

## **10: ON A MORAL ECONOMY**

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America is the wealthiest, most powerful nation on Earth. Its economy accounts for one-fifth of the world's Gross Domestic Product, with some 212 countries contributing the remainder. America welcomes into its society more people from more nationalities, religions, languages and cultures than any other nation in history, and provides them with opportunities to create better futures for themselves and their families. In recent memory, America has defeated the forces of fascism, Nazism, and communism, and continues to be a bastion of freedom and democracy for people everywhere. It has landed men on the moon, excelled in scientific and technological advances, improved agriculture, advanced medical knowledge, increased the productivity of its businesses, expanded its economy, and enhanced the standard of living for its people. In these material ways, America has succeeded enormously, leading the world in wealth, power, and influence.

Behind its enormous expansion has been the pressure of people's needs, wants, and desires, which regularly increase as they continue to be met through the skillful application of science, technology, finance, productive enterprise, marketing and business management, all operating in a market-driven economy. The illusionary desires of yesterday have become the superfluous wants of today and will transform into the necessities of tomorrow. Producing goods and services for others makes sense both for economic self-interest as well as the common social good. To be successful in a market economy, business must respond to the wants, needs and desires of consumers, that is, it must regard others.

The *Compendium of the Social Doctrine of the Church* describes a capitalistic, free-market as "an institution of social importance because of its capacity to guarantee effective results in the production of goods and services." The dynamism of a market-based economy unleashes individual initiative, inventive intellect, entrepreneurship, and creativity that often result in the improved production of goods, services and wealth. These, in turn, are important for achieving objectives of justice, charity, and the social well being of people.

A productive, expanding economy creates opportunities for all people to improve their lives. The creation of wealth and the alleviation of poverty can move in tandem, for there is a greater availability of material goods and the wealth to purchase them. It does not mean that poverty will be eliminated, but only that the lives of all can be improved. Poverty is relative, and as long as there is a spread of wealth among the populace, those at the bottom of the curve will be considered to be poor. In an expanding economy, however, all people, including the poor, have a chance to better themselves. As President John F. Kennedy stated, "A rising tide lifts all boats."

A socialist or welfare economy, in contrast, is passive and static, with people and institutions relying on others for basic needs. In a static economy, one group of people can advance only at the expense of another. If some get rich, others become poorer.

With a fixed amount of wealth to be distributed there can be justice only in a monastic-like or communal society, in which everyone agrees to forego his or her advancement for the good of the community. In a large, more heterogeneous society, the human desire to advance oneself can easily lead to the oppression of others. Autocracy is often the result.

A market economy, even with the advantages it creates, is not a panacea. Abuses and problems, such as enormous variations in the distribution of wealth, exist in free markets. Further, an inordinate desire for material progress, fueled by ever increasing advances in science and technology and the insatiable demand of business for increased profits, can become an idolatrous faith. Too many people become blinded by the temptations of material gain, forgetting that their lives have a supernatural dimension and that the things of this world are to be used to help one to fulfill the divine plan of their existence.

If a free market is to work properly, it requires a certain parity among the entities so that one party does not become powerful to the degree that others are reduced to practical subservience. This is true for organizations, as well as individuals. When a corporation becomes too powerful, the State has an obligation through juridical means to assure that a free competitive market can operate. The State must insert itself, however, only in a minimal way to right egregious abuses, without unduly restricting the freedom of businesses to operate as they see fit. This involvement should be guided by the principles of solidarity and subsidiarity -- solidarity to stimulate actions to defend the weak and disadvantaged; subsidiarity to guarantee that the state's intervention will not become overly invasive.

The relationship between economic progress and human dignity has been a continuing concern of Catholic social doctrine. When society evolved from an agricultural to an industrial economy in the second half of the 19<sup>th</sup> century, human labor became a commodity that could be bought and sold in the market. Pope Leo XIII then defined the Church's position regarding the essential dignity of the person and the individual rights of workers in *Rerum Novarum*. When strong economic centralization arose in the early 20<sup>th</sup> century, especially under socialism, Pope Pius XI introduced the principle of subsidiarity in *Quadragesimo Anno*. More recently, the Welfare State has evolved. It has come about to assist people in need, but in doing so often makes them dependent upon the State, which reduces their freedom and dignity as persons. Pope John Paul II addressed this by expanding upon the ideas of his predecessors in *Centesimus Annus*. In these and many other documents, the Church continues to define the basis of a moral economy, that is, an economy which can provide for the material well being of people, while not violating their natural rights or disregarding their needs for social, religious and spiritual development.