This article, which was SCSS president Stephen M. Krason’s online column for December 2010 (“Neither Left Nor Right but Catholic”) points to some of the major principles of Catholic social teaching and emphasizes the Church’s insistence that economics cannot be viewed as operating according to autonomous laws disconnected from morality. While the Church stresses the value of the market and the right of free initiative in economics, she makes clear that good moral outcomes do not happen automatically when economic actors act in a self-interested manner (i.e., a kind of “invisible hand” notion). Economic decisions must always be informed by sound moral principles, and the Church stresses that upholding human dignity must always be the central concern in economic life.

Neither Left nor Right but Catholic

CATHOLIC SOCIAL TEACHING: NOT LINED UP WITH EITHER ECONOMIC LIBERALISM OR STATISM

Stephen M. Krason

When one thinks about the central principles of Catholic social teaching as respects economic life, the following quickly come to mind: just wage, the natural right of private property but the obligation of social use of that property, the principle of subsidiarity, the universal destination of created goods (which points to another principle that has gotten much emphasis in recent decades, solidarity), and the centrality of human dignity instead of purely economic phenomena like competition or profit as the ordering principle for economic life. While, to be sure, the Church is well aware of economic realities—that, for instance, if private economic initiative is lacking an economy stagnates and the temporal needs of man suffer (Mater et Magistra) and making a profit is necessary for a firm to continue functioning (Centesimus Annus), she also makes clear that economics does not operate by autonomous laws that are disconnected from morality.

A writer such as Thomas Woods of the Ludwig von Mises Institute claims that the Church has no competence to address just wage, that it is strictly governed by laws of economics. The late Nobel laureate Milton Friedman claimed that business corporations should not be concerned about being socially responsible; their job was exclusively to make profit. Such perspectives embody Adam Smith’s old notion of the “invisible hand,” which in turn betrays the Enlightenment view—
criticized by the likes of Pope John Paul II—that human society is viewed in a mechanistic way. In fact, nothing happens automatically; a good moral outcome, for individuals and society, requires effort. The market economy may rightfully be said to help bring about a good allocation of resources, as John Paul said, but by itself does not insure economic justice. The social encyclicals repeatedly say that competition is certainly valuable, but is not the be all and end all. How can one reasonably expect that such justice will prevail if those who are particularly potent economic players—like the corporations that Friedman said have no social responsibility—wash their hands of such considerations, and simply focus on making profit? How can the principle of the universal destination of created goods—that the bounty of God’s Creation is to be accessible to all persons, so long as they put forth the requisite effort—be viable if businessmen do not think they have a moral obligation to make sure their profits should be used to further build up the economy to create more jobs and opportunities for their neighbors and communities? The social use of property does not mean leaving things for the “laws of economics” to act, but requires the moral choice to use one’s property for good ends and the benefit not just of oneself but also others.

Quite the opposite of thinking that wage levels should be established according to mechanistic “laws” or that social responsibility should play no role in setting them or in other economic decision-making, *Quadragesimo Anno* (#70-75) says that they should be determined by what is sufficient to support the worker and his family, what the state of a firm can support, and by concerns for the common good. Of course wages are going to be shaped by economic forces such as supply and demand, but not *exclusively*. This is because human dignity must be the prime consideration.

On the other side, it was commented that during the recent national health care debate some Catholic spokesmen emphasized the principle of solidarity—correctly noting the right to health care that is mentioned in *Pacem in Terris*—but seemed oblivious to subsidiarity. They talked about the American public bearing a moral obligation to provide health insurance to those who can’t afford it, but said nothing about the moral mandate imposed by subsidiarity to do things at the level closest to the people if possible (*Quadragesimo Anno* calls its violation “an injustice” and “a grave evil and disturbance of right order”). In persistently seeking to ramp up government social welfare spending, they also ignore that the Church has said that there is a point at which taxation can reach unfair levels and violate the right of private property (*Rerum Novarum* #47). They pay no attention to John Paul’s
trenchant criticism of the contemporary Western welfare state in *Centesimus Annus*.

Both these Catholic statists and Catholic new economic liberals like Woods—in the tradition of *National Review*’s “Mater Si, Magistra No” in 1961—exhibit the same common, troubling tendency of people to pick and choose the principles of Catholic social teaching they wish to follow. Whether they will follow it depends on whether it accords with their predetermined socio-political ideology or economic theory.