidated economic power. ISI did not produce the desired development; yet, because it was paired with a democratic political system and a Catholic moral-cultural system, the country did not regress. However, in 1970, far-left Marxist Salvador Allende assumed power, ending decades of centrist rule. Once in power, Allende accelerated the state’s efforts to control the economy and restrict liberty. His Marxist ideas also brought him into conflict with the Catholic church and the general Chilean moral-cultural system. As a result, the country plunged into chaos. The inflation rate rose to 605%, and there were shortages of food and other fundamental goods.<sup>9</sup>

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<sup>8</sup> “El Impacto de La Gran Depresión En Chile (1929-1932) - Memoria Chilena,” Biblioteca Nacional de Chile, [www.memoriachilena.gob.cl/602/w3-article-601.html](http://www.memoriachilena.gob.cl/602/w3-article-601.html).

<sup>9</sup> Patricio Meller, *Un Siglo de Economía Política Chilena* (Santiago de Chile: Andrés Bello, 1996).

In response to the turmoil, in September 1973, General Augusto Pinochet launched a coup that overthrew Allende's government and replaced it with military rule. Unfortunately, Pinochet did not implement a regime of democratic capitalism. Rather, he ruled as an unelected military leader until 1990. Neither did he completely restore the old Chilean moral-cultural system, since his decades in office were marked by frequent disputes with the Catholic Church over human rights abuses. However, importantly for Chile's later development, Pinochet instituted a neoliberal economic regime built upon the recommendations of University of Chicago-trained economists. This system decentralized economic power, transferring it from the state to individuals, and unleashed the power of the free market. Eventually, the contradictions between economic freedom and political repression became too great, and in 1990 Chilean voters removed Pinochet from office in a plebiscite. Chile returned to democracy and, with a restored moral-cultural system, saw the onset of democratic capitalism.

According to Michael Novak, a system of democratic capitalism rests upon three pillars: political freedom, economic freedom, and a strong moral-cultural system that can restrain excesses in the other two.<sup>10</sup> Post-1990 Chile meets these qualifications and, as a result, has achieved a remarkable degree of development. The primary catalyst for Chilean development was the adoption of political freedom. In 1990, after Pinochet's defeat, the democratically elected Patricio Aylwin assumed the Presidency. Aylwin and his successors governed from the center and prioritized stability. They were committed to expanding the realm of political freedom and removing anti-democratic elements from the Constitution. As a result, Freedom House ranks Chile as the 18th most politically-free nation in the world, tied with Germany.<sup>11</sup>

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<sup>10</sup> Novak, *Democratic Capitalism*, 14-16, 56.

<sup>11</sup> "Countries and Territories," Freedom House, [freedomhouse.org/countries/freedom-world/scores?sort=desc&order=Total+Score+and+Status](https://freedomhouse.org/countries/freedom-world/scores?sort=desc&order=Total+Score+and+Status).

Similarly, Chilean democracy is considered the best in Latin America according to Varieties of Democracy—the influential Gothenburg-based institute.<sup>12</sup>

At the same time as Chile expanded the realm of political liberty, it maintained the economic liberty of the Pinochet regime. While controversial within the country and the international community, maintaining a neoliberal economic system was important because, according to Novak, “economic liberties without political liberties are inherently unstable,” eventually, one system will win out.<sup>13</sup> “Political democracy is compatible in practice only with a market economy;”<sup>14</sup> thus, if Chile were to adopt political freedom yet neglect economic freedom, it would be creating an inherently unstable polity.<sup>15</sup> Because of these efforts, according to the Heritage Foundation’s Index of Economic Liberty, Chile has the world’s 22<sup>nd</sup> most free economy, ranking even above the United States.<sup>16</sup> This is also the highest spot in South America. Although not a difficult feat considering that the region’s average economic freedom ranking is 103, it is impressive because it shows Chile’s ability to avoid the regional tendency toward limitations of economic liberty.

However, even with systems to protect economic and political liberty, democratic capitalism is incomplete without an accompanying

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<sup>12</sup> “DEMOCRACY REPORT 2023: Defiance in the Face of Autocratization,” *V-Dem Institute* (March 2023), [www.v-dem.net/publications/democracy-reports/](http://www.v-dem.net/publications/democracy-reports/).

<sup>13</sup> Novak, *Democratic Capitalism*, 15.

<sup>14</sup> *Ibid.*, 14.

<sup>15</sup> This assertion is further supported by the current rankings of economic and political freedom. Of the top 10 countries in terms of political freedom according to Freedom House, eight are ranked in the top 12 of Heritage’s index economic freedom (the two not in the top 12 were Canada (16) and San Marino (not included in the ranking)).

<sup>16</sup> “2023 Index of Economic Freedom,” *The Heritage Foundation* (2023), [www.heritage.org/index/ranking](http://www.heritage.org/index/ranking).

moral-cultural system. Religious values are indispensable to democratic capitalism, and, according to Novak, democratic capitalism is only possible in Judeo-Christian societies and analogous cultures.<sup>17</sup> As a predominantly Catholic nation, Chile possesses a moral-cultural system compatible with democratic capitalism. It also has historically exhibited the Latin trait of strong families.<sup>18</sup> This is important because families are central to democratic capitalism. In fact, the entire axis of life in a democratic capitalist society revolves around the family—not the individual as is often alleged.<sup>19</sup> Chilean families are carriers of culture, transmitting centuries of values and lessons, while, at the same time, serving as “the human race’s natural defense against utopianism.”<sup>20</sup> They also help protect against a Tocquevillian-like soft despotism by serving as bastions of self-government.

As a result of adopting a system of democratic capitalism, Chile has become South America’s most economically successful country. In 1990, before adopting democratic capitalism, Chilean GDP stood at \$33 billion; 30 years later, it had risen to \$279 billion. This economic

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<sup>17</sup> Analogous cultures are those—like Japan—whose primary religions do not prescribe a divine law. This means that democratic capitalism cannot work in Islamic countries since Shariah law is held to be divinely inspired, and thus, above any democratic process. There is no “Repay to Caesar what belongs to Caesar and to God what belongs to God” in Islam. See Novak, *Democratic Capitalism*, 80, 334.

<sup>18</sup> Chile has also rejected the recent South American trend toward expanding legal abortion. Despite efforts to overturn the status quo (an on-demand 14-week legalization effort was eventually rejected by Congress in 2021), abortion is only legal when the mother’s life is at risk, in cases of rape, and when the child will not survive pregnancy. See CNN Español, “La Cámara de Diputados de Chile rechazó la despenalización del aborto y el proyecto será archivado,” *CNN Español* (November 30, 2021), <https://cnnespanol.cnn.com/2021/11/30/diputados-chile-rechazo-despenalizacion-aborto-proyecto-archivado-orix/>.

<sup>19</sup> Novak, *Democratic Capitalism*, 157.

<sup>20</sup> *Ibid.*, 166.

growth helped the poverty rate decline from 68.5% in 1990 to 8.5% in 2017.<sup>21</sup> Extreme poverty dropped from 48.8% to 2.3% over the same period.<sup>22</sup> Democratic capitalism also eradicated one of the great scourges of South American economies—inflation. In 1973, the inflation rate was 605%; today, after 50 years of neoliberalism and 33 years of democratic capitalism, pre-Covid inflation had settled to 4%. Political and economic freedom, tempered by a Catholic moral-cultural system, has also helped reduce inequality. While Chilean inequality is criticized for remaining high compared to Western nations, it has dropped since 1990. Between 2000 and 2015, the real income of the top 10% earners grew 30% while the real income of the bottom 10% grew 145%.<sup>23</sup>

In addition to bringing economic benefits, democratic capitalism has also improved quality of life. A better healthcare system has helped the average lifespan increase from 72.5 to 80.3 between 1990 and 2019.<sup>24</sup> At the same time, during the COVID pandemic, the advanced healthcare system allowed Chile to roll out vaccines faster than almost any other country (including the United States and Western Europe). Democratic capitalism has also helped Chilean universities become the best in Latin America, improving learning outcomes for Chilean youth.<sup>25</sup>

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<sup>21</sup> “Evolución de La Pobreza 1990-2017: ¿Como Ha Cambiado Chile?” *Publicaciones PNUD* (May 21, 2021), [www.estudiospnud.cl/informes-desarrollo/evolucion-de-la-pobreza-1990-2017-como-ha-cambiado-chile/](http://www.estudiospnud.cl/informes-desarrollo/evolucion-de-la-pobreza-1990-2017-como-ha-cambiado-chile/), p.63.

<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*, 76.

<sup>24</sup> “Chile - Esperanza de Vida al Nacer 2021,” *Datosmacro.com*, May 18, 2023, <https://datosmacro.expansion.com/demografia/esperanza-vida/chile>.

<sup>25</sup> “Latin America University Rankings 2023.” *Times Higher Education (THE)*, 4 July 2023, [www.timeshighereducation.com/world-university-rankings/2023/latin-america-university-rankings#](http://www.timeshighereducation.com/world-university-rankings/2023/latin-america-university-rankings#).

However, despite the incredible gains produced by democratic capitalism, Chile faces enormous challenges in sustaining the regime that elevated it to prosperity. In the economic realm, Chile has seen a reduction in the strength of property rights. In 2008, it ranked 1<sup>st</sup> in the world for protecting property rights; today, it ranks 47<sup>th</sup>.<sup>26</sup> This is dangerous because, in addition to being an impetus for economic growth, strong property rights limit the power of the central government, thus protecting freedom in the economic and political spheres. Such protections may also help create avenues toward a wider diffusion of property ownership.<sup>27</sup> In contrast, weak property rights permit the state to consolidate economic power. In fact, this is what the Chilean state is doing in the lithium industry.

For many years, the Chilean lithium industry was dominated by two multinationals: SQM and Albemarle. They brought expertise and foreign capital to the rich Chilean lithium fields, highlighting why Novak says multinationals are important to democratic capitalism.<sup>28</sup> However, the current Chilean administration has announced plans to nationalize the lithium industry, hoping that state control of the world's largest lithium deposits would benefit the Chilean people. Unfortunately, this runs counter to the principles of democratic capitalism that has brought growth to Chile.

Another challenge to Chile's continued success as a model state of democratic-capitalism lies in the political sphere. In 2019, the country faced massive protests (called the *Estallido Social*) targeting, in large part, the nation's democratic capitalist foundation.<sup>29</sup> Driven by a sense that 30 years of democratic capitalism had not delivered upon all

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<sup>26</sup> "Chile Property Rights - Data, Chart," TheGlobalEconomy.com (2023), [www.theglobaleconomy.com/Chile/herit\\_property\\_rights/](http://www.theglobaleconomy.com/Chile/herit_property_rights/).

<sup>27</sup> Novak, *Democratic Capitalism*, 306.

<sup>28</sup> *Ibid.*, 227.

<sup>29</sup> Mary Anastasia O'Grady, "Chilean Capitalism on Trial," *The Wall Street Journal* (October 27, 2019), <https://www.wsj.com/articles/chilean-capitalism-on-trial-11572208892>.



its promises, protestors targeted the nation's economic system, blaming it for Chile's high inequality.<sup>30</sup> They also attacked its political system, arguing that the constitution failed to protect perceived basic rights. Finally, they even threatened the nation's moral-cultural system, torching churches and defacing important Chilean monuments.<sup>31</sup>

Seeking an exit from the *Estallido Social*, Chile decided to re-write the Constitution which had provided the framework for 30 years of democratic capitalism. After a year of deliberation, delegates presented a document that would further weaken private property, legalize abortion, shatter national unity by creating separate nations for Chile's indigenous populations, and destroy judicial independence. The

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<sup>30</sup> Democratic capitalism recognizes that inequality is not inherently evil. Novak points out that while we are all equal in God's eyes and in our possession of natural rights, we are not equal in athletic prowess, intellectual capacities, or work ethic. We all have different gifts, and it is not the government's job to rectify inequality. More equality means more government, and absolute equality means absolute government. However, democratic capitalism is not blind to the issues of inequality, yet instead of relying upon government to solve the issue, it delegates to the economic sphere. Novak writes that equal opportunity is vital for the legitimacy of democratic capitalism. It also mitigates the effects of inequality. When lower class parents believe that their children can attain the upper echelons of society, they can look past their current state; however, when there is no chance of upward mobility, and their children are to be locked in the same class, individuals are much less accepting of inequality. Unfortunately, in Chile, there are few avenues for upward mobility (the country ranks 47<sup>th</sup> in the world); thus, to reduce the issue of inequality and for it to further legitimize its regime of democratic capitalism, Chile must find ways to create social mobility.

<sup>31</sup> Efe, "Iglesias Quemadas y Saqueos Durante Una Violenta Marcha En Chile Por El Aniversario de Las Protestas," *ELMUNDO* (October 19, 2020), [www.elmundo.es/internacional/2020/10/19/5f8ce57821efa0b0538b4689.html](http://www.elmundo.es/internacional/2020/10/19/5f8ce57821efa0b0538b4689.html).

Chilean people wisely rejected the proposed constitution, but underlying issues remain unsettled (especially after the failure of a second constitutional effort), and continue to threaten Chile's status as a democratic capitalist nation.<sup>32</sup>

A final challenge lies in the erosion of Chile's moral-cultural system. In 2007, 73% of Chileans reported that they were Catholic; 10 years later, the number dropped to 45%.<sup>33</sup> At the same time, the Chilean family—the core of democratic capitalism—has come under siege. No-fault divorce was legalized in 2004, and divorce rates, while remaining lower than in the Western world, have risen sharply in recent years. More concerning, in 2022, roughly 75% of children were born out of wedlock.<sup>34</sup> If these trends continue, the moral-cultural system will continue to weaken, limiting its ability to control the excesses of systems of political and economic liberty.

Despite its challenges, Chile remains a beacon of success on the South American continent. The developmental history of South America is littered with failures; yet, in adopting principles of economic and political freedom alongside a favorable moral-cultural system, Chile has bucked the regional tendency. As a result, it has become one of the wealthiest countries in South America. It was the first South

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<sup>32</sup> Ryan Dubé, "Chile Sticks With Free-Market Constitution After Years of Debate," *Wall Street Journal* (December 17, 2023).

<https://www.wsj.com/world/americas/chilevotes-on-free-market-constitution-after-years-of-debate-81192c3b>.

<sup>33</sup> 24horas, "Cifra de Chilenos Que Se Declaran Católicos Bajó de 73% a 45% En La Última Década," *24horas*, [www.24horas.cl/papafranciscoenchile/cifra-de-chilenos-que-se-declaran-catolicos-bajo-desde-73-a-45-en-la-ultima-decada-2612241](http://www.24horas.cl/papafranciscoenchile/cifra-de-chilenos-que-se-declaran-catolicos-bajo-desde-73-a-45-en-la-ultima-decada-2612241).

<sup>34</sup> "Profesora Carmen Domínguez y Cifras de La Oede: Chile Lidera Lista de Países Con Hijos Nacidos Fuera Del Matrimonio," *Facultad de Derecho UC*, [//derecho.uc.cl/es/noticias/derecho-uc-en-los-medios/17237-profesora-carmen-dominguez-y-cifras-de-la-ocde-chile-lidera-lista-de-paises-con-hijos-nacidos-fuera-del-matrimonio](http://derecho.uc.cl/es/noticias/derecho-uc-en-los-medios/17237-profesora-carmen-dominguez-y-cifras-de-la-ocde-chile-lidera-lista-de-paises-con-hijos-nacidos-fuera-del-matrimonio).

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American nation to join the OECD, a club of largely wealthy Western nations. Its democracy has been recognized as one of the finest in the Americas, and it remains a predominantly religious nation. Chile's history since 1990 has shown that democratic capitalism can deliver development progress on the South American continent. Hopefully, its neighbors can follow its lead.



# Capitalism and Culture: A Thomistic Critique of Michael Novak's *The Spirit of Democratic Capitalism*

William Yanek\*

MICHAEL NOVAK'S 1982 WORK *The Spirit of Democratic Capitalism*<sup>1</sup> is an outlier in Catholic thought on the morality of capitalism. Unlike the many Catholic critics of capitalism who went before him, including many Popes in Papal encyclicals, Michael Novak defends the morality of democratic capitalism on the grounds that it takes sinful human beings as they are and makes the best of their fallen nature. It may not be a utopian project of political economy, but Novak claims it respects the individual's free choice and produces better outcomes than any other political economy. However, in light of Saint Thomas Aquinas' thoughts on human fulfillment and the state of moral-cultural life in American democratic capitalism today, Novak underplays how the economic system of democratic capitalism encourages a disordered relationship with worldly goods and weakens the vital moral-cultural institutions that could instead bring economic life under a Thomistic framework.

In *The Spirit of Democratic Capitalism*, Novak's definition of democratic capitalism is not merely an economic system. It is an economic system working alongside a political and moral-cultural system, each holding the other in check. The economic system is based on efficiency, letting the free choice of millions of individuals in the market—rather than a central planner—determine resource allocation. The political system, as reflected in the American founding documents,

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<sup>1</sup> Michael Novak, *The Spirit of Democratic Capitalism* (Lanham (MD): Madison Books, 1991).

is designed to accept human selfishness, so that “ambition counteracts ambition,” and no one interest group in society can tyrannize over the others.<sup>2</sup> Finally, the moral-cultural system, comprised of civil society organizations like churches, unions, and charitable groups, holds the economic system in check by motivating economic activity beyond narrow greed. Novak claims that, unlike any other political economy in human history, democratic capitalism has at the center of its value system an “empty shrine.”<sup>3</sup> In socialist societies, equality is the shrine at the center of the social order. In traditional Christian societies, God is at the center. But in democratic capitalism, Novak claims that no one value system is allowed to dominate in order to protect individuals from tyrannical political power.

Thus, democratic capitalism is value-neutral in Novak’s eyes because each of the three systems holds the others in check. However, looking at democratic capitalism through the lens of Saint Thomas Aquinas, such a system is not neutral but actively encourages a disordered relationship with worldly goods. Democratic capitalism’s inherent tendency to promote a disordered relationship with worldly goods is particularly true of its economic system centered on efficiency. An efficient outcome in the rational choice model of economics is the equation of “a consumer’s willingness to pay with her marginal benefit and the seller’s willingness to sell with his marginal cost.”<sup>4</sup> The consumer’s marginal benefit derives from the consumer’s utility function. This function represents consumer preferences and is what consumers want to “maximize” in the rational choice model. From a Thomistic perspective, though, satisfying consumer preferences does not facilitate human flourishing because people are often mistaken about what is truly good for them. Not all consumer preferences are

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<sup>2</sup> James Madison, *The Federalist Papers*, No. 51.

<sup>3</sup> Novak, *The Spirit of Democratic Capitalism*, 53.

<sup>4</sup> Mary L. Hirschfeld, *Aquinas and the Market: Toward a Humane Economy* (Cambridge, MA: Harvard University Press, 2018), 48.

equal. Two guidelines emerge in Aquinas' *Treatise on Happiness*<sup>5</sup> about the ends people should pursue and how they should pursue them—which are vastly different from how people typically seek fulfillment in the free market of democratic capitalism.

First, the goodness of the diverse ends that people pursue in life are not equal.<sup>6</sup> Some ends are more worthy of pursuit than others. Money cannot be the ultimate good because it is merely instrumental to other goods. Power cannot be the ultimate good because, like money, it is instrumental to other things like security or material wealth. And honor cannot be the ultimate good because it is only a sign of virtue, not virtue itself. In his *Treatise on Happiness*, Aquinas refutes other candidates for the ultimate good and concludes that God is the only good that can satisfy the human longing for fulfillment.<sup>7</sup> In not guiding people toward their ultimate good in God, democratic capitalism, far from being value-neutral, allows the masses to pursue ends that lead them away from fulfillment. Case in point, today, even though the United States is wealthier than any nation in history, there is remarkable spiritual poverty, with suicides and deaths of despair reaching levels not seen since the beginning of the 20th century.<sup>8</sup> Failing to guide people to the ultimate good in the name of free choice is not a neutral decision in political economy. Instead, failing to fill the “shrine” at the center of the social order with the Triune God has consequences for the soul of a people collectively.

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<sup>5</sup> Thomas Aquinas, *Treatise on Happiness*, trans. John A. Oesterle (Notre Dame, IN: University of Notre Dame Press, 1983).

<sup>6</sup> Aquinas, *Treatise on Happiness*, 15-25.

<sup>7</sup> Ibid.

<sup>8</sup> United States Joint Economic Committee, “Long-Term Trends in Deaths of Despair,” Long-Term Trends in Deaths of Despair - Long-Term Trends in Deaths of Despair - United States Joint Economic Committee (September 5, 2019), [www.jec.senate.gov/public/index.cfm/republicans/2019/9/long-term-trends-in-deaths-of-despair](http://www.jec.senate.gov/public/index.cfm/republicans/2019/9/long-term-trends-in-deaths-of-despair).

Aquinas' second guideline on handling worldly goods that illuminates democratic capitalism's inherent tendency toward vice lies in his explanation of the virtue of prudence. In the modern consumerist culture of democratic capitalism, the norm is to work hard to purchase one good after another, with no limits on work or an overarching purpose for the goods purchased. Today, the consumerist mindset is most evident in the unrestrained development and consumption of technologies like smartphones, which companies sell and consumers buy without regard for how they might affect community life or the life of virtue. However, contrary to the consumerist mindset, Aquinas contends in his *Treatise on Happiness* that buying one good after another or pursuing monetary gain with no overarching purpose is irrational. Prudence requires that consumption and the pursuit of wealth should be limited by the end they should serve—the life of virtue. As Aquinas puts it, “if there were no ultimate end nothing would be desired, nor would any act be terminated, nor would the intention of the agent ever be at rest.”<sup>9</sup> As Dr. Mary Hirschfeld explains in her book *Aquinas and the Market*, Aquinas does not say here that pursuing one good after another to infinity is impossible.<sup>10</sup> Goods can be “accidentally” related to one another to infinity, just as one can add random numbers together to infinity. The incoherent accumulation of goods is the typical mode of consumption encouraged by capitalist cultures. However, according to Aquinas, to live a truly rational life, one must aim at something ultimate and thus order the goods of one's life into a cohesive whole to reach the aim—much like a “string of arguments” leads to a definite conclusion or a mathematical proof arrives at its endpoint.<sup>11</sup>

Novak was aware of democratic capitalism's tendency toward relativism and consumerism. As Novak himself states, “within it

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<sup>9</sup> Aquinas, *Treatise on Happiness*, 9.

<sup>10</sup> Hirschfeld, *Aquinas and the Market*, 80.

<sup>11</sup> *Ibid.*



[democratic capitalism] every human vice flourishes...massage parlors, pornography shops, pickpockets, winos, prostitutes, pushers, punk rock, chambers for group sex—you name it, democratic capitalism tolerates it and someone makes a living from it.”<sup>12</sup> However, Novak argues that concupiscence is not unique to democratic capitalism compared to other political economies. In the Middle Ages, the clergy “had a demonstrated record of fanaticism, intolerance, and misuse of power.”<sup>13</sup> Aristocrats “had a record of hauteur, luxury, and indolence.”<sup>14</sup> The crucial difference between democratic capitalism and other political economies is that democratic capitalism can create peace and prosperity out of the sinful tendencies of human beings. The evidence is indisputable—no other social system has come close to generating the material prosperity and relative peace democratic capitalism has. Michael Novak provides some statistics at the beginning of the book indicating this fact, but data in the decades since confirms it. According to the non-profit economic research organization Our World in Data, since 1950, the average person has become 4.4 times richer, and from 1981 to 2015, the share of the global population living in extreme poverty went from 44% to 10%.<sup>15</sup> The only reasonable causal variable that can explain this precipitous change in human living conditions is the United States’ facilitation of the spread of markets worldwide—particularly in the poorest developing countries. In other words, it is the economic engine of democratic capitalism that has been largely responsible for the world’s rising standard of living.

Even when looking at the worst of the vices of democratic capitalism, such as relativism and consumerism, without the benefits of peace and material prosperity, Novak argues that the moral-cultural

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<sup>12</sup> Novak, *The Spirit of Democratic Capitalism*, 350.

<sup>13</sup> *Ibid.*, 89.

<sup>14</sup> *Ibid.*

<sup>15</sup> Our World in Data, “Economic Growth,” [ourworldindata.org/](http://ourworldindata.org/).

system is still sufficient to correct the excesses of the economic system.<sup>16</sup> The principal moral-cultural institution of democratic capitalism that accomplishes this is the family.<sup>17</sup> In the economic order, the family motivates economic activity beyond narrow greed, encouraging an “ordinary heroism” in parents that teaches them to sacrifice routinely for their children.<sup>18</sup> Regarding children’s education in the life of virtue, the family teaches children about “independence, the rule of law, liberty, and obedience” and teaches parents about problems of “liberty and authority.”<sup>19</sup> All of these values imparted by the institution of the family counter relativism by pointing people to higher spiritual goods beyond pleasure, money, and power. They also counter consumerism by disciplining economic choices according to the good of the family rather than the endless satisfaction of selfish appetites.

Thus, for Novak, the family is democratic capitalism’s best hope of countering the relativism of the economic system’s tendency toward efficiency and consumerism from the system’s preferences of technological development and endless consumption. However, the problem for democratic capitalism is that its economic system, centered on profit, efficiency, and the utility maximization of the autonomous individual, as Novak himself describes, fatally undermines the very moral-cultural institutions like the family that are required to sustain the spiritual vitality of democratic capitalism and bring people into a Thomistic relationship with worldly goods. From the beginning of capitalism in the 18th and 19th centuries, capitalist markets driven by profit and efficiency have weakened certain local customs and institutions that mediate between the individual and the state. Sociologist Robert Nisbet describes the atomizing effects of early

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<sup>16</sup> Novak, *Spirit of Democratic Capitalism*, 156-66.

<sup>17</sup> *Ibid.*

<sup>18</sup> Novak, *Spirit of Democratic Capitalism*, 167.

<sup>19</sup> *Ibid.*, 168.

capitalist economics in his 1953 book, *The Quest for Community*. Drawing on the work of political scientist Moisey Ostrogorski, Nisbet writes that capitalism "...was an isolating and separating process that stripped off the historically grown layers of custom leaving only leveled masses of individuals."<sup>20</sup> Market forces atomized people by making guilds economically irrelevant, creating the assembly line that segmented the productive process and undermined customs of craftsmanship. These forces also made people more mobile through the development of transportation technologies, which undermined traditional community cohesion, among many other changes, all in the name of profit, efficiency, and utility maximization. Certainly, many of these changes were justified expansions of individual liberty and reduced wasteful inefficiencies. However, they also undeniably destroyed thick sources of traditional community life and thus isolated some people from one another in a way that inherited moral-cultural institutions like families, guilds, and the Church did not stop.

In modern American democratic capitalism, intermediary moral-cultural institutions between the individual and the state are experiencing a similar assault from an economic system oriented toward efficiency. In political scientist Robert Putnam's 1995 article "Bowling Alone," he documents how church attendance, labor union membership, fraternal organization membership, and associational membership as a whole have declined precipitously in the United States since the 1950s.<sup>21</sup> From potential explanations ranging from women in the workforce to increasing mobility, Putnam posits that among the most probable causes of the decline of social capital (defined as "the features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for

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<sup>20</sup> Robert A. Nisbet, *The Quest for Community* (London, England: Oxford University Press, 1977), 96.

<sup>21</sup> Robert D. Putnam, "Bowling Alone: America's Declining Social Capital," *Journal of Democracy* 6, no. 1 (1995): 69, doi:10.1353/jod.1995.0002.

mutual benefit’)<sup>22</sup> is the rise of television, which allows people to entertain themselves without engaging with others in their communities. The smartphone and the internet have only compounded this problem, creating increasingly “wide” yet “shallow” communities.<sup>23</sup> In this regard, the market drive for ever greater profit and efficiency without consideration of virtue led to the development of entertainment platforms such as television and the smartphone. These technologies have distanced many people from one another, arguably leading to the decline of civil society and the evaporation of the social trust that fosters pluralistic democracy. In other words, the freedom of buying and selling promised by the marketplace can make people less free—less free to participate in local community life, less free from destructive consumptive habits, and ultimately less free in the political arena.

The family, in particular, has suffered from the incursion of consumer products like the iPhone into daily existence, potentially contradicting Novak’s claim that the family is sufficient to restrain capitalism. As *New York Times* columnist Ross Douthat describes in his 2016 book, *The Decadent Society*, Western civilization faces a sterility crisis, which the emergence of technologies like the smartphone has accelerated.<sup>24</sup> For a society to be able to replace itself, there must be an average of 2.1 births per woman.<sup>25</sup> However, according to 2020 data, fertility rates hover around 1.6 births per woman in the European Union. In Canada, it is 1.4. In Japan, it is 1.3. In South Korea it is 0.8, and in the United States it is 1.6.<sup>26</sup> Besides Israel, “there is no rich

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<sup>22</sup> Ibid., 69.

<sup>23</sup> Ibid., 74.

<sup>24</sup> Ross Douthat, *The Decadent Society: How We Became the Victims of Our Own Success* (New York, NY: Avid Reader Press, 2020), 47-67.

<sup>25</sup> Ibid., 50.

<sup>26</sup> “Fertility Rate, Total (Births per Woman),” World Bank Open Data (World Bank), [data.worldbank.org/indicator/SP.DYN.TFRT.IN](https://data.worldbank.org/indicator/SP.DYN.TFRT.IN).

country in the world whose population would not, absent immigration, be on track to shrink.”<sup>27</sup>

Aspects of modernity such as lower infant mortality and the transition from a rural-based economy are potent factors that can help explain decreasing fertility rates over the centuries. However, the mystery of the fertility decline of the past couple of decades defies recent historical experience and people’s expressed preferences. In the recent past in the United States, the baby boom of the 1940s witnessed significant increases in fertility amid all of the conditions of liberal modernity. And when asked, people of both sexes expressed a desire to have 2.5 children on average.<sup>28</sup> One likely contributor to the recent fertility decline is the continued effects of the sexual revolution, which in the 60s and 70s contributed to fertility decline as well.<sup>29</sup> Regardless of whether one buys into the conservative or liberal perspective on the sexual revolution, it undeniably led to fewer marriages, more divorces, fewer children, and even less sex overall.<sup>30</sup> As Douthat observes, “This last, perhaps most startling trend...correlates with the rise of the internet, the iPhone, and all the virtual alternatives to old-fashioned copulation.”<sup>31</sup>

Thus, even though the overall decline in birthrates since the Industrial Revolution can be attributed to the transformations of modernity, the modern stagnation in birthrates is due in large part to the cultural and economic forces unique to our time. The cultural impetus for fertility decline emerged from the sexual revolution of the 1960s and 70s. Then, the appearance of consumer products like the iPhone and the internet in the marketplace compounded the cultural problem with the widespread adoption of these technologies, resulting in increasing isolation as people opted for virtual intimacy at the

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<sup>27</sup> Douthat, *The Decadent Society*, 50.

<sup>28</sup> *Ibid.*, 53.

<sup>29</sup> *Ibid.*, 55.

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

expense of real intimacy. In the name of freedom, advanced industrialized societies withdrew constraints on sexuality and developed entertainment technologies with reckless abandon. The irony is that by withdrawing constraints on sexuality and accepting the boundless expansion of entertainment technology into daily existence, modern people do not have the relationships and families they say they want, are lonelier than ever, and therefore are less free to live fully human lives.

Here, in the sterilizing effects of technology, one can see how the economic system of democratic capitalism, barring strong resistance from existing moral-cultural norms, can corrupt the moral-cultural system. Although it is true that the sexual revolution was a cultural, not an economic revolution, the expansion of markets and the development of consumer products like the iPhone were not neutral forces. Instead, the unabridged development of these technologies for profit advanced the atomization and sterilization that the sexual revolution started. The pornography industry, for example, boomed with the development of the internet and the iPhone. However, the consequence of the pornography industry's expansion has been to raise a generation where many are uninterested in real interactions with others and, thus, a generation less willing to start families.

The problem with the moral-cultural life of democratic capitalism outlined above—that its economic system premised on efficiency and profit inherently weakens civil society and its basis, the family—is not a problem of unsustainable exploitation or greed, as some critics of capitalism argue. Life in democratic capitalism today, from a purely material perspective, is better than ever for all classes. Even the sterility crisis that faces democratic-capitalist societies can be addressed through technocratic solutions like increasing immigration from the Third World or creating financial incentives for young families to have children. The problem is that the state of moral-cultural life in democratic capitalism, characterized not by rapacious greed but a Brave New World of lonely indifference cushioned by creature

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comforts and computer screens, is sustainable and keeps souls from communion with others and God. Novak is right that democratic capitalism has addressed the issue of material poverty better than any other system of political economy. However, in *The Spirit of Democratic Capitalism*, he fails to see how the very strength of capitalist economics to satisfy consumer desires may ultimately be a factor in democratic capitalism's spiritual death.





POLITICAL AND  
PHILOSOPHICAL  
INQUIRIES



# A Comparison of Radical Atheist Ayn Rand and Catholic Thinker Michael Novak in Relation to Moral, Economic, and Political Philosophy

*Sammy Phillips\**

WHAT POLITICAL OPINIONS SHOULD A CATHOLIC hold? This is a popular and difficult question of modern philosophical and theological debate. Biblical Christianity, for obvious reasons, does not speak of present-day Western world politics; however, politics continues to dominate man's life and conversations. One historical figure who indeed did speak of such matters was 20th century libertarian Russian thinker and writer, Ayn Rand. Through her fictional works, such as *Atlas Shrugged*, *The Fountainhead*, and a multitude of essays and speeches, Rand became well-known throughout the world with her ideology. In simplistic terms, Rand was entirely about liberty, individualism, and the termination of political and social restraints in this life. This may seem in conflict with the gospel of Christ, where one learns a faith that is ultimately altruistic and emphasizes eternity, so her ideas are often left untouched and viewed as immoral by the Catholic world. However, is that an accurate and appropriate take?

First, it must be noted that although Ayn Rand is often considered a libertarian, her ideas are *special*, and one must be careful to not assume her thoughts represent those of all libertarians. Rand is a unique and

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yet important intellectual leader of libertarian thought in the same way that Michael Novak relates to Catholic Social Teaching. Novak was a Catholic writer and philosopher of the late 20th Century and impacted the world tremendously by broaching the topic of theology and politics in a way never before attempted. In a multitude of works he told his story of how he adapted and grew in both his faith and political opinions, and, in doing so, he inspired millions of Catholics. Coming from two totally different directions, Novak and Rand alike are both often recognized for changing the political dynamic of the world and helping tear down the Berlin Wall. Novak's magnum opus was his "The Spirit of Democratic Capitalism" where he delved into what is required in a capitalistic, representative, and free political system.<sup>1</sup> Novak's thesis, in essence, is that "democratic capitalism requires all three dimensions of human flourishing: economic, political, and moral."<sup>2</sup> *Economic* refers to the market in which he defends the uniqueness of humans, as rational beings, to operate in free trade. *Political* refers to the laws and policies enforced by the state. And *moral* refers to the ethical side of human life where order and religion exist. Each pillar is both independent and yet also dependent on each other by being free and strong but needing the others to also be free and strong to hold the weight of democratic capitalism upon it. Taking these two influential and bold individuals, the goal of this paper is to introduce the philosophy of Ayn Rand and use Michael Novak's "three-pillars" of society to explore where she may relate to certain beliefs of Catholicism.

Ayn Rand's ideas are complex and best learned through reading her aforementioned two famous novels, but for the sake of academic research, it is still possible to present her ideology simply by viewing

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<sup>1</sup> Michael Novak, *The Spirit of Democratic Capitalism* (New York: Madison Books, 1991).

<sup>2</sup> Michael Novak, "The Future of Democratic Capitalism," *First Things* (June 2015), [www.firstthings.com/article/2015/06/the-future-of-democratic-capitalism](http://www.firstthings.com/article/2015/06/the-future-of-democratic-capitalism).

her many interviews and essays. Rand personally stated: “My philosophy, in essence, is the concept of man as a heroic being, with his own happiness as the moral purpose of his life, with productive achievement as his noblest activity and reason as his only absolute.”<sup>3</sup> This philosophy she called Objectivism. Rand was a staunch individualist who saw man as his own end and therefore believed that any action taken by man not for his own self was evil.

There are two main aspects that shaped Rand’s beliefs. First, she hated communism. Rand grew up during the Bolshevik revolution, and, under the Soviet’s abuse of individual rights and turn to collectivism, she was radicalized to the complete opposite side of the political debate and landed on the belief that political power is very rarely necessary, especially in the market. She hated the potential threat of communism so much that she even turned on many of her Hollywood friends and testified before the House Un-American Activities Committee (HUAC) during the McCarthyism trials.<sup>4</sup> Rand, hence, became one of the strongest defenders of “Laissez Faire Capitalism”—a completely liberated market economy.<sup>5</sup> For her, capitalism was something prior to the state, and she only deemed the state necessary to protect the people’s pre-established rights.<sup>6</sup> Second, Rand hated religion. She was born into a Jewish family but adopted atheism as her worldview from the very start, and this guided much of her philosophy. Rand found no place for faith in Objectivism because

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<sup>3</sup> Ayn Rand, *Atlas Shrugged* (New York: Random House, 1957): Appendix.

<sup>4</sup> Malea Walker, “How Ayn Rand Wielded the Press and Publishing | Headlines & Heroes,” The Library of Congress, August 2, 2022, <https://blogs.loc.gov/headlinesandheroes/2022/08/how-ayn-rand-wielded-the-press-and-publishing/#:~:text=20%2C%201947..>

<sup>5</sup> Elias Beck, “Laissez-Faire Capitalism,” History Crunch - History Articles, Summaries, Biographies, Resources and More, October 22, 2016, <https://www.historycrunch.com/laissez-faire-capitalism.html#/>.

<sup>6</sup> “What Is Capitalism?,” *The Atlas Society* (n.d.), <https://www.atlassociety.org/post/what-is-capitalism>.

she saw this world and ourselves as the only end. By looking to heaven, we would have to surrender this life, and she believed that approach was deeply problematic. In many ways, Rand's view on religion was similar to that of many of the ancients. She recognized that it could serve as a means to teach man ethics, but by relying on some mystical and supernatural entity, "[Faith is] extremely detrimental to human life: it is the negation of reason."<sup>7</sup> Given these two radical beliefs of Rand, she also viewed any attempt to bridge religion and capitalism as completely faulty. She thought that by using God as some sort of defense for capitalism, one would be lending ammunition to the enemies in the debate by conceding that it could not be defended through reason—which she saw as very dangerous.<sup>8</sup> These atheistic thoughts are far from being shared by all libertarians, but it is very evident in all that Rand thought and believed.

One of the reasons Ayn Rand is both well-known and despised in the Catholic world is her rejection of a higher power and insistence on selfishness and individualism. However, there are necessary points of clarification to be made regarding what she intended. In her introduction to *Virtue of Selfishness*, Rand wrote: "In popular usage the word 'selfishness' is a synonym of evil.... Yet the exact meaning and dictionary definition of the word 'selfishness' is: *concern with one's own interests*. This concept does *not* include a moral evaluation; it does not tell us whether concern with one's own interests is good or evil."<sup>9</sup> Thus, if her thought is not selfish but rather self-interested, can it still be condemned?

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<sup>7</sup> "Playboy Interview: Ayn Rand," *Playboy Magazine* (March 1964), [rickbulow.com/Library/Books/Non-Fiction/AynRand/PlayboyInterview-AynRand\\_3-1964.pdf](http://rickbulow.com/Library/Books/Non-Fiction/AynRand/PlayboyInterview-AynRand_3-1964.pdf), 7.

<sup>8</sup> *Ibid.*, 11.

<sup>9</sup> Ayn Rand, *The Virtue of Selfishness* (New York: New American Library, 1961), [ikesharpless.pbworks.com/f/AynRand-TheVirtueofSelfishness.pdf](http://ikesharpless.pbworks.com/f/AynRand-TheVirtueofSelfishness.pdf).

As a Catholic, Novak also strongly supported the good that is self-interest. It is in our nature and for our survival that we must work in self-interest. And it is also in our nature that we are communal beings, so our self-interest in no way requires nor asks for the abuse of others. Understanding this, a more appropriate approach of Rand can be undertaken. As expressed at the beginning of this essay, Michael Novak's societal pillars can be a beneficial means to examine this topic. So, with this understanding, how does and doesn't Ayn Rand align with the different aspects of Catholic belief that fall under the umbrella of each of Novak's presented pillars?

First: the moral pillar. Given that Ayn Rand was inspired by her atheism, there is little to reconcile with her morality directly. Her entire belief system appears to revolve around the concept that man is his own end and he must not operate under any authority but reason. He only serves himself and owes no one his love, service, or devotion. Contrarily, faith preaches what is often super reasonable, and that we are made for a purpose external to ourselves: God. The Catechism of the Catholic Church displays what it means to be made in the image of God, stating, "Of all visible creatures only man is 'able to know and love his creator'. He is 'the only creature on earth that God has willed for himself', and he alone is called to share, by knowledge and love, in God's own life. It was for this end that he was created, and this is the fundamental reason for his dignity."<sup>10</sup> According to Catholicism, our end is not our own lives, or even this world at all, but God himself.

To accept what the Catholic Church knows to be man's purpose, one must be aware of man's cause. Ayn Rand could not fathom the possibility of there being a first cause of man, as her focus was on *existence* itself. She did not believe that the physical world, the only thing

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<sup>10</sup> Catechism of the Catholic Church, para. 356.

in which reason operates, could be created or destroyed.<sup>11</sup> She denied all philosophers whose reasoning knows the reality of a first cause beyond this existence so that she could uphold Objectivism as true. In the past, the Church has been able to take from other non-Christian philosophers' thoughts because they left room for the revelation of creation. However, Rand did no such thing. Rand somehow still abided by a moral order, but her means of doing so were flawed because of her denial of a higher power. These metaphysical differences are too much to overlook and try to condone for her sake.

It is now certain that Rand was incompatible with Catholic teaching on philosophical groundings. But in extension, regardless of these faults, did her moral order and ethics come to align with Catholic teaching in any way? The answer is once again no. There is one moral issue that the Church holds such a confident opinion on and that is of the right to life and opposition to abortion. Even though many libertarians rightfully turn to the principle of non-aggression and scientific proof of life within the womb in order to end up with pro-life positions, Rand never dared to do so. She made her opinion on the matter very clear:

An embryo has no rights. Rights do not pertain to a potential, only to an actual being. A child cannot acquire any rights until it is born. The living take precedence over the not-yet-living (or the unborn).

Abortion is a moral right—which should be left to the sole discretion of the woman involved; morally, nothing other than her wish in the matter is to be considered. Who can conceivably have the right to

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<sup>11</sup> Ayn Rand, "The Metaphysical versus the Man-Made," in *The Ayn Rand Letter* (March 1973), [courses.aynrand.org/works/the-metaphysical-versus-the-man-made/](https://courses.aynrand.org/works/the-metaphysical-versus-the-man-made/).



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dictate to her what disposition she is to make of the functions of her own body?<sup>12</sup>

Once again, there appears to be a philosophical error. She used the words potential and actual in defending that a yet-to-be birthed child is only a potential. However, potency only exists as an idea that must be put into action. In conception, that particular life has been actualized or else there would be no conversation over a potential termination. One cannot abort something that does not actually exist and thus it is also questionable scientifically. There are other issues that also suggest that her apparent moral code in no way relates to that of the Catholic Church, but something as powerful as the issue of life easily exemplifies the entire conflict. Thus, Rand cannot be used in relation to Catholic teaching in any of the theological, philosophical, or ethical arenas of Novak's *moral* pillar.

The second pillar: the *economy*. For the sake of appropriately leaving space for the third pillar, the *political*, it is essential to limit this part of the debate to strictly economic principles and systems, and not the hypothetical policies that may be instituted that affect such. Therefore, in examining Rand's relationship with Novak, the only thing that truly matters is her direct economics. It is already established that Rand was a very sincere Laissez-Faire capitalist. She recognized man as a rational creature (i.e., the emphasis on reason) and defended that he must be free from all coercion in all of his operations and must be allowed to trade and function as he wishes. Rand preached that true capitalism is the only system that liberates man to fully embrace his abilities and logic leading to the greatest economical and financial success<sup>13</sup>.

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<sup>12</sup> Ayn Rand, "Of Living Death," in *The Voice of Reason* (1988), 58-59, [aynrandlexicon.com/lexicon/abortion.html](http://aynrandlexicon.com/lexicon/abortion.html).

<sup>13</sup> Ayn Rand et al., *Capitalism: The Unknown Ideal* (New York: Signet, 2008).

Using similar logic as Rand's, Novak recognized that it is in a free economy that most wealth and goodness has been created because it enables man to live up to his potential as one made in the image of the Creator. While economic inequality may naturally occur in a free market, one must acknowledge the truth that even the poor have become richer due to capitalism (even if the apparent "wealth gap" has increased). Capitalism has "expanded the pie" instead of relying on redistributing a limited pie. Capitalism is free from coercion and allows for win-win solutions. The premise of this thought is that free trade encourages an open dialogue between the buyer and seller where both parties must willingly enter into an agreement in order for business transactions to occur. Rand puts it perfectly:

In a free market, all prices, wages, and profits are determined—not by the arbitrary whim of the rich or of the poor, not by anyone's "greed" or by anyone's need—but by the law of supply and demand. The mechanism of a free market reflects and sums up all the economic choices and decisions made by all the participants. Men trade their goods or services by mutual consent to mutual advantage, according to their own independent, uncoerced judgment. A man can grow rich only if he is able to offer better values—better products or services, at a lower price—than others are able to offer.<sup>14</sup>

Rand's given dependence on reason alone finally served her well. Even if an economy is "capitalist," as soon as the state creates any regulations or attempts to control the market under the guise of "fairness," trade is no longer completely free. Novak shared this same

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<sup>14</sup>Ayn Rand et al., *Capitalism: The Unknown Ideal* (New York: Signet, 2008), 47.

sentiment of the market all throughout his chapter on the economy.<sup>15</sup> While the Church has tapped into teaching potential restraints on capitalism, there is no official teaching declaring a specific economic approach because it recognizes the complexities involved given each individual situation and thus it cannot demand a universal solution.

The Catholic Church in its part regarding work and economy, has much to say. In the papal encyclical *Centesimus Annus*, Pope John Paul II explains that "...the Church offers her social teaching as an *indispensable and ideal orientation*, a teaching which, as already mentioned, recognizes the positive value of the market and of enterprise, but which at the same time points out that these need to be oriented towards the common good".<sup>16</sup> Catholic teaching as a whole seems to agree generally with Rand and Novak that market mechanisms allow for the greatest levels of virtue. Relative to this, in the Catechism the Church demands that "Those responsible for business enterprises are responsible to society for the economic and ecological effects of their operations. They have an obligation to consider the good of persons and not only the increase of profits. Profits, however, are necessary. They make possible the investments that ensure the future of a business and they guarantee employment."<sup>17</sup> The Church is very clearly presenting a moral code within which enterprises must operate and not demanding that the state force them to do so. Father Robert Sirico, founder of the Acton Institute, explains how we can follow the Church's moral order and ethical demands while still upholding a free market. He teaches that the lessons of the Bible do not ask for a certain policy to force morality upon man, rather it asks that a man chooses freely to operate morally in an economy regardless of what policy states. As Clara Piano's review describes:

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<sup>15</sup> Michael Novak, *The Spirit of Democratic Capitalism* (New York: Madison Books, 1991).

<sup>16</sup> John Paul II, On the Hundredth Anniversary of *Rerum novarum*, *Centesimus annus*, Encyclical Letter (May 1, 1991), 43.

<sup>17</sup> Catechism of the Catholic Church, para. 2432.

Fr. Sirico reminds his readers that entrepreneurs are successful when they fulfill the desires of their customers. Here again, the lesson is that many unjust market outcomes are the result of fundamental institutions like families, churches, and schools, not fulfilling their responsibility to form characters oriented toward the good, true, and beautiful. Much of what economists refer to as ‘transaction costs’ would be eliminated in an economy consisting entirely of saints, but that is unfortunately not the world we inhabit. Economics reveals how we depend on God and man for our everyday needs.<sup>18</sup>

Turning back to viewing society as a relationship between all three pillars, one can come to comprehend what Father Sirico is trying to explain. Economics itself is neither moral nor immoral: it is scientific. Therefore, the “faults of capitalism,” witnessed by many, are not faults of the system, but faults within the souls of man, and regardless of the system, there are always going to be evil people. Understanding this, the Church admits that the freedom uplifted through capitalism gives birth to the greatest number of opportunities to act morally. For if not done freely, can it even be moral? Once again, if we recognize man as in relation with others, then any act of self-interest, as Ayn Rand put it, would naturally have to benefit others to move the self forward.

Finally, in the *economic* pillar, beyond capitalism itself, the Church undoubtedly agrees with Rand in her condemnation of communism. The Church witnessed the detrimental effects of communism the same as Rand personally did. She stated that:

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<sup>18</sup> Clara Piano, “Economics as an Antidote to Envy,” *Law and Liberty*, a book review of Fr. Sirico’s *The Economics of the Parables* (May 20, 2022), <https://lawliberty.org/book-review/economics-as-an-antidote-to-envy/>.

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It is the Communists' intention to make people think that personal success is somehow achieved at the expense of others and that every successful man has hurt somebody by becoming successful. It is the Communists' aim to discourage all personal effort and to drive men into a hopeless, dispirited, gray herd of robots who have lost all personal ambition, who are easy to rule, willing to obey and willing to exist in selfless servitude to the State.<sup>19</sup>

The Church, in similarity, makes many claims against a socialized state. In *Quadragesimo Anno*, Pope Pius XI defends: "If Socialism, like all errors, contains some truth (which, moreover, the supreme pontiffs have never denied), it is based nevertheless on a theory of human society peculiar to itself and irreconcilable with true Christianity. Religious socialism, Christian socialism, are contradictory terms; no one can be at the same time a good Catholic and a true socialist."<sup>20</sup> And in the Catechism: "The Church has rejected the totalitarian and atheistic ideologies associated in modern times with 'communism' or 'socialism.'"<sup>21</sup> Despite their different ways of getting to it, Rand, Novak, and the Church all stand in unity concerning the evil of communism.

The final pillar: the *political*. This one is saved for last because it incorporates the other two. The debate in the political pillar is essentially over whether the government can and/or should legislate morality. On both the social and economic sides, one cannot ignore the moral realities of good and bad that exist. There are a lot of ways

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<sup>19</sup> Ayn Rand, *We the Living* (New York: Random House, 1959), forward, [aynrandlexicon.com/lexicon/communism.html](http://aynrandlexicon.com/lexicon/communism.html).

<sup>20</sup> Pius XI, *Quadragesimo anno* (May 15, 1931), 120.

<sup>21</sup> Catechism of the Catholic Church, para. 2425.

people should be living. The question is: how much should the law demand and restrain to force them to live this way? Many believe that it is the duty of the state to enforce the moral and economic truths discussed previously. However, it is far from clear what the Church teaches, and that is because the Church does not teach on the matter. The Church is a universal leader in the moral sphere, and therefore needs to be able to function within a multitude of nations. Politically, the Church only needs each country to allow for the freedom of religion and for Catholicism to be practiced inside of it. From that point, the Church's role is in guiding the hearts of its people, and not expecting entire countries that are not necessarily Catholic to completely abide by their standards. The Vatican only really makes statements of politics when there is evident human rights abuses occurring. Even then, it only serves as an attempt to change the hearts of nations and peoples because the Church does not have any sort of authority in the public realm.

Under this ideology and understanding, there has been much room for a potential integration of some of the thoughts of Ayn Rand into the political pillar of Catholic thought. This is possible by strictly focusing on the *political*, regardless of the *moral* or *economical*. Take the words of author and editor at Reason Foundation, Stephanie Slade: "Libertarian Catholics take the subtle but important distinction between immoral and illegal and apply it to a much broader array of issues...libertarianism is best understood as a political philosophy... It's just not equipped to answer questions about how to 'live well' in the private sphere."<sup>22</sup> Thus we have the token phrase that 'legality does not equal morality.' To support Rand's extremism in politics and policy debate, one just has to recognize that her ideas of individualism, Objectivism, and the virtue of selfishness, do not have to be accepted

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<sup>22</sup> Stephanie Slade, "Both Catholic and Libertarian: Is it Really Possible," *Libertarianism.org* (Feb. 19, 2020), [www.libertarianism.org/columns/both-catholic-libertarian-is-it-really-possible](http://www.libertarianism.org/columns/both-catholic-libertarian-is-it-really-possible).

as true in the moral sense. Catholics can accept most of her economical ideals and defend a limited government that does not push for collectivism or legislate morality by returning to the moral pillar as the key to creating an ethical society. After all, that is where the Church functions. By nature of being pro-individualist and very anti-government, Rand's teachings do not serve as a threat to anything the Church desires. Rand fought for the free will of all men, and, for the religious, this ultimately leads to the most virtue.

Throughout this essay, the life and ideas of Ayn Rand were presented and put to battle against the harsh critique of Catholic thought. However, rather than try to land upon an ignorant 'yes or no' conclusion on compatibility of the two, the societal organization created by Michael Novak was utilized as a means to break down the argument into different categories. With all differences in approach and reasoning recognized, Michael Novak and Ayn Rand are more aligned than not. Neither perfectly represents their general populations of Catholics and Libertarians, respectively, but at the least they show there is much room to find potential communion. Michael Novak may not be anything close to a doctor of the Church, but his ideas represent just one way to approach modern society as a faithful Catholic. Similarly, Ayn Rand will never be a Catholic; nevertheless, it is evident that the Church would not be at fault to assimilate some of her freedom-based beliefs into its worldview in all areas where it does not directly conflict with doctrine.





# Aquinas, Thoreau, and Martin Luther King on Natural Law and Civil Disobedience

*Thomas Richter\**

THERE IS A LONGSTANDING TRADITION OF CIVIL disobedience in the history of American political thought. This tradition has often been inspired by a belief in natural rights and the natural law. From the self-evident truths that propelled the Framers to the focus on freedom and equality at the heart of the Civil Rights Movement, Americans are frequently motivated by and concerned with law, justice, and the right. One important intellectual source for this tradition is the work of Henry David Thoreau, whose 1849 essay *On the Duty of Civil Disobedience* argued for a minimalist state and the duty of every citizen to refrain from supporting an unjust government. Thoreau's writing directly inspired Rev. Dr. Martin Luther King Jr., a great practitioner of civil disobedience, who led the Civil Rights Movement a century later.<sup>1</sup> The American tradition of civil disobedience, however, has not drawn exclusively upon American

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<sup>1</sup> King, in his autobiography, said of Thoreau that, "I became convinced that noncooperation with evil is as much a moral obligation as is cooperation with good. No other person has been more eloquent and passionate in getting this idea across than Henry David Thoreau. As a result of his writings and personal witness, we are the heirs of a legacy of creative protest. The teachings of Thoreau came alive in our civil rights movement; indeed, they are more alive than ever before." Martin Luther King, Jr., *The Autobiography of Martin Luther King, Jr.*, ed. Clayborne Carson (New York: Intellectual Properties Management in association with Warner Books, 1998).

sources for its philosophical support.<sup>2</sup> Catholic thinkers have also influenced this strand of American political thought. Specifically, King cites Saints Augustine and Aquinas while discussing the nature of just and unjust laws in his *Letter from a Birmingham Jail*.<sup>3</sup> This fact naturally raises questions about the connections between Catholic natural law philosophy and America's history of civil disobedience. Do these traditions agree upon theories of government, civil disobedience, and natural law? How does each conceive of the relationship between justice and civil order? Can a Catholic in good conscience support an American vision of civil disobedience? In this essay, I address these questions by looking at the thought of Thoreau, King, and St. Thomas Aquinas.

I argue that while all three thinkers are moral realists who recognize some conception of natural rights or natural law, the American tradition has great faith in the possibility of achieving justice through civil disobedience, while Aquinas exhibits a deep concern for the value of obedience and the maintenance of order in society. I make this case in three parts. First, I lay out the arguments of Thoreau's *Civil Disobedience* and describe his conception of the relationship between order and justice in society. Second, I turn to King, focusing particularly on his *Letter from Birmingham Jail*. I explain his theory of civil disobedience and examine the explicit reference he makes to the Catholic tradition and the thought of Aquinas. Finally, I give an overview of Aquinas's theory of natural law and its implications for a theory of civil disobedience. I conclude with a few brief thoughts about the relationship among these three thinkers. I respectfully suggest that

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<sup>2</sup> While there have certainly been different views on civil disobedience throughout American history, I here use the term "American tradition of civil disobedience" to refer to Thoreau and his influence upon King and the classical phase of the civil rights movement.

<sup>3</sup> Martin Luther King, Jr., *Letter from Birmingham Jail* (Stanford University: King Institute, n.d.).

Aquinas's stance on civil disobedience might be tempered and improved by the American tradition and King's thought in particular.

I

Henry David Thoreau wrote his essay *On the Duty of Civil Disobedience* in response to what he saw as the unjust actions of the American government. Writing in 1849, Thoreau was particularly concerned at that time with slavery in the southern states and a war raging against Mexico. He says of these injustices that, "This people must cease to hold slaves, and to make war on Mexico, though it cost them their existence as a people."<sup>4</sup> He does not, however, see these abuses as unique to America or accidental to the nation's own history. Instead, for Thoreau, slavery and the Mexican-American war are representative of the inherent shortcomings of government in general. He writes that, "Government is at best but an expedient; but most governments are usually, and all governments are sometimes, inexpedient.... The government itself, which is only the mode which the people have chosen to execute their will, is equally liable to be abused and perverted before the people can act through it."<sup>5</sup> The limitations and potential for misuse that Thoreau sees as intrinsic to the nature of government are what motivate him to articulate a duty of civil disobedience.

For Thoreau, the duty of civil disobedience derives from the strict obligation of each person to follow the guidance of his or her own conscience. "Why has every man a conscience, then," Thoreau asks, "The only obligation which I have a right to assume is to do at any time what I think right."<sup>6</sup> This duty of conscience supersedes an obligation for citizens to follow the laws of the state. "I think that we

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<sup>4</sup> Henry David Thoreau, *On the Duty of Civil Disobedience* (1849).

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

should be men first, and subjects afterward. It is not desirable to cultivate a respect for the law, so much as for the right.”<sup>7</sup> In fact, excessive fidelity to the law actually contributes to injustice in Thoreau’s mind. He writes provocatively that, “Law never made men a whit more just; and, by means of their respect for it, even the well-disposed are daily made the agents of injustice.”<sup>8</sup> He adds, in his vivid style, “A common and natural result of an undue respect for law is, that you may see a file of soldiers, colonel, captain, corporal, privates, powder-monkeys, and all, marching in admirable order over hill and dale to the wars, against their wills, ay, against their common sense and consciences, which makes it very steep marching indeed, and produces a palpitation of the heart.”<sup>9</sup> Thus, Thoreau places his faith in individual citizens and exhorts them to follow their own consciences when considering whether to obey the laws of the state.

Although the duty of civil disobedience arises from the rights of conscience, its practice primarily consists in active non-participation in the government. Thoreau explains that, “It is not a man’s duty, as a matter of course, to devote himself to the eradication of any, even the most enormous, wrong; he may still properly have other concerns to engage him; but it is his duty, at least, to wash his hands of it, and, if he gives it no thought longer, not to give it practically his support.”<sup>10</sup> Thoreau himself illustrated this principle when he was jailed for refusing to pay his taxes in Massachusetts.<sup>11</sup> In extreme cases, however, he does also acknowledge the right of citizens to revolt against the government: “All men recognize the right of revolution; that is, the right to refuse allegiance to, and to resist, the government, when its tyranny or its inefficiency are great and unendurable.”<sup>12</sup> This, for

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

example, is the strategy he recommends when he again considers the issue of slavery, “I do not hesitate to say, that those who call themselves Abolitionists should at once effectually withdraw their support, both in person and property, from the government of Massachusetts, and not wait till they constitute a majority of one, before they suffer the right to prevail through them. I think that it is enough if they have God on their side.”<sup>13</sup> Not only do these passages clarify Thoreau’s thoughts about conscience and civil disobedience, but they also lend insight into his views about the natural law and the relationship between the virtues of order and justice.

In *Civil Disobedience*, Thoreau implicitly acknowledges the existence of a natural law. His prioritization of the right over the law, his argument that the abolitionists have God on their side, and his reference to God’s will throughout the essay all are evidence of Thoreau’s belief in an objective moral order. His advice to citizens to focus on the right and to follow their own consciences may be understood as an argument for citizens to follow the natural law that he identifies. Moreover, Thoreau believes that trusting each individual’s conscience will lead to a more just state, even if their conscience leads people to disobey the law. Because he sees the government as intrinsically flawed, he does not think that such disobedience is inherently wrong. In fact, Thoreau is a strong proponent of civil disobedience precisely because he believes that such actions help to offset the inherent shortcomings of the state. In this way, the pursuit of justice supersedes civil order in Thoreau’s mind.

## II

Rev. Dr. Martin Luther King Jr. was deeply educated in the Christian theological and Western philosophical traditions. Drawing heavily upon this classical education, King’s clearest statement of a

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<sup>13</sup> Ibid.

theory of civil disobedience comes in his *Letter from a Birmingham Jail*, which he wrote while in jail for organizing nonviolent boycotts against segregation in Alabama. In the *Letter*, King argues that there are four steps necessary for a campaign of civil disobedience: “collection of the facts to determine whether injustices are alive, negotiation, self-purification, and direct action.”<sup>14</sup> King identifies the third of these steps as in many ways the most challenging and the most important. He explains of the self-purification process before the Birmingham boycotts that, “We started having workshops on nonviolence and repeatedly asked ourselves the questions, ‘Are you able to accept blows without retaliating?’ and ‘Are you able to endure the ordeals of jail?’”<sup>15</sup> King argues that he and his colleagues went through all four phases of this process in Alabama. He writes that, “We have gone through all of these steps in Birmingham. There can be no gainsaying of the fact that racial injustice engulfs this community. Birmingham is probably the most thoroughly segregated city in the United States.”<sup>16</sup> Moreover, the protestors attempted to negotiate before beginning their campaign.

Then came the opportunity last September to talk with some of the leaders of the economic community. In these negotiating sessions certain promises were made by the merchants, such as the promise to remove the humiliating racial signs from the stores. On the basis of these promises, Reverend Shuttlesworth and the leaders of the Alabama Christian Movement for Human Rights agreed to call a moratorium on any type of demonstration. As the weeks and months unfolded,

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<sup>14</sup> King, *Letter from Birmingham Jail*.

<sup>15</sup> *Ibid.*

<sup>16</sup> *Ibid.*

we realized that we were the victims of a broken promise. The signs remained.<sup>17</sup>

Thus, King and other civil rights leaders decided that they were justified in beginning a movement of civil disobedience in the city. In his *Letter*, King also describes the end or goal of such a campaign.

King argues that civil disobedience properly carried out can correct injustices in a community. He writes that, “You may well ask, ‘Why direct action, why sit-ins, marches, and so forth? Isn’t negotiation a better path?’ You are exactly right in your call for negotiation. Indeed, this is the purpose of direct action.”<sup>18</sup> By calling attention to existing abuses through direct action and civil protest, it is possible to create an atmosphere that forces parties to negotiate. “Nonviolent direct action seeks to create such a crisis and establish such creative tension that a community that has consistently refused to negotiate is forced to confront the issue. It seeks so to dramatize the issue that it can no longer be ignored.”<sup>19</sup> Additionally, King clearly grounds his attempts to promote justice in a belief in a natural law and an objective moral order.

King’s discussion of St. Augustine and Thomas Aquinas late in the *Letter* reveals his position on these topics. When addressing the critics who argue against King’s protesting, he says that, “One may well ask, ‘How can you advocate breaking some laws and obeying others?’ The answer is found in the fact that there are two types of laws: there are just laws, and there are unjust laws. I would agree with St. Augustine that ‘An unjust law is no law at all.’”<sup>20</sup> He goes on to explain the substantive difference between just and unjust laws, writing:

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

How does one determine when a law is just or unjust? A just law is a man-made code that squares with the moral law, or the law of God. An unjust law is a code that is out of harmony with the moral law. To put it in the terms of St. Thomas Aquinas, an unjust law is a human law that is not rooted in eternal and natural law. Any law that uplifts human personality is just. Any law that degrades human personality is unjust.<sup>21</sup>

Thus, like Thoreau a century earlier, King believes that there is a natural law, flowing from God, that establishes an objective moral system in this world. In King's mind, civil disobedience exists for the sake of promoting justice in a community—and bringing laws closer to the precepts of the natural law. While he displays more caution and prudence than Thoreau—and does not share the earlier writer's obvious disdain for the existence of government in general—King still displays a faith in the ability of civil disobedience to right the injustices of a community. In this way, he too favors the pursuit of justice over the maintenance of order.

### III

St. Thomas Aquinas's views about civil disobedience are fundamentally tied to his understanding of the nature of law.<sup>22</sup> In his

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<sup>21</sup> Ibid.

<sup>22</sup> It is important to note that Aquinas is not the Catholic Church's final word on the issue of civil disobedience. For the sake of this paper, however, I only discuss Aquinas because I am interested in the way in which King specifically references him, in the American context. For a greater discussion of this issue in the Magisterium see *Catechism of the Catholic Church*, Sections 1897-1904, 2234-2243; John XXIII, *Pacem in terris* (April 11, 1963); and the sections regarding laws on abortion and euthanasia in John Paul II, *Evangelium vitae* (March 25, 1995).



*Treatise on Law* in the *Summa Theologica*, Aquinas defines law as “an ordinance of reason for the common good, made by him who has care of the community, and promulgated.”<sup>23</sup> In Aquinas’s account, both the natural law created by God and positive laws enacted by humans fit this definition. The natural law is mankind’s participation in God’s eternal law, which guides individuals to live in accord with their innate ends and to discern between good and evil. Aquinas writes, “the light of natural reason, whereby we discern what is good and what is evil, which is the function of the natural law, is nothing else than an imprint on us of the Divine light. It is therefore evident that the natural law is nothing else than the rational creature’s participation of the eternal law.”<sup>24</sup> Human law, on the other hand, is a derivation from this natural law. Just as individuals use their reason to uncover scientific truths about the world, those with proper authority over a community derive positive laws from the precepts of the natural law.<sup>25</sup> Aquinas explains, “from the precepts of the natural law, as from general and indemonstrable principles, human reason needs to proceed to the more particular determination of certain matters. These particular determinations, devised by human reason, are called human laws.”<sup>26</sup> These features of law lead clearly to Aquinas’s understanding of civil disobedience.

For Aquinas, the moral force of a law depends upon the extent of its justice. While considering whether every human law is a proper derivation of the natural law, Aquinas argues that:

As Augustine says that which is not just seems to be  
no law at all: wherefore the force of a law depends on

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<sup>23</sup> Thomas Aquinas, “Treatise on Law,” in *Summa theologica*, translated by Richard J. Regan (Indianapolis: Hackett Pub., 2000), ST I-II Q90 A4.

<sup>24</sup> *Ibid.*, ST I-II Q91 A2.

<sup>25</sup> The terms “human law” and “positive law” are used interchangeably in this essay for the sake of variety in diction.

<sup>26</sup> *Ibid.*, ST I-II Q91 A3.

the extent of its justice. Now in human affairs a thing is said to be just, from being right, according to the rule of reason. But the first rule of reason is the law of nature, as is clear from what has been stated above. Consequently, every human law has just so much of the nature of law, as it is derived from the law of nature. But if in any point it deflects from the law of nature, it is no longer a law but a perversion of law.<sup>27</sup>

Furthermore, Aquinas explains that laws can be unjust in two different ways. Either a law is unjust because the law giver has exceeded his or her proper authority, or, more significantly, a law can be unjust because it is contrary to the human and common good.<sup>28</sup> This account seems to agree with King's arguments. For Aquinas, like King, a human law can either be just or unjust, depending on how well that human law shares in God's natural or moral law. Aquinas, however, emphasizes more than King the need for order and obedience in a community.

There is a key tension in Aquinas's thought between the good of order and virtue of justice. On one hand, Aquinas clearly believes in a natural law as well as the existence of unjust laws that are out of sync with this objective moral order. On the other hand, he is skeptical about breaking or disobeying these laws for fear that doing so would harm the community more than the unjust law itself. Aquinas writes, "Wherefore [unjust] do not bind in conscience, except perhaps in order to avoid scandal or disturbance, for which cause a man should even yield his right."<sup>29</sup> Aquinas continues this argument in *De Regno*, his treatise on political theory and the nature of kingship, "Indeed, if there be not an excess of tyranny, it is more expedient to tolerate the

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<sup>27</sup> Ibid., ST I-II Q95 A2.

<sup>28</sup> Ibid., ST I-II Q96 A4.

<sup>29</sup> Ibid.

milder tyranny for a while than to become involved in many perils more grievous than the tyranny itself by acting against the tyrant.”<sup>30</sup> He adds that, “Moreover, it sometimes happens that while the multitude is driving out the tyrant by the help of some man, the latter, having received the power, thereupon seizes the tyranny.”<sup>31</sup> Thus, Aquinas offers a strong prudential warning against civil disobedience or any efforts to change a political system by force.<sup>32</sup> In his view, the good of maintaining order is often worth tolerating a tyrant’s injustice. Unlike Thoreau, King, and the American Tradition, Aquinas is skeptical that civil disobedience is an effective way to rectify an unjust political community.

#### IV

Aquinas’s theory of civil disobedience strikes an unsteady balance. It is difficult to reconcile his straightforward awareness of unjust laws with his determination that breaking such laws should be avoided for

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<sup>30</sup> Thomas Aquinas, “Chapter 6: How to Make Provision Lest the King Fall into Tyranny,” in *De Regno: Ad Regem Cypri*.

<sup>31</sup> *Ibid.*

<sup>32</sup> Though Aquinas warns against disobedience, he does not completely reject it in principle. As a counter example, Aquinas does admit that a man condemned to a crime unjustly has the right to defend himself. “Second a man is condemned unjustly: and such a sentence is like the violence of robbers, according to Ezech. 22:21, Her princes in the midst of her are like wolves ravening the prey to shed blood. Wherefore even as it is lawful to resist robbers, so is it lawful, in a like case, to resist wicked princes; except perhaps in order to avoid scandal, whence some grave disturbance might be feared to arise.” Even while granting this point, however, Aquinas again emphasizes that one should avoid creating scandal or grave disturbances through disobedience. Thus, he offers a strong *prudential* warning against civil disobedience, even while acknowledging that there are some cases where it is acceptable *in principle*. *Summa theologica*, ST II-II Q69 A4.

the sake of order in a community. While prudence and judgment are essential, the American Tradition is right to emphasize that civil disobedience can be an effective and ethical way to work for the common good. In particular, King's four stages of direct action are a good way to conceive of civil disobedience—and a way that can also mitigate Aquinas's concern about fostering tyranny through protest. King's process of self-purification is key because it ensures that citizens suppress their egos and remain focused on both the common good and the task of bringing human law into accord with the natural law. By directing the end of civil disobedience towards fostering an environment for productive negotiation, King's theory of civil disobedience also avoids the risk of handing power to a new tyrant. While Aquinas's focus on order balances Thoreau's extreme skepticism of the government, it is King's theory of civil disobedience that most effectively addresses both the need for order and the priority of justice in a political community.

# The Darkness will not Overcome It: Man's Role in the Conflict between Truth and Totalitarianism

*Luke Sherman\**

**W**HAT IS A MAN COMPARED WITH THE STATE? This question, interesting at all times, becomes critical when a man finds himself under the oppression of a state set on accumulating power rather than safeguarding rights of its people. This state will not only ignore its duty, it will begin to work at odds with its duty, destroying life, liberty, and happiness as it spreads its influence into every aspect of human life, setting itself up in place of God. What could a man do against this? Although the power of a totalitarian state is great, the way in which such a state interacts with reality reveals the path to overcoming it. Looking first at the effect of a state which imposes itself upon culture, the danger of the totalitarian state will be laid out. From here we will turn to examine human nature, particularly human nature in regards work, and so see the incompatibility of human happiness and totalitarianism. It is with both of these in mind that the power and the responsibility of the individual arises. Bound both by right and duty to resist and perhaps even overcome such a state, each and every man has a responsibility to the truth imposed upon him by nature and by God—and only in carrying out this responsibility would totalitarianism be conquered.

## *Culture and the Totalitarian State*

Even a minimal understanding of culture is enough to reveal the damage wrought when the state controls it. Catholic historian

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Christopher Dawson writes, “a culture is essentially a moral order and this is just what makes it a culture.”<sup>1</sup> Now, if a culture flows out of its morality, for a government to control culture, the government, not God, must also be the source of the moral order. This happened openly in countries like Nazi Germany and Communist Russia. The immediate result of this state-church, according to Vaclav Havel, who saw it firsthand, is that “Reality does not shape the [political] theory, but rather the reverse.”<sup>2</sup> If the state decides that Jews are an inferior race, the reality becomes that they are an inferior race. Metaphysical truth does not matter, anthropological truth does not matter, even scientific truth does not matter if it is in opposition to the party’s opinion. Let it be emphasized, this is not exclusive to Marxist or fascist theories. Any political system—even democracy—which sets itself up as the source of culture, and thus morals, is totalitarian. The totalitarian regime, then, is not simply “the manifestation of a particular political line followed by a particular government. It is something radically different: it is a complex, profound and long-term violation of society, or rather the self-violation of society.”<sup>3</sup> Totalitarianism is not a political system, it is perversion of reality justified on political grounds. This can already be seen in its desire to control morality and culture through the usurpation of God’s place as the wellspring of reality.

Not only is the totalitarian regime a state which is not content with its own responsibilities and powers, it is a deliberate distortion of reality. The driving force behind totalitarianism is not the desire for power, but the desire to shape reality according to its own will. Power is a means to this end. The state must become “God” because religion worships that which is highest, that by which all else exists. Insofar as

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<sup>1</sup> Christopher Dawson, *Christianity and European Culture*, “What is a Christian Civilization,” ed. G. Russello (Washington: Catholic University of America Press, 1998), 21.

<sup>2</sup> Vaclav Havel, *The Power of the Powerless* (London: Vintage Classics, 2018), 46.

<sup>3</sup> *Ibid.*, 63.

people acknowledge a power beyond the state, they will see through its lies. Because of this, the totalitarian state cannot simply amend those realities which are contrary to it; “Because the regime is captive to its own lies, it must falsify everything.”<sup>4</sup> When a man tells a lie, inevitably he will have to tell another lie to cover up the first lie, another to cover the second, another to cover the third, *ad infinitum*.

Because lies are contrary to reality, they cannot fit within reality. This is why at the heart of a totalitarian government is an ideology, which, “provide[s] people, both as victims and pillars of the post-totalitarian<sup>5</sup> system, with the illusion that the system is in harmony with the human order and the order of the universe.”<sup>6</sup> Of course, for such a system to work the people must conform to this false reality. That is why they are not only victims but pillars as well. At the same time, this does not mean they have to profess the lie as truth from the depths of their heart. Havel writes:

Individuals need not believe all these mystifications, but they must behave as though they did, or they must at least tolerate them in silence, or get along well with those who work with them. For this reason, however, they must live within a lie. They need not accept the lie. It is enough for them to have accepted their life with it and in it. For by this very fact, individuals confirm the system, fulfill the system, make the system, are the system.<sup>7</sup>

Totalitarianism relies on the fact that it convinces each person that their neighbors believe these lies even if they do not. However, even

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<sup>4</sup> Ibid., 44.

<sup>5</sup> It is important to note, for Havel, the post-totalitarian government is not opposed to totalitarianism but is the modern manifestation of it.

<sup>6</sup> Ibid., 43.

<sup>7</sup> Ibid., 45.

*The Darkness will not Overcome It*

though the totalitarian regime relies primarily on appearances, it ultimately seeks to shape the way each man views reality. It does not need the people's consent, only their silence; this silence and isolation amid a sea of falsehoods leaves the people without a foundation. It is only a matter of time before they are swept along, giving their full consent to the lie, if only because it is easier and everyone else already has.

*An Examination of Human Nature*

Although, because of its web of lies, a totalitarian regime denies the whole of human nature. To look at one aspect of human nature is enough to show the regime's violation of it. Given the close relation to the recent attacks from Marxism, we will examine man as worker. To understand man as worker it is essential to recognize that toil, not work, is a result of the fall. In fact, John Paul II says that *Genesis* "shows what the dignity of work consists of: it teaches that man ought to imitate God, his Creator, in working, because man alone has the unique characteristic of likeness to God. Man ought to imitate God both in working and also in resting, since God himself wished to present his own creative activity under the form of *work and rest*."<sup>8</sup> John Paul II brings two important points to the fore in this passage. First, man, in working, is imitating God and participating in God's act of creation, and therefore, however distantly, in the life of God. The second point is this: work must always be in dialogue with rest. Although it is within man's nature to work, "work is 'for man' and not man 'for work,'"<sup>9</sup> and for this reason man's work must always be seen in light of man's final end, which man is especially called to remember every Sunday. Expanding upon this John Paul II writes, "Therefore man's work too not only requires a rest every 'seventh day', but also cannot consist in

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<sup>8</sup> John Paul II, *Laborem exercens*, (September 14, 1981), 9.

<sup>9</sup> Catechism of the Catholic Church, Section 2428.



the mere exercise of human strength in external action; it must leave room for man to prepare himself, by becoming more and more what in the will of God he ought to be, for *the 'rest' that the Lord reserves for his servants and friends.*"<sup>10</sup> Man is made for more than this finite world in which he dwells, and unless his work acknowledges this it does violence against his nature.

Further, expanding upon the idea that work is for man, we must recognize that work must not only be for man generally, but for the particular man as well. Man must enjoy the fruits of his labor, fruits that run deeper than mere profit. John Paul II writes:

The person who works desires *not only due remuneration* for his work; he also wishes that, within the production process, provision be made for him to be able to know that in his work, even on something that is owned in common, he is working *'for himself'*. This awareness is extinguished within him in a system of excessive bureaucratic centralization, which makes the worker feel that he is just a cog in a huge machine moved from above, that he is for more reasons than one a mere production instrument rather than a true subject of work with an initiative of his own.<sup>11</sup>

Insofar as the meaning of his work is disconnected from the work itself the man begins to see his life as empty, in which case "incalculable damage is inevitably done throughout the economic process, not only economic damage but first and foremost damage to man."<sup>12</sup> This is one of the reasons the Church staunchly defends man's right to private property. A man must have something to work on and to call his own.

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<sup>10</sup> John Paul II, *Laborem exercens*, 23.

<sup>11</sup> *Ibid.*, 22.

<sup>12</sup> *Ibid.*

This conception of work places God at the center of human life as its source and model. In doing this it makes itself incompatible with any state that wishes to set itself up as the source of truth, not just Marxism which makes a direct attack on the nature of work.

Both socialism and consumerism stand in opposition to this understanding of man and work, and, insofar as they are embraced by the government, the government ceases to govern and begins to eclipse reality with its own totalitarian desires. In regard to socialism, John Paul II writes, “The fundamental error of socialism is anthropological in nature. Socialism considers the individual person simply as an element, a molecule within the social organism, so that the good of the individual is completely subordinated to the functioning of the socioeconomic mechanism.”<sup>13</sup> Man is for work and his work is for the state according to socialism; this is a total reversal of the nature of man and work laid out by John Paul II. What is the consequence of such a perversion? Man is stripped of his individuality; he is useful when he is young and cast aside for newer parts as he ages.

Making a more subtle attack, consumerism supports the belief that man should possess his work and the fruits that come of it. Where this goes wrong is that it leaves out the eternal and so absolutizes material wealth. John Paul II writes, “It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed towards ‘having’ rather than ‘being,’ and which wants to have more, not in order to be more but in order to spend life in enjoyment as an end in itself.”<sup>14</sup> Consumerism makes material gain the end of work, rather than man’s preparation for the life to come—and in so doing ultimately places work above man, for the end of all activity becomes production and not the fulfillment of man’s nature in God.

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<sup>13</sup> John Paul II, *On the Hundredth Anniversary of Rerum novarum*, *Centesimus annus* (May 1, 1991), Para. 13.

<sup>14</sup> *Ibid.*, 36.

*Luke Sherman*

Man is fulfilled by acting in accord with his nature, and it is only in this that he attains true happiness. Even if something as mundane as work is corrupted, it will leave an emptiness in man that will draw him to long for more. Man will always long for a life as God intended it.

*The Power of Truth*

There is an order to the cosmos, which if broken draws man away from fulfillment in God. All ideologies bring about this distortion in an attempt to place themselves in the Holy of Holies. The question remains: even if a man recognizes the attack totalitarian regimes make against the truth, how, bombarded from every side by falsehood, is he to resist and overcome something so much bigger than himself? Must he consign himself to suffering in silence until he passes into the next life?

In the moment when the horror of totalitarianism is revealed as perverting and shaping all of reality into an illusion, hope shines through. For the very armor of ideology and the illusion of lies on which totalitarianism relies is also the chink in its armor.

Totalitarianism, relying essentially on lies, is vulnerable to the truth. As long as the truth is concealed totalitarianism can thrive, but as soon as the light of truth breaks through its gloomy walls the web of falsehoods begins to crack. Belief in this idea lies at the heart of Vaclav Havel's essay, *The Power of the Powerless*. Imagine a totalitarian state where:

One day something in our greengrocer snaps and he stops putting up the slogans merely to ingratiate himself. He stops voting in elections he knows are a farce. He begins to say what he really thinks at political meetings.... The greengrocer has not committed a simple, individual offense, isolated in its own

uniqueness, but something incomparably more serious.... He has shattered the world of appearances, the fundamental pillar of the system.... He has demonstrated that living a lie is living a lie.... He has said that the emperor is naked. And because the emperor is in fact naked...He has enabled everyone to peer behind the curtain. He has shown everyone that it is possible to live within the truth. Living within the lie can constitute the system only if it is universal. The principle must embrace and permeate everything. There are no terms whatsoever on which it can coexist with living in the truth, and therefore everyone who steps out of line *denies it in principle and threatens it in its entirety*.<sup>15</sup>

Because totalitarianism is built up by lie upon lie, each one concealing the one before it, a single person living in the truth can bring the whole system crashing down. A single match struck in a dark room dispels the darkness and shows the filth and perversion that has long festered unnoticed. Bringing this into dialogue with what Dawson said, a single person striving to live a moral life, and thus truly in tune with authentic culture, sheds light on the shallowness of the morality and culture dictated by the totalitarian state. The man living in the truth shows forth a joy that no falsehood can masquerade. At no point does this revolt against totalitarianism need to be political or violent. As we see in Havel, "The sphere in which they were living the truth was not necessarily even that of political thought. They could equally have been poets, painters, musicians, or simply ordinary citizens who were able to maintain their human dignity."<sup>16</sup>

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<sup>15</sup> Havel, *The Power of the Powerless*, 50.

<sup>16</sup> *Ibid.*, 52.

This power possessed by the greengrocer is also a responsibility. If the greengrocer can threaten the regime with his actions, it is also his actions that are responsible for maintaining the regime insofar as he does not live in the truth. This, as Dostoevsky reflected upon in *The Brothers Karamazov*, is the weight of every human action: “Every one is really responsible to all men for all men and for everything.”<sup>17</sup> Nothing man does is isolated from others and there is no private sin. The greengrocer who puts the political slogan in his window does nothing, and in doing nothing affirms the lie and encourages his fellow men to do the same. Though the war is against the totalitarian state, the battleline runs through every human heart.<sup>18</sup> As Wilhelm Röpke, a man who witnessed both world wars, writes:

The nidus of the malady from which our civilization suffers lies in the individual soul and is only to be overcome within the individual soul. For more than a century, we have made the hopeless effort, more and more badly proclaimed, to get along without God and vaingloriously to put man, his science, his art, his political contrivances, in God’s place.<sup>19</sup>

The very condition totalitarianism needs to thrive—namely, the rejection of the transcendent—is what man has been striving for well over a hundred years. To overcome totalitarianism and all ideologies, it is the responsibility of each man to reject them for the truth. A responsibility he owns not only to himself, but to his neighbor and to God.

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<sup>17</sup> Fyodor Dostoevsky, *The Brothers Karamazov*, trans. Constance Garnett (New York: Noble Classics, 2004), 266.

<sup>18</sup> Aleksandr Solzhenitsyn, *The Gulag Archipelago*, trans. Thomas P. Whitney (New York: Harper Perennial Modern Classics, 2007).

<sup>19</sup> Wilhelm Röpke, “The Economic Necessity of Freedom,” *Modern Age*, 3, no. 3 (Summer 1959): 236.

*The Darkness will not Overcome It*

Though the threat of the totalitarian state looms over the individual man, its threat is the threat of shadow. Built upon lies, it is ultimately empty. Whereas he, the man who lives in the truth, has the whole of reality on his side. Once he realizes this, it does not matter if he feels alone. He knows the light will shine in the darkness and the darkness will not overcome it.

# Madam President: Integral Human Development's Role in Women's Leadership

*Clarissa Emanuel\**

**M**ORE THAN TWENTY-FIVE YEARS AGO, the Vicar of Christ renewed the Catholic Church's deep regard for women voicing, "In transforming culture so that it supports life, women occupy a place, in thought and action, which is unique and decisive."<sup>1</sup> Recognizing the steppingstone of education to one's place in the world order, an educational system ought to be designed to form, educate, and love women to the fullest of their creation for "just as the whole of creation is ordered toward its Creator, so too the rational creature should of his own accord direct his life to God, the first truth and the highest good."<sup>2</sup> In this paper, I will explain religious formation and education through the lens of integral human development, highlighting its positive consequences on societal flourishing, then specifically apply this key tenet of Catholic Social Teaching to women.

Found richly in the Catholic intellectual tradition is the commitment to the principle of integral human development—the pursuit and responsibility of seeking God-given mission through the cultivation of skills, enriched by external factors such as Grace. In *Populorum progressio*, the 1967 encyclical concerned with the development of peoples, Pope Paul VI outlines:

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<sup>1</sup> John Paul II, *Evangelium vitae* (March 25, 1995), 99.

<sup>2</sup> Paul VI, *Populorum progressio* (March 26, 1967), 16.

*Integral Human Development's Role in Women's Leadership*

In God's plan, every man is born to seek self-fulfillment, for every human life is called to some task by God. At birth a human being possesses certain aptitudes and abilities in germinal form, and these qualities are to be cultivated so that they may bear fruit. By developing these traits through formal education of personal effort, the individual works his way toward the goal set for him by the Creator.<sup>3</sup>

By the Creator's design, development of persons was meant for man to discover himself in his fullness—to uncover who is he as man and who God created him to be. A means of discovery is education. Pope Benedict XVI teaches, “The term ‘education’ refers not only to classroom teaching and vocational training—both of which are important factors in development—but to the complete formation of the person...in order to educate, it is necessary to know the nature of the human person, to know who he or she is.”<sup>4</sup> Understood from this insight is the interdependent relationship of education and development and its pedagogical starting point—entering into the mystery of each student.

In *Caritas in veritate*, Pope Benedict XVI instructs the faithful, “Authentic human development concerns the whole of the person in every single dimension.”<sup>5</sup> An all-encompassing approach to development includes forming mind, body, and spirit. Contextualizing self-fulfillment in education, Pope Pius XI attests, “Christian education takes in the whole aggregate of human life, physical and spiritual, intellectual and moral, individual, domestic and social, not with a view of reducing it in any way, but in order to elevate, regulate and perfect

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<sup>3</sup> Ibid., 15.

<sup>4</sup> Benedict XVI, *Caritas in veritate* (June 29, 2009), 61.

<sup>5</sup> Ibid. 11.



it, in accordance with the example and teaching of Christ.”<sup>6</sup> Understanding education enriches and transforms humanity and its affairs. Integral human development is the foundation, application, and intention of Catholic, Apostolic education.

Integral human development in practice begins with the family. From the moment of conception, the family assumes the role of providing a safe, loving space for the new human person to learn and grow. It is the first place where self-actualization occurs as, “Man is not really himself...except within the framework of society and there the family plays the basic and most important role.”<sup>7</sup> Pope Paul VI emphasizes the primary role of the family in human development: “The natural family, stable and monogamous—as fashioned by God and sanctified by Christianity—in which different generations live together, helping each other to acquire greater wisdom and to harmonize personal rights with other social needs, is the basis of society.”<sup>8</sup> Living in constant relationship, “Families are the first place where the values of love and fraternity, togetherness and sharing, concern and care for others are lived out and handed on.”<sup>9</sup> With grounding in the good, the true, and the beautiful, the family unit serves as a school of love, stretching hearts and minds through questioning, listening, and grappling. Foundationally, families are “called to a primary and vital mission of education,”<sup>10</sup> particularly as the “values of freedom, mutual respect and solidarity can be handed on from a tender age.”<sup>11</sup> In man’s first community of the home, he learns relational agility and acquires a set of principles of living, which set the tone of dialogue with the larger human family.

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<sup>6</sup> Pius XI, *Divini illius magistri* (December 31, 1929), 95.

<sup>7</sup> *Populorum progressio*, 36.

<sup>8</sup> *Ibid.*

<sup>9</sup> Francis, *Fratelli tutti* (October 3, 2020), 114.

<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

Originating with the act of unity and self-gift of Christian parents in the co-creation of a child, families further this act of charity through a lifelong commitment of service; by serving one another in the home, families prepare themselves and their kin to serve in their communities—“caring for vulnerability, for the vulnerable members of our families, our society, our people.”<sup>12</sup> Familial immersion in the sacramental life of the Church, combined with necessary leisure time, service to each other and greater community, and dispositional humility, not only allow societies to function, but promote the pursuit of self-discovery in the hands of God.

The impact of thriving natural families does not merely end with kin. For “in the task of development man finds the family to be the first and most basic social structure.”<sup>13</sup> Stability brought by family unity begets stability in other organizations, including educational institutions, and sets the example for future families. Integral human development is set in motion in the home and overflows into every segment of society.

Integral human development is the basis of formal education.<sup>14</sup> In Pius XI's encyclical *Divini illius magistri*, the late Holy Father grounds formal education in family:

The first natural and necessary element in this environment, as regards education, is the family, and this precisely because so ordained by the Creator Himself. Accordingly that education, as a rule, will be more effective and lasting which is received in a well-ordered and well-disciplined Christian family; and more efficacious in proportion to the clear and

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<sup>12</sup> Ibid., 115.

<sup>13</sup> *Populorum progressio*, 38.

<sup>14</sup> Ibid., 15.

constant good example set, first by the parents, and then by the other members of the household.<sup>15</sup>

Designed by God, family maintains its role as the basis of society. The accumulation of values and morals learned and reenforced daily at home extend to every branch of society, including the environment of an educational institution. Explaining the development of schools, dynamic of family, and advancement of society, Pius notes, “Since however the younger generations must be trained in the arts and sciences for the advantage and prosperity of civil society, and since the family of itself is unequal to this task, it was necessary to create that social institution, the school.”<sup>16</sup> Born out of need, educational institutions were conceptualized to fill the gap of parental instruction.

Radically affirming education’s impact on societal flourishing, Pope Paul VI writes, “basic education is the first objective for any nation seeking to develop itself. Lack of education is as serious as lack of food; the illiterate is a starved spirit. When someone learns how to read and write, he is equipped to do a job and to shoulder a profession, to develop self-confidence and realize that he can progress along with others.”<sup>17</sup> Intellectual poverty hinders reason, self-actualization, and development.

When a person is uneducated, their existence becomes about seeking out resources for survival and known pleasure, rather than directing energy and talent toward higher goals for themselves, their families, and the betterment of society. Education allows for developing interpersonal and technical skills, acquiring a job related to training and talents, and believing a person is worthy of flourishing.

The task of education should not be taken lightly. About instructing students at an impressionable life stage, instilling values

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<sup>15</sup> *Divini illius magistri*, 71.

<sup>16</sup> *Ibid.*, 77.

<sup>17</sup> *Populorum progressio*, 35.

such as confidence and responsibility, and preserving Catholic intellectual and social tradition, Pope Francis pens, “Teachers, who have the challenging task of training children and youth in schools or other settings, should be conscious that their responsibility extends also to the moral, spiritual and social aspects of life.”<sup>18</sup> All educators should understand teaching is a high call, a vocation, and a great responsibility.

Though the formation of each student does not begin or end with their education, schoolteachers play a vital role in setting the example and providing encouragement. A student’s mind, body, heart, and soul ought not only be protected and respected but explored and expanded through intentional, virtuous, and gentle instruction. Pope John Paul II speaks of the educational institution’s duty to the student:

It is essential, therefore, that the instruction given to our young people be complete and continuous, and imparted in such a way that moral goodness and the cultivation of religious values may keep pace with scientific knowledge and continually advancing technical progress. Young people must also be taught how to carry out their own particular obligations in a truly fitting manner.<sup>19</sup>

Correspondingly, science and other subjects must find their context in truth, beauty, and goodness of the Catholic worldview, using the moral framework to wrestle with problems and solutions of the world.

Pope John Paul II’s predecessor Pius XI views religious education as the focal point of the institution: “it is necessary that all the teaching and the whole organization of the school, and its teachers, syllabus and

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<sup>18</sup> Fratelli tutti, 114.

<sup>19</sup> Evangelium vitae, 153.

text-books in every branch, be regulated by the Christian spirit, under the direction and maternal supervision of the Church; so that Religion may be in very truth the foundation and crown of the youth's entire training."<sup>20</sup> The Catholic faith must be the beating heart of an educational institution. Teaching of a subject, regardless of content area, necessitates an excellent person, not just an excellent educator. Pius XI sets the standard for Catholic educators:

Perfect schools are the result not so much of good methods as of good teachers, teachers who are thoroughly prepared and well-grounded in the matter they have to teach; who possess the intellectual and moral qualifications required by their important office; who cherish a pure and holy love for the youths confided to them, because they love Jesus Christ and His Church, of which these are the children of predilection; and who have therefore sincerely at heart the true good of family and country.<sup>21</sup>

The moral and intellectual qualifications of educators, paired with holy, healthy relational dispositions grounded in Christ and the Catholic tradition enable Catholic education to take place. Teacher formation, education, and commitment far exceed solely-skilled instruction because the educator's pedagogy is inherently Catholic. A personal relationship with Jesus Christ and love for Christ and His Church allows educators the necessary "extended and careful vigilance," circumventing "the dangers of moral and religious shipwreck [that] are greater for inexperienced youth."<sup>22</sup> In praxis, each educator ought to be equipped to resist falling victim to relativism

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<sup>20</sup> *Divini illius magistri*, 80.

<sup>21</sup> *Ibid.*, 88.

<sup>22</sup> *Ibid.*, 90.

under the guise of false empathy and empowerment, recognizing the wolf in sheep's clothing takes the form of "speak your truth," "live your truth," and "this is my truth." If they are not, proper pupil formation is hindered.

While the Church prudently cautions against dangers of culture, "this necessary vigilance does not demand that young people be removed from the society in which they must live and save their souls; but that today more than ever they should be forewarned and forearmed as Christians against the seductions and the errors of the world."<sup>23</sup> Guarding against erroneous ways and distortions is an educational reality about which the Church expresses concern. Educators must strive to present the Truth in any discipline and invite their students to the fragrance of Christ's love and compassion and into a lifelong relationship with God. Integral human development relies on education to form and edify students as people, allowing the progression of learning, reinforcement of values, and strengthening of character to occur.

Integral human development is not limited to the individual. Surpassing the inclination to turn exclusively upward, people of good will must actively heed, "Development of the individual necessarily entails a joint effort for the development of the human race as a whole."<sup>24</sup> Integral human development is the basis for authentic, free interpersonal relations. In Pope Francis's 2020 encyclical on fraternity and social friendship, he connects the relational to the universal, expressing, "Education and upbringing, concern for others, a well-integrated view of life and spiritual growth: all these are essential for quality human relationships and for enabling society itself to react against injustices, aberrations and abuses of economic, technological, political and media power."<sup>25</sup> The Holy Father believes sculpting

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<sup>23</sup> Ibid., 92.

<sup>24</sup> *Populorum progressio*, 43.

<sup>25</sup> *Fratelli tutti*, 167.

persons to be public-spirited, with knowledge of themselves and a firm commitment to the Divine, directly correlates to acting as human backstops against rights violations and violence.

Pope Francis writes of development's snowball effect, "seeking and pursuing the good of others and of the entire human family also implies helping individuals and societies to mature in the moral values that foster integral human development."<sup>26</sup> This moral standard of excellence transforms boys into men, girls into women, and leaders into public servants, for, "Every society needs to ensure that values are passed on; otherwise, what is handed down are selfishness, violence, corruption in its various forms, indifference and, ultimately, a life closed to transcendence and entrenched in individual interests."<sup>27</sup> Without the teaching of virtue throughout generations, priorities become distorted and truth becomes twisted, closing persons off from the necessity of Divine relationship.

With proper development and education, civil servants emerge, as Pius XI writes, "the true Christian, product of Christian education, is the supernatural man who thinks, judges and acts constantly and consistently in accordance with right reason illumined by the supernatural light of the example and teaching of Christ; in other words, to use the current term, the true and finished man of character."<sup>28</sup> Faith and values learned and practiced through means of integral human development build leaders who uphold the dignity and rights of all peoples as an extension of their moral character.

Finally, integral human development calls for a separation of the sexes. Denouncing educational unity of males and females, Pius XI proposes, "False also and harmful to Christian education is the so-called method of 'coeducation.' This too, by many of its supporters, is founded upon naturalism and the denial of original sin; but by all, upon

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<sup>26</sup> *Ibid.*, 112.

<sup>27</sup> *Ibid.*, 113.

<sup>28</sup> *Divini illius magistri*, 96.

a deplorable confusion of ideas that mistakes a leveling promiscuity and equality, for the legitimate association of the sexes.”<sup>29</sup> Reasoning further, he writes:

These, in keeping with the wonderful designs of the Creator, are destined to complement each other in the family and in society, precisely because of their differences, which therefore ought to be maintained and encouraged during their years of formation, with the necessary distinction and corresponding separation, according to age and circumstances.<sup>30</sup>

Separation during education and formation is necessary because each sex comes to actualize their distinctions as they are formed. As a young woman progresses in development, she begins to understand herself, and thus understands others better. While strong interpersonal relations develop with age and wisdom, women are fashioned with an inherent gift of reception. Pope John Paul II articulates the connection between the feminine soul and development of humanity:

Women first learn and then teach others that human relations are authentic if they are open to accepting the other person: a person who is recognized and loved because of the dignity which comes from being a person and not from other considerations, such as usefulness, strength, intelligence, beauty or health. This is the fundamental contribution which the Church and humanity expect.<sup>31</sup>

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<sup>29</sup> Ibid., 68.

<sup>30</sup> Ibid.

<sup>31</sup> *Evangelium vitae*, 44.



As women grow and become attune to the world around them through education and development, they begin to understand the world around them and their role in it.

With the rise in women's education comes the natural rise in leadership. When Pope John XXIII authored his 1963 encyclical on "Establishing Universal Peace in Truth, Justice, Charity, and Liberty," he sees the connection between strong values and strong women, writing, "the part that women are now playing in political life is everywhere evident. This is a development that is perhaps of swifter growth among Christian nations, but it is also happening extensively, if more slowly, among nations that are heirs to different traditions and imbued with a different culture."<sup>32</sup> Coupled with greater self-understanding is "an increasing awareness of...natural dignity. Far from being content with a purely passive role or allowing themselves to be regarded as a kind of instrument, [women] are demanding both in domestic and in public life the rights and duties which belong to them as human persons."<sup>33</sup> Recognizing their own personhood opens the door towards self-fulfillment as the possibilities of a woman's tertiary vocation expand as she grows and develops.

When a woman learns authentic human relations, she applies them effectively. Pope Francis affirms, "I believe women in general are much better administrators than men. They understand processes better, how to take projects forward."<sup>34</sup> Further elaborating, "in my pastoral experience on different Church bodies, some of the sharpest advice came from women who were able to see from different angles, who were above all practical, with a realistic understanding of how things work and people's limitations and potential."<sup>35</sup> Women's understanding of the economy of the human person leads to

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<sup>32</sup> John XXIII, *Pacem in terris* (April 11, 1963), 41.

<sup>33</sup> *Ibid.*

<sup>34</sup> Francis, *Let Us Dream: The Path to a Better Future* (New York: Simon & Schuster, 2020), 67.

<sup>35</sup> *Ibid.*

anticipation of needs, sensitivities to developmental gaps, and awareness of obstacles.

Because of a woman's natural propensity to tend to humanity, solidarity is instinctive as "this duty is not limited to one's own family, nation or State, but extends progressively to all mankind, since no one can consider himself extraneous or indifferent to the lot of another member of the human family. No one can say that he is not responsible for the well-being of his brother or sister."<sup>36</sup> Women possess the ability to see persons as someone else's child; in their maternity, they rise to the responsibility to defend, shelter, protect, and love in the absence of one's guardian. Women can and ought to lead the way for empathetic global relations, compassionate dialogue, and sensible solutions. As products of authentic integral human development, heavily actualized through single-gender Catholic education for growth and development, women can be prepared to better the world through service, leadership, and lived vocation.

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<sup>36</sup> John Paul II, On the Hundredth Anniversary of *Rerum novarum*, *Centesimus annus*, Encyclical Letter (May 1, 1991), 51.