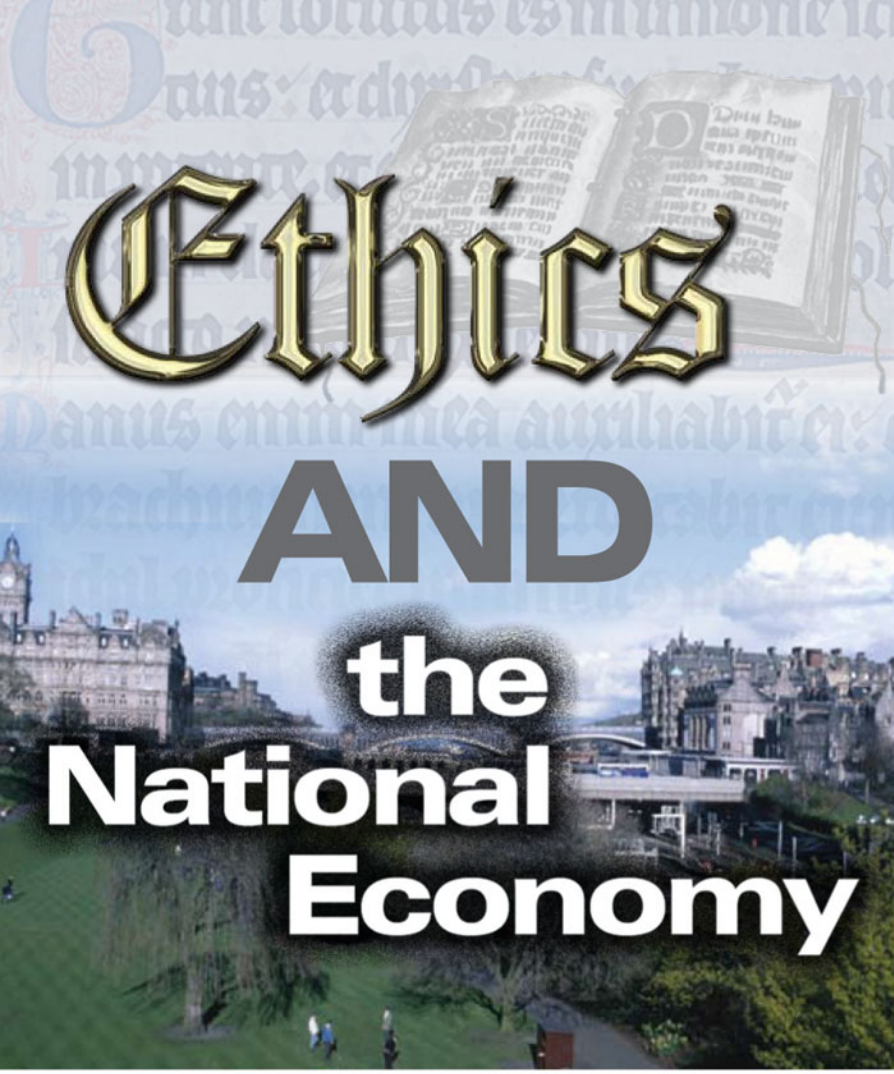

Fr. Heinrich Pesch, S.J.

Translated and with an Introduction by
Dr. Rupert Ederer

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explaining why 'free enterprise' is anything but free, eventually corrupting everything it touches. Even better, Pesch brilliantly points us to an abundant yet humane economic system based on eternal moral principles that defend the weak without bankrupting the nation. This is a book the whole country should be reading."

—Jim Bemis
columnist, *California Political Review*

"...a splendid introduction to [Pesch's] thought."

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"In stark contract to the neo-Liberal dismissal of both a socially binding 'ethics' and the very concept of a 'national economy,' we find a priest, philosopher, and economist asserting the real existence of both. Indeed, if we can assert anything concerning the thought of Heinrich Pesch, S.J. (1854–1926), it is that it attempts to demonstrate the necessary grounding of all economic science in the more encompassing sciences of ethics and philosophical anthropology."

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"What's astonishing about this classic of humane economics is the profound love for man as the image of God which permeates its closely reasoned pages. It breathes a classical Christian concern for the true good of the human person.

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—John Zmirak, Ph.D.
Senior Editor, *Faith & Family Magazine;* author, *Wilhelm Röpke: Swiss Localist, Global Economist*

Ethics and the National Economy

"While Socialism calls for the abolition of private ownership of the means of production, the motto of Solidarism is: *increase the number of owners!*"

—Heinrich Pesch, S.J.
Lehrbuch der Nationalökonomie, 4, 2.

"...only in society does the human being become truly master of his environment, when he co-operates with his fellow men through the division of labor, and in teamwork. From the structure of society comes the natural community: Vocation, State, the Community of Nations.... For Pesch, society's communal nature is built of a threefold solidarity: in the solidarity which arises in a profession especially within a Guild Sytem, and within this especially between employer and employee; in the solidarity existing between the citizens of the State; and, finally, in the solidarity built between nations.

"Pesch did not seek to create *the* Catholic economic system, for such does not exist; but it was his intention – borne of the Catholic spirit and the Catholic sense of responsibility to our age – to demonstrate the lessons to be drawn from the immutable Christian moral law and how it could be applied to the present economic state of things."

—Fr. Johannes Messner
"Heinrich Pesch" (obit.)
Das Neue Reich, vol. 8, 1926

To holy priests everywhere, past and present, who have understood the central importance of the Social Teaching of the Church for the defense and the growth of the Mystical Body of Christ.

Ethics
AND
the National Economy

by

Fr. Heinrich Pesch, S.J.

Norfolk, VA
2004

Ethics and the National Economy.

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Ethics and the National Economy was originally written in German as *Ethik und Volkswirtschaft,* and submitted as one of several articles commissioned to address the reconstruction of international law and peace following World War I by the Commission for Christian International Law, which was established in 1917 by the Labor Committee for the Defense of German and Catholic Interests in the World War. The articles were published in several numbers as a single work entitled *International Law,* edited by Dr. Godehard Joseph Ebers, Professor of Law at the University of Münster, and of which Pesch's essay comprised volumes 4 and 5. Pesch's work also bore the *Imprimi potest* (1917) of Louis Kösters, S.J., and the *Imprimatur* (1918) of Fritz, Vicar General of Freiburg im Breisgau.

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"Many believe in or claim that they believe in and hold fast to Catholic doctrine on such questions as social authority, the right of owning private property, on the relations between capital and labor, on the rights of the laboring man, on the relations between Church and State, religion and country, on the relations between the different social classes, on international relations, on the rights of the Holy See and the prerogatives of the Roman Pontiff and the Episcopate, on the social rights of Jesus Christ, Who is the Creator, Redeemer, and Lord not only of individuals but of nations. *In spite of these protestations, they speak, write, and, what is more, act as if it were not necessary any longer to follow, or that they did not remain still in full force, the teachings and solemn pronouncements which may be found in so many documents of the Holy See, and particularly in those written by Leo XIII, Pius X, and Benedict XV.*

"There is a species of moral, legal, and social modernism which We condemn, no less decidedly than We condemn theological modernism."

—Pius XI
Ubi Arcano Dei

Foreword

> "There is no better foundation, even for the material welfare of nations, than Christianity when it is put into actual practice."
>
> —Heinrich Pesch, S.J.

> "Simple faith and economic rationalism cannot dwell together. It is unthinkable that priests should govern entrepreneurs."
>
> —Ludwig von Mises

Recent years have seen the appearance of numerous works attempting to address the general state of confusion into which the Catholic world was plunged following the Second Vatican Council. Leaving aside the question of what exactly went wrong with the Church and the world in the troubled 1960s, one can nevertheless appreciate attempts to reckon with the confusion, to address its causes, and to propose means for its elimination.

What is certain, however, is that a *strictly* religious solution to the crisis of the modern world will be insufficient, if a "strictly religious solution" is one that ignores temporal (as opposed to spiritual or ecclesial) life. No amount of theological speculation nor recovery of pious habits will solve modern man's problem unless that speculation and those habits are made to influence his life as he is constrained to live it *in the world*. Protests against the "regime of novelty" that according to some writers is entrenched within the Catholic Church will remain little better than useless if the same protest is not registered, in a persuasive and coherent way, against the novelty that the modern world embodies in its social, economic, and political setup, as against its venerable and wholly superior medieval predecessor.

Which observation illustrates an interesting point. An unfortunate tendency among some critics of "novelty" *within* the Church is to ignore the novelty *without*. Their hopes for a restoration of faith remain pipe dreams as long as they refuse to admit that the organization of the world *outside* the Church has at least as much, if not more, of an effect on souls as the organization within it.

The most conspicuous example of this tendency – to address the nefarious forms of "progress" within the Church while ignoring their equally evil manifestations in temporal, extra-ecclesial life – is

the habit of apologizing for Capitalism while demanding a return to the Latin Mass. There can be no doubt that the ancient and venerable Mass built western civilization; there is no less doubt that Capitalism, along with Modernism, is destroying it. And *that* work of destruction began long before the development of the *Novus Ordo Missae*.

Religiously "traditional" and "conservative" worshipers of Austrian economics find apparently little inconsistency in demanding that the clerical clock be turned back while cheering the triumph of European and American *lassiez-faire*. As a result the author of the following work, the Jesuit Father Heinrich Pesch – a brilliant Catholic economist and sworn enemy of Capitalism – has of late been singled out for some rather harsh criticism by these partisans of economic "freedom," in what seems a rather pathetic attempt to reassure the modern world that any retrogression in matters ecclesiastical will *not* have any practical application beyond the Church's threshold.

But there was a time when Truth applied to matters of social, temporal life as well as to those of private, personal, spiritual life. It is to that period that we must turn if we are to effect a lasting restoration of the Church and its earthly bulwark, the Christian world. And while a wistful glance back at the glories of the Middle Ages does not imply a rigid, technical imitation of all their forms of social life, it *does* entail a return to the *principles* that those Ages embodied, and a revivification of the present with the wisdom of that glorious past.

To that end we are pleased to present the work of this much-maligned Jesuit. Of all the 20th-century sons of the Church who devoted themselves to the study of economics, none did so in a more comprehensive and coherent way than did Heinrich Pesch. And none was more correctly convinced that the solution to modern economic woes was to be found not in a servile acceptance of prevailing (and so-called) economic thought, but rather in an application of Christian, Thomistic wisdom to modern circumstances and conditions.

That wisdom provides the "Ethics" of Pesch's *Ethics and the National Economy*. And the ethical aspect specifically of Pesch's treatise meets today's dire need for an unapologetic reaffirmation – in the face of those who insist upon a return to a sane and healthy religious past while ignoring the social wisdom that such a past elaborated – of this fundamental truth: that *economics is subordinate to ethics*.

Such a notion was obvious both to the ancients and to the Scholastics, who understood that any science dealing with the free

actions of man must be a subordinate (though distinct) component of moral science. This latter deals with the question of what man *ought* to do in the highest and most systematic of ways, and it follows that a study of what man *ought* to do in the production, consumption, and distribution of wealth will necessarily build itself upon truths established by that science which examines all of man's actions in light of his obligation ever to lead himself towards his ultimate End.[1]

The reader will find, therefore, in this short but illustrative treatise, a solid discussion of the nature of economic science and of its various aspects, in light of first principles known by reason and confirmed by revelation as absolutely true. For most, such a discussion will doubtless come as a refreshing and enlightening departure from the frequently sterile, clinical, "value-free" presentations of economic science. For Catholics in particular, it will be a reminder of binding truths which form as integral a part of the Catholic Faith as do the more "spiritual" dogmas treating of strictly supernatural subjects – and which, if implemented, would go a long way towards that wished-for restoration of a Christian social order.

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Lest Pesch be dismissed as a "crank" who ignored the discoveries of "real" economists to formulate a quirky, "heretical" mixture of economics and religion, it should be borne in mind – by Catholics in particular – that he was both a first-rate academic in his own right, and also the intellectual descendent of a long line of uncompromisingly Catholic social thinkers, whose work both prepared the way for, and received the sanction of, the definitive pronouncements of the Church on social and economic questions.

In one of the few books in English on Pesch's work, *The Economics of Heinrich Pesch*, Fr. Richard E. Mulcahy, S.J., relates that Pesch began his study of social sciences in 1872, at the age of 18, and upon entering the Society of Jesus, he passed the years 1876 to 1890 studying "classical literature, philosophy, theology, higher mathematics, and the natural sciences." During this period he spent four years in Lancashire, England, coming face to face with the squalor of the industrial revolution. As spiritual director of the seminary of the Mainz diocese, from 1892 to 1900, he completed one of his greatest works, *Liberalism, Socialism, and the Christian Social Order*, while

[1] See Pesch's discussion of the *relative* independence of economics as a *science* and its conformity to *moral* truth on pp. 37ff., 142ff., and 167ff. of the present edition.

living in the house that the famous Social-Catholic Bishop Wilhelm Emmanuel von Ketteler (1811–1877) had occupied years before.

After a brief period (1901–1902) at the University of Berlin studying under the economists Gustav Schmoller (1838–1917), Max Sering (1857–1939), and Adolph Wagner (1835–1917), Pesch devoted the remaining 23 years of his life to writing his monumental, five-volume *Compendium of the National Economy,* working from the Jesuit House of Writers in Luxembourg, where he had access to all relevant economic literature from England, America, France, Austria, and Switzerland. His work ran to nearly four thousand pages, and earned for him the title of the first Catholic to write a complete, scientific economic treatise: "...[T]he impregnation of [social and economic questions] with all the tools of modern economic science and the construction of a complete system is the abiding service rendered by Pesch," says Mulcahy. And of economists *per se* he is the first to construct "an integrated economic theory based on Aristotelian-Thomistic philosophy."

Those who influenced Pesch possessed first-rate intellects and helped to establish the social Catholic tradition. Two notables among Pesch's predecessors are Franz von Baader (1765–1841), a philosopher whose teachings on politics and economics are said by the old *Catholic Encyclopedia* to be of "permanent value"; and Adam Müller (1779–1829), a political economist whom the same *Encyclopedia* ranks alongside Burke and de Maistre as one of the "chief opponents of revolutionary ideas in politics." Both contributed to the broad field of Social Catholicism and helped to establish its "Corporatist" character, which emphasizes the need to rebuild the medieval "corporations" or Guilds in a fashion suited to modern times.

Pesch was also influenced by the Baron Karl von Vogelsang (1818–1890), the prominent Austrian social theorist and Corporatist, having studied briefly under Dr. Rudolf Meyer (1844–1924), one of Vogelsang's disciples. It is noteworthy that Vogelsang also had a decisive impact on Catholic social thinkers outside of Germany. Most notable of these, according to Matthew H. Elbow in *French Corporative Theory 1789–1948,* was René de La Tour du Pin (1834–1924). Pesch's stay in the house of Bishop Ketteler during his period in Mainz also put him in touch with the famous Munich-Gladbach School of Social Science (founded in 1893), the participants in the French Catholic Social Weeks, and the two organizations in which

Ludwig Windthorst (1812–1891) played such a central role, the *Zentrum* (German Center Party) and the German *Volksverein*.

The position of the Center Party in German Social Catholicism is an important one. Bishop von Ketteler (whose teachings Pope Leo XIII acknowledged among the inspirations behind his encyclical *Rerum Novarum*) assisted Windthorst with developing the Party's position on social and economic questions, and his guidance (in the form of a brochure to Catholic political leaders) shaped the party's platform for a decade from its founding in 1871. One central point of von Ketteler's program, calling for "the corporative reconstruction of society," enjoyed broad support within the Party through the late 1870s, especially among the followers of Vogelsang, and within a circle of thinkers gathered, under the leadership of Christoph Moufang (1817–1890), around the *Catholic Social Review*. Moufang was a disciple of von Ketteler who headed the seminary at Mainz under him and succeeded him as head of the Party's "social wing." Following Moufang in this position was Franz Hitze (1851–1921), one of the most outstanding of the figures gathered around the *Review*, and who, with his 1880 work *Capital and Labor and the Reorganization of Society* (which followed two years of study in Rome focused particularly on Scholasticism and the social theory of St. Thomas), became the foremost spokesman for German Social Catholic Corporatism.[2]

By the mid-1880s, support for the integral Corporatist program within the *Zentrum* had waned considerably, due to the spread of an approach to the problems of capitalism and industrialism which advocated a piecemeal amelioration rather than a wholesale social reorganization. But the corporatist vision was maintained by a "vocal minority," many of whom were attached to an "agrarian" wing which felt more acutely the need to unite the peasantry into a recognized Guild in defense of their interests. The agrarians never ceased to insist upon "the reorganization of society according to Christian principles on the basis of vocational estates." Possibly the most consistent of all within the Party, the agrarian wing was merely following the course set for it by its original leader, Baron Burghard von Schorlemer-Alst (1825–1895), who founded the first *Bauernverein* (Peasants' Union)

[2] Ralph Bowen notes (*German Theories of the Corporative State* (1947)) that Hitze's work "furnished much intellectual support to corporatist enthusiasts in the Center and in the Social Catholic movement at large," and that in the book Hitze maintains that "the guild system had furnished the best model for the new social organization which the modern age so desperately required."

in 1862 (of which there were 32,000 members by 1896), and who was a leading member of the Party's Corporatist school with Vogelsang's disciples and others such as Moufang and Hitze.

Given that those advocating "pure" corporatism were a tiny minority by the time Pesch came into contact with the Party, it is all the more significant that his Christian Solidarism, according to Bowen's *German Theories of the Corporative State,* is "the product of an attempt to systematize the thought of von Ketteler, Vogelsang, Moufang, and Hitze." Drawing from those thinkers meant (chronologically at least) to "skip over" the reformist school and to reach back to the Corporatist position that "saw no hope of social salvation short of the introduction of a comprehensive scheme of corporative institutions." And Bowen notes specifically that "a small number of Catholic scholars continued to maintain an interest in the earlier corporatist ideal and to teach it in German seminaries as a central doctrine of twentieth-century Catholic social philosophy." The most influential of these "theorists and pedagogues," he says, was Heinrich Pesch.

The contention that Pesch picked up the baton of the "old" corporatism, which hoped for more than a mere "tinkering" with capitalist society through legislative enactments, is confirmed by the Spanish Jesuit Joaquin Azpiazu in *The Corporative State* (1940): he calls Pesch's Solidarism the very "framework of corporative society." And Pesch himself (*Ethics,* p. 100) refers to "a full-fledged corporate organization of occupational groups" as the ideal to which efforts at economic reform should ultimately aspire (note also his nod to prominent integral Corporatists on p. 137). Furthermore, Azpiazu relates that many of Pesch's contemporaries and successors in the Social Catholic movement within and outside of Germany took for granted the fact that the true goal of all Catholic social reform efforts is (to quote a program published by the "radical" agrarian wing of the Center Party in 1894) "the reorganization of society according to Christian principles on the basis of vocational estates":

> Outstanding [Germans] like the former minister Erzberger, the leader of the Christian labor movement Steferwald, the editor of *Volksverein,* August Pieper, also clamored for the corporative system. The first social week at Munich-Gladbach (1932) dealt only with the corporative system. The fifth Congress of the [Swiss] Christian Social Workers Union (1932) and the manifesto of the German Catholic Workers (1933) demanded a corporative state "as it is described in the encyclical of Pius XI."

Pesch's influence upon Catholic thought was as impressive as its influence upon him. Mulcahy notes that Volume I of his *Compendium* saw four editions from 1905 to 1924 and "became a standard text in the social science curricula in many Catholic institutions of higher learning." And he calls Pesch the "connecting link" between *Rerum Novarum* and *Quadragesimo Anno,* the first draft of which was written by Pesch's disciple Oswald von Nell-Breuning (1890–1991). As recently detailed by Dr. Edward O'Boyle of Louisiana Tech University, other noteworthy figures in the "study circle" that gathered around Pesch include Gustav Gundlach (1892–1963), Heinrich Rommen (1897–1967), Franz Mueller (1900–1994), and Goetz Briefs (1889–1974). The latter two emigrated to the United States and founded, in 1941, the Catholic Economics Association. Two other students of Pesch's Solidarism are American Jesuit economists Richard Mulcahy, whose work we have noted, and Bernard Dempsey, who wrote original works and translated into English Nell-Breuning's *Reorganization of Social Economy,* a detailed explanation of Pius XI's *Quadragesimo Anno*.

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It would be impossible in this brief Foreword to attempt even a general sketch of Pesch's system of economic thought. The text of *Ethics* serves such a purpose, if only in a general way, and Mulcahy's book provides a useful and concise summary of Pesch's thought based upon his chief works – no small task given the literally thousands of pages of both original work and commentary that Pesch produced during his lifetime. Nor would it be feasible to attempt a refutation of all the criticisms that have been leveled at Pesch, recently or otherwise. But a quick glance at the root of those criticisms affords us an opportunity to understand both what motivates his critics and what is of essential value – and current relevance – in his work.

That the chief criticism of Pesch came, and still comes, from the most rabid partisans of *lassiez faire* economics demonstrates that the objections to his position are not *Catholic* objections but rather *liberal* objections. Despite the fact that many of Pesch's critics style themselves "conservatives" – some of whom even style themselves Catholics and who imagine their "conservatism" to be Catholic as well – and claim to have only the good of society in mind when attacking Pesch's position, economic freedom and the creation of

material and monetary wealth for them come unreservedly ahead of all other concerns in the socio-political and economic arenas. Chief among these critics was Ludwig von Mises (1881–1973), champion of the Austrian school of economics. In his 1922 work *Socialism,* he included a superficial analysis of Pesch's thought in the section entitled "Pseudo-Socialist Systems." He writes:

> Solidarism proposes to leave the private ownership in the means of production. But it places above the owner an authority – indifferent whether Law and its creator, the State, or conscience and its counselor, the Church – which is to see that the owner uses his property correctly. The authority shall prevent the individual from exploiting "unrestrainedly" his position in the economic process.... Thus State or Church, law or conscience, becomes the decisive factor in society. Property...ceases to be the basic and ultimate element in the social order. ...ownership is abolished, since the owner, in administering his property, must follow principles other than those imposed on him by his property interests. ...Solidarism...does not regard [norms aiming only at free ownership] as alone sufficient.... [It] wants to put other norms above them. These other norms thus become society's fundamental law. No longer private property but legal and moral prescription of a special kind, are society's fundamental law. Solidarism replaces ownership by a "Higher Law;" in other words, it abolishes it (*Socialism,* II, III, 16, 1, §5).

As a statement of the fundamental opposition between Liberalism and Catholic Social Doctrine, von Mises' comments are hardly surprising. That they contain and imply fundamental errors about the nature of property ownership and the role of law and morality in the social order is part and parcel of their roots in classical liberalism. What is scandalous is the blatantly obvious way in which von Mises implicitly demands the freedom of property from the rights of God Who himself constitutes *the* "Higher Law" in which all moral and legal prescriptions have their validity. That Law can be imagined to abolish ownership *only* if ownership is understood to mean an unrestricted right not only to possess but also to do anything and everything that is economically possible with privately owned property.

Even more disturbing – and more illustrative – is the way in which modern, Catholic, so-called "scholars" not only take von Mises as their starting point in understanding the role of morality in economic life (or rather in rejecting its role), but also subject the authoritative Teaching of the Church to his judgment and that of his

liberal colleagues and ideological heirs. For them the doctrines of the Austrian school become the "higher law" which, over and above the Catholic Faith, determines what shall and what shall not be accepted as economic truth. One "scholar" has recently gone so far as to speak of "an agonizing crisis of conscience" caused by the inconvenient clash of the teaching of the Church on socio-economic questions with "what Austrian economists *know* to be true." While another, speaking of the Church's teaching in such documents as *Rerum Novarum* and *Quadragesimo Anno,* has railed against the "indefensible extension of the prerogatives of the Church's legitimate teaching office into areas in which it possesses no inherent competence[!]"

The corrective to these gross misunderstandings is a thorough reading of the following work, and an exposure to the whole tradition of real scholarship that lies behind it, and which constitutes the integral Social Doctrine of the Catholic Church. At the heart of that Doctrine, insofar as it applies to economic questions, is the understanding that economic science is subordinate to moral science, a position maintained by classical philosophy no less than medieval Scholasticism. No true Catholic can maintain that "economics is a value-free science;" nor can he imagine it merely to be "a study that...demonstrates to man, *given his ends,* how they can or cannot be achieved." To do so denies the essentially *moral* nature of all of man's social as well as private activity; it flies in the face of all sound Catholic reasoning on the question; and it leads to the whole host of errors into which almost all branches of modern economic science have fallen.

Pesch's reply to those who claim the independence of economic science from ethics constitutes the essence of his *Ethics*. And his position is supported by prominent Catholic philosophers and economists. The Jesuit Matteo Liberatore (1810–1892), Editor for many years of the journal *Civiltà Cattolica* and advisor to Leo XIII in the preparation of *Rerum Novarum,* maintained that "Political Economy is of its nature subordinate to Political Science, [and] it is consequently subordinate to Moral Science, because Political Science is intrinsically and essentially dependent on Moral Science." Charles S. Devas (1848–1906), Professor of Political Economy at the Royal University of Ireland, confirmed the point: "If we are agreed on the true philosophical view of the nature and destiny of man and of his surroundings, we ought to have little difficulty in agreeing on the position of economics among the sciences. It is a

part of moral philosophy or *ethics,* which, in the widest sense, is itself that part of philosophy which regards the moral order." And the old *Catholic Encyclopedia* reminds us that such an approach is common to all Catholic writers on the question: "The best usage of the present time is to make political economy an ethical science, that is, to make it include a discussion of what *ought* to be in the economic world as well as what *is*. This has all along been the practice of Catholic writers."

Pesch's understanding of the Catholic position leads him to a correct grasp of aspects of the economic order which liberal economists misunderstand. Ethics proposes what men *should* do; and knowing that economics is subordinate to ethics leads to an understanding of the fact that the whole economy itself possesses a goal or purpose (cf. Pesch on this topic, pp. 57 and 169). Men "economize" for a reason; economic science no less than morality must serve that purpose. In so doing, economic activity is inherently limited or bounded, such that essentials – the creation of real wealth like food, shelter, clothing, and reasonable, quality material comforts – occupy center stage, to the exclusion of the gross abuses of private wealth so characteristic of modern economic life.[3] Finally, Pesch's understanding of the *goal* of economic life rectifies the erroneous conception that liberal economics has of so-called "economic laws." For Pesch, the only inviolable economic laws are *normative* laws pointing out what men *should do* in pursuit of the purpose of economic life. Self-interest – for Adam Smith & Co. an inviolable principle – is for Pesch a mere instinct that may or may not be a legitimate factor in economic life, depending upon what exactly that self-interest is pursuing (cf. pp. 148–9 for his discussion of this notion).

In light of Pesch's Catholic vision of economic life, it is sadly evident that the outspoken Catholic "Austrians" are liberals pure and simple. Their contention that their criticisms of Pesch stem from a true understanding of the history of economic thought and the nature of economic science is just so much obfuscation. Pesch was neither a "German Historicist" nor a "quasi-Socialist," despite claims to the contrary. He was a Catholic; he studied and wrote as a Catholic (see his own list of "authorities" on p. 130). Any analysis

[3] "...our study has in view...the question of the sufficient provision of the people, especially at its broader, lower levels, with good, fair-priced food, clothing, shelter, with all the material goods which they require for the satisfaction of their wants" (*Compendium of the National Economy*, Vol. I, 459, quoted in Mulcahy's summary of Pesch's economics on p. 23). Cf. pp. 155 and 160 of the present edition.

of his work that intends to appeal not only to Catholics but to anyone even vaguely familiar with philosophy, history, and common sense, will have to evaluate him upon Catholic, which is to say upon *true,* terms. That so-called Catholic "scholars" must appeal to systems of thought that both defy common sense and reject the philosophical (not to mention the supernatural) truths of Catholicism in order to justify their dismissal of Pesch speaks volumes about both Pesch's integral Faith and their own flirtations with the modern world.

Pesch's *Ethics* is not an exhaustive treatment of Catholic Social Teaching; it is a convincing presentation of one aspect of it. Conspicuously absent is a discussion of the distribution of productive property, particularly landed property – a discussion that preoccupied many Catholics elsewhere in Europe during the time he was writing. The omission is not a criticism of the Distributist or other projects, for as we have noted Pesch's treatment is a limited one. Solidarism is very much interested in the "redemption" of the wage-earner, and in making him into a property-owner. Azpiazu says as much in the *Corporative State:* "Solidarism acts so that capital and property, the desire for which is felt by all men...shall be apportioned in the best possible way, if possible among all...;" and elsewhere, "Christian Solidarism seeks...the raising of the proletariat to a higher status." Additionally, some sense of Pesch's mind on the question can be had by looking at Nell-Breuning's book-length commentary on *Quadragesimo Anno*. He discusses the lament of Pius XI, that numerous workers remain "sunk" in proletarian (i.e., wage-earning) conditions, under the heading, "Proletarian Conditions to be Overcome by Wage-Earner Ownership." Addressing the agricultural aspect of ownership, he notes explicitly that the breakup of large estates by the State, such that rural workers may come into the ownership of some land, should *not* be ruled out as a possible course of action. And it is illustrative that Dempsey (another student of Pesch's thought), in his English edition of Nell-Breuning's work, recommends Belloc's *Restoration of Property,* the works of the English Catholic Land Movement, and the writings of Southern Agrarians Herbert Agar and Allen Tate for a deeper understanding of the property-ownership question. In light of these facts it is not surprising that Bowen, in his work on German Corporatism, notes that it was the *agrarian* wing of the German Center Party that stubbornly refused to abandon the integral corporatist vision, and it was that same vision that Pesch and his scholarly

colleagues sought to preserve, even though it had long since ceased to exercise a real influence over the practical policies of the *Zentrum*.

A candid assessment of the current state of the world would conclude that we are in no better shape today, and that the corporatist vision, the vision of the Social Doctrine of the Church, by no means exercises a real influence over the practical policies of any nation. Two points flow from this fact as conclusions; conclusions which speak not only to Catholics but to all men of good will who have some hope for the ultimate salvation of the social order. The first is that we must apply ourselves to implementing the Social Doctrine *without* waiting for it to become the preferred doctrine of any government currently in power. There remain, even in the era of the Patriot Act, a wide range of options and possibilities for so doing, especially under more "private" auspices. What is needed of course is to act upon those possibilities through a program of study, reflection, planning, and execution. Insofar as serious thought must precede any serious action, we are hopeful that this little book by this (sadly) too-little-known economist may contribute to those very serious thoughts which the gravity of the present situation requires.

Secondly, if few of the "powers that be" today take the Social Doctrine seriously as a platform of practical politics, we Catholics and others of good will have, ultimately, only ourselves to blame. At some point a spiritual world became a secular world; the medieval world became the modern world; and the Christian world became the fundamentally anti-Christian world of today. Notwithstanding the aid of the netherworld, those profound changes were the result of the free actions of free men. We are no less free today, in spite of the odds. Let us then freely *act,* having studied and reflected upon volumes such as this pithy treatise by Fr. Pesch; lest we become deserving of the reproach pronounced by Fr. Vincent McNabb: "Have we Catholics contented ourselves with the implicit blasphemy of saying something when we ought to have been doing something?"

The Directors
IHS Press
February 18, 2004
Feast of Ss. Simeon, Leo, and Paregorius

Introduction to the Second Edition

Fifteen years have gone by since the first edition of this translation was published by Divine Word Publications in the Philippines. They have been tumultuous years. The Soviet Empire started to unravel in 1989 effectively ending the Cold War. The new millennium had scarcely begun when the anguish and discord which scarred the Middle East for over a half century reached New York City on September 11, 2001. Subsequently, warfare spread from the Israeli-Palestinian conflict to Afghanistan and Iraq.

In the meantime, Pope John Paul II completed his trilogy of social encyclicals on the economic order. To *Laborem Exercens* (1981), he added *Sollicitudo Rei Socialis* (1987) and *Centesimus Annus* (1991). These for the most part reaffirm and update what was contained in prior social teachings starting with Leo XIII's *Rerum Novarum* of 1891.

The Catechism of the Catholic Church was approved by Pope John Paul II on October 12, 1991. In it modern teachings of the Church on the Social Order occupy an important place, being included specifically under the Seventh Commandment, in accordance with what the Pope stated in *Sollicitudo Rei Socialis*: that the Church's social doctrine belongs "to the field not of ideology but of theology, and particularly of moral theology." It also underlines a significant fact: what is contained in social encyclicals does, in fact, involve the ordinary Magisterium of the Church whenever significant express teaching about moral issues is confirmed and repeated.

The papal social teachings of their very nature include prudential proposals which do not involve the same magisterial authority. An example would be where Pope Pius XI in *Quadragesimo Anno* deemed it "advisable that the wage contract should, when possible, be modified somewhat by a contract of partnership." Similarly, Pope John Paul II in *Laborem Exercens* suggested two possible approaches to paying the just wage, in the form of a "single salary paid to the head of the family," or "through other social measures such as family allowances." The requirement that workers be paid a just wage, on the other hand, is not a discretionary matter, since it is required by the cardinal virtue of justice and involves the Seventh Commandment.

What does all of this have to do with this brief work written by the Jesuit economist Heinrich Pesch? It comes down to the remarkable concordance between what that man included in his writings during the first decades of the 20th century about ethics and the national economy, and the Catholic Church's own social teachings. Not infrequently, what appears in papal social encyclicals involves prior work by scholars who are experts in various relevant fields. For example, two of Pesch's Jesuit understudies, Oswald von Nell Breuning and Gustav Gundlach, toiled on behalf of Pius XI in the preparation of *Quadragesimo Anno (QA),* which appeared in 1931, five years after Pesch died. A triad of salient principles that were contained in Pesch's work is included in the encyclical, as a part of the program which Pius XI proposed as a plan for reconstructing the social order: the principle of subsidiarity (*QA,* §79–80); the concept of "vocational orders"(*QA*, §82–86); and the "virtues of social justice and social charity as ultimate regulating principles for social order" (*QA,* §88).

Sollicitudo Rei Socialis appeared in 1987. In it we find a major portion devoted to explaining the critical importance of what the Pope referred to as the "Christian virtue" of solidarity. The concept is explained in terms which reflect precisely Pesch's notion of solidarity as the actual condition of interdependence among human beings in society and the consequent moral obligation stemming from the vast benefits which result from that condition. Subsequently in *Centesimus Annus* (1991), Pope John Paul II, using the precise expression, "the principle of solidarity," identified it with "social charity."

No one should be unduly surprised by changes in terminology that are of a non-essential nature with regard to the fundamental principles for social order. Those principles persist in the tradition begun by Leo XIII more than a century ago. They are basically natural law principles and were seen as such by Pesch and by the popes who issued social encyclicals. In *Rerum Novarum*, Leo XIII based his defense of private property and also of the just wage for workers, along with their right to organize, on the natural law. Pesch accordingly regarded his solidaristic system as applicable and viable whether or not the Catholic faith happened to be dominant in society. Nevertheless, he indicated that the observance of principles stemming from the natural law would be far more likely where Catholic belief prevailed.

It is important to note that we are talking here about the moral natural law, not the physical natural laws which made their

way into the infant science of Economics as an inheritance from the shabby thinking of Enlightenment philosophers. Following in that tradition, contemporary positivist economists oppose the inclusion of moral principles in economics as "unscientific."

While moral doctrines do not change in their essence, updating in their style of presentation may nevertheless occur. At times this involves merely linguistic changes intended to make concepts more appropriate for contemporary society. In addition, there may be a recurrent need to deal with misinterpretations and even distortions which from time to time have come in, especially with their widespread and popularized usage.

The principle of subsidiarity is an ancient, hallowed principle which had been expressed in various ways by figures such as Cicero, Abraham Lincoln, and Pope Leo XIII. Pesch explained it at various points in his writings without using that actual term. It establishes and delineates the role of the State relative to other social bodies that may come into being between it and the individual person. Those range from the family as the natural cell-unit of society to a variety of other intermediate social bodies.

While it remains the most widely cited of the three aforementioned principles for social order, the principle of subsidiarity offers an example of how popular usage frequently leads to distortions in the interpretation of such important concepts. The State is not a court of last resort which is perhaps to be tolerated only after dismal failures by lower-ranking social bodies to perform some function. It is most certainly not an evil, not even a necessary one. That view reflects liberalism, whether in its "paleo-" or "neo-" version. As even a leading protagonist of economic liberalism, Adam Smith, recognized, some functions cannot of their nature be safely or effectively left to individuals, families, or lower social bodies; e.g., the defense of the nation. Others may involve great risk, especially given the prevailing capitalistic antisocial bias, or they may in some other way entail grave implications for the common good. It is precisely because the ultimate responsibility for the common good rests with the State that it is regarded in Aristotelian-Thomistic philosophy as in principle a perfect society.

There is another problem with regard to the application of the principle of subsidiarity that has been largely overlooked. It can be violated by omission as well as by overt commission. When individuals or intermediate social bodies neglect to undertake, or if

they perform irresponsibly, important functions for which they are well situated and therefore ought to do, and where the common good is thereby jeopardized, the State is often compelled to intervene. Needless to say, where there is present an ideological predisposition toward totalitarianism, the pretext can easily become reality. That is one reason why the other two key principles in the papal program for reconstructing the social order are necessary to define and complement the principle of subsidiarity. They provide and support the structure within which that principle can operate effectively. Without them we have, in fact, the history of recent centuries, with society seesawing between too much and too little state intervention in economic life, along with endless debate about the extent to which the principle was being violated and by whom.

The second principle in the triad involves one specific kind of the "intermediate social bodies," which both Pesch and Pius XI proposed as critical for good social order. Once again, Leo XIII never used a specific term, while clearly indicating in *Rerum Novarum* the kind of organizations that his successors would propose. Pesch referred to them in this present, brief work as occupational organizations (*berufliche Organisationen*). In *Quadragesimo Anno,* depending on the translation, they are termed "vocational orders," "vocational groups," or "functional groups." These were intended to include all, whether workers, managers, employers or owners, involved in the same occupation, profession or industry. This principle offers an illustration of a change in linguistic usage, where the basic principle, while remaining the same essentially, can be expressed and realized in different ways according to changing times and different cultures.

In the years following *Quadragesimo Anno,* there was evident some excessive preoccupation with the more superficial details and specific forms the desired occupational organizations should take. There were also certain heavy-handed actual attempts by governments to impose them where the proper cultural conditioning was perhaps still lacking. For example, according to the National Recovery Act (1933) in the United States, the various industries were required to adopt appropriate codes for themselves by which all members would abide. When the process did not progress fast enough, the federal government began imposing codes that involved, for example, requirements regarding minimum wages and maximum hours of work, as well as the right to unionize. Soon afterwards the law was

declared unconstitutional. Italy also tried to impose something akin to the vocational orders, but in a way effectively dominated by the State. On the other hand, a sincere attempt by Chancellor Engelbert Dollfuss of Austria to establish a social order in accordance with what Pius XI had prescribed ended with his assassination by the Nazis, making him perhaps the first martyr for the papal program.

There was and remains an understandable tendency for some to identify the structural and practical details of the vocational orders with those of the medieval guilds. Such a tendency led to both support and opposition whether on ideological or practical grounds. Pesch himself was not comfortable with this identification, since he regarded the guilds as linked historically to the apprenticeship-journeyman-master system, and therefore not appropriate for modern industrial society. He nevertheless insisted on the soundness of the principle underlying the guild structure as an exemplary expression of solidarity. The guilds performed many important social functions, including regulations with regard to pricing, remuneration, hours of work, and competitive practices. These would otherwise have to be added to the many functions the State might feel compelled to undertake; or else they could be neglected entirely on the dubious pretext that the "free market" would see to them.

Finally, the virtues of social justice and social charity provide an instance of where changes in both emphasis and language have occurred in applying key principles for social order in an ever-shifting historical context. The twin social virtues were proposed by Pius XI, using those specific terms, as ultimate regulating principles for social order in place of "free competition" and the "economic supremacy" then threatening to replace it (*QA,* §88). They entail justice and charity as applied to the common good. Social justice and social charity are of critical importance for social order because neither subsidiarity nor occupational organizations could function properly unless they were underscored by widespread cultivation of these social virtues.

Heinrich Pesch did not use either expression in *Ethics and the National Economy,* where he did, however, mention legal justice and distributive justice, identifying them in standard Aristotelian-Thomistic terms. That is somewhat surprising since this work appeared in 1918; and he had cited social justice in the first edition of each of the first two volumes of his *Lehrbuch* published in 1905 and 1909 respectively. He referred to it there as a "relatively new concept," which may

explain a certain reluctance about using that precise expression in this particular work. In any case Pesch explained it in terms of what both citizens and rulers owe to the common good. Thus we have the identical concept which Pius XI subsequently explained in his encyclical *On Atheistic Communism* (1937) as the virtue which demands "from each individual all that is required by the common good."

Significantly, Pesch added a new original dimension which he called contributive justice, to the familiar concepts, distributive and legal justice. This new term addressed the "all that is required," in the papal definition of social justice since it clearly went beyond what specific legislation might require (legal justice). Altogether these comprised the "relatively new" notion, social justice. It is juxtaposed to commutative justice, which simply involves the good of an individual, e.g. a buyer or a seller in an exchange transaction.

As for social charity, although Heinrich Pesch never used that specific expression, it would become clear later that he was the originator of the concept as found in the relevant context of modern Catholic social teachings. In that sense, the term itself was apparently first used by Pius XI early in his pontificate. It appeared in a letter addressed to his Cardinal Secretary of State Gasparri in 1923, where the Pope was addressing principles on reparations and military occupation following the Versailles Treaty. In its origins social charity (also social love) is a hallowed concept found in the *Summa Theologica* of St. Thomas Aquinas (IIa, IIae, Q.26, A.4., ad 3).

Pius XI never offered the kind of precise definition of social charity that he did for social justice. Nevertheless, we do find in *Quadragesimo Anno,* along with a definite contextual indication referring to "the soul of this order," a very important paragraph (§137) outlining the role of charity, with regard to society and its common good. The Pope wrote:

> Then only will it be possible to unite all in harmonious striving for the common good, when all sections of society have the intimate conviction that they are members of a single family and children of the same heavenly Father, that they are one body in Christ and 'severally members one of another' so that 'if one member suffers anything, all the members suffer with it.'

That parallels precisely the thought of Pesch, who in 1924 had related the roots of human solidarity to the doctrine of the Mystical Body of Christ.

There can be no doubt about Pesch being at the forefront in outlining the meaning and role of the virtue of social charity. It lies at the heart of his solidaristic system. In *Ethics and the National Economy,* he already emphasized the importance of the "Christian principle of solidarity," and the "solidaristic responsibility of all for the common good."

In his *Lehrbuch* the great Jesuit scholar cited "solidarity as a charitable principle which unites men into a brotherhood and at the same time, as one which serves as the generous wellspring of Christian love." Where he described the outline of the solidaristic economic system, Pesch combined the two virtues, justice and charity, as the underlying bases for good social order.

In more recent social teachings there appears to be a certain shift in emphasis from social justice to social charity (solidarity). The reason may quite possibly be found in the very important §137 of *Quadragesimo Anno,* cited above. In retrospect, it is possible that the ground for a more widespread and generous practice of the virtue of justice needs to be fertilized far more by the greatest of all virtues as directed toward the common good. There is also the not-by-any-means-unrelated fact that the virtue of social justice has at times come to be been misinterpreted and even distorted so as to actually degenerate into a cause of social tension instead of harmony.

In spite of the great influence which Heinrich Pesch's work had on the Social Teaching of the Church since the time of Pius XI, he was never mentioned specifically by the popes, who obviously relied on his insights. For the Church deals in universals and principles, adopting for Her own what Her loyal sons help to develop and elucidate, without officially endorsing systems or individuals. Of course there are the rare and extraordinary exceptions, of which the work of the Angelic Doctor is the most conspicuous.

Why then should there be any effort here to point out whether and how Pesch's work has specifically influenced papal documents on the economic order? I must confess that this involves to some degree my own personal gratification. I first became interested in Pesch after I was alerted to the influence his work had on the papal program for reconstruction of the social order as proposed by Pius XI in *Quadragesimo Anno*. That led me to undertake studying the monumental five-volume *Lehrbuch der Nationalökonomie,* literally a teaching guide to economics, whereupon I became convinced that it is truly worthy of the designation "classic." Since Adam Smith's

Wealth of Nations and Karl Marx's *Kapital* were eventually translated into all the major languages of the world, I decided that Pesch's work certainly merited being made available in the world language, English. That was a decision which cost me countless hours over a period of more than a quarter of a century. Translating *Ethics and the National Economy* was one step in that process which eventually included the entire *Lehrbuch,* and also Pesch's prior work in four smaller volumes entitled *Liberalism*, *Socialism*, *and Christian Social Order*. The latter established the underlying social philosophy that would subsequently provide the basis for Pesch's economic system.

When the original *Ethik und Volkswirtschaft* was published in 1918, only the first three volumes of the *Lehrbuch der Nationalökonomie* had appeared in their first editions. Therefore, this small book cannot aspire to being a compendium of the *Lehrbuch*. Nevertheless, the basic components of Solidarism as a social philosophy and of the solidaristic economic system are already present. Indeed, Pesch discreetly entitled the last chapter of *Ethics and the National Economy* as "The National Economy of the Future." The methodological basis of the Jesuit scholar's approach to the economic science is also indicated. That he is out-of-step with the standard positivistic approach to economics is manifest from the way Pesch concludes his treatise: "...not only as a theologian but also as an economist, with a grateful, unshakeable, and joyous acknowledgement of Jesus Christ, the Son of the living God, who is not only the Savior of souls, but also of human society, of States, and of nations."

This concise work provides a valuable synoptic view of the basic essentials in Peschian thought. Hopefully it may stir some interest for serious scholarly study of the man's work, and incite in readers a desire to revisit the social teachings of the Catholic Church which a distinguished scholar has referred to as "one of the best kept secrets in America."

Rupert J. Ederer
April, 2003
Feast of the Resurrection of Our Lord
Jesus Christ

Introduction to the First Edition

The reader is entitled to ask why anyone would wish to translate and publish a work which was written in 1918 by an economist who is virtually unknown today. Who was Heinrich Pesch, and of what possible value could a work published near the start of the 20th century be to readers near the end of that century?

Heinrich Pesch, S. J. was born in Cologne, Germany, on September 17, 1854. He died in Valkenburg, Holland, on April 1, 1926. During his lifetime he published the most exhaustive economics textbook ever written – the 3832 page, five volume *Lehrbuch der Nationalökonomie*, which appeared in several editions between the years 1905 and 1926. In addition, Pesch wrote a large number of articles and also some shorter works including this one, *Ethics and the National Economy*, under its German title, *Ethik und Volkswirtschaft,* which appeared before the first editions of the fourth and fifth volumes of his *Lehrbuch* were published, but after the first three volumes had already been widely acclaimed. Actually, although Pesch apparently did not intend it, this work provides a kind of brief compendium of that great *Summa Economica*.

Ethics and the National Economy was one of several works by noted scholars working under the auspices of a Commission for Christian International Law established in Germany in 1917. Such well-intentioned commissions come and go; and as often as not, their good intentions fall short of their mark and are little remembered. For various reasons, Pesch's colleagues in the economic science, especially in more recent times, also lost sight of his work. That is unfortunate because it is of immense value not merely because of its great breadth, but also due to its originality and quality. Indeed, among the many theorists and analysts who have appeared during the two-century-long history of the economic science, only very few of these may also be regarded as system builders. Like Adam Smith, Karl Marx, and possibly John Maynard Keynes, Heinrich

Pesch also provided a set of principles which constitute a particular form of economic system. Such principles are derived from a social philosophy which for Adam Smith was individualism; for Karl Marx it was collectivism, and for Keynes it was a kind of humanitarian pragmatism. Pesch's social philosophy, Solidarism, derives from the Aristotelian-Thomistic natural-law philosophy; and it is in total harmony with Christian ethics which reflects Catholic theology. The system of economy based on it Pesch called the "social or solidaristic system of human work."

For the sake of brevity, the principles underlying the solidaristic system may be reduced to three cardinal ones. First of all, the economy must be regulated in accord with the virtues of justice and charity. For example, the important areas of prices and wages cannot be left simply to the so-called impersonal forces of the marketplace. They must result from conscientious human action based on justice and charity: the former governing, and the latter motivating and predisposing. In their specific social dimension, where they have the common good rather than the good of some particular individual as their object, justice and charity have come to be known as social justice and social charity. Thus, a large part of the responsibility for making an economy work for the good of all still rests on the informed and responsible consciences of individuals.

Since unfavorable extrinsic circumstances can make it difficult for even a genuinely benevolent person to do always what is right, certain principles have a responsible role to play here, but it is one which is circumscribed by the principle of subsidiarity–the second cardinal principle of the solidaristic system. According to that principle, social organs at successively higher levels ought to intervene only when individuals and lower social organs cannot accomplish a task which the common good nevertheless requires. Indeed, the Peschian system does not limit a subsidiary role in promoting economic order to governmental bodies. Thus, its third cardinal principle involves autonomous organizations which revolve around the various functions which people perform in the economy. They are called variously vocational or occupational organizations.

Taken together, these three principles avoid the naive notion underlying traditional market-oriented economic systems, according

to which social order, fair prices, just wages, and full employment are expected to result automatically from the untrammeled pursuit of self-interest, which is supposedly controlled only by equally unrestricted competition. They also avoid the other naive notion that a supposedly omni-competent, centralized state bureaucracy can bring about a universal condition of social justice in a mythical worker's paradise. Recognition appears to be growing, based on harsh experience, that neither of these alternatives gives rise to a humane social order. Meanwhile, the hard-working, economically alert Japanese have quietly gone ahead and introduced occupational organizations which they call "industry councils," to help with the immense task of regulating the actions of certain major interests while also promoting their interests. And the principle of subsidiarity was featured as a salient principle in the late E. H. Schumacher's best-selling book on economics, *Small is Beautiful*. Finally, the increasing acceptance in the United States of labor-management cooperation, to replace the almost endemic so-called "adversarial relationship," indicates a growing awareness of the *de facto* solidarity of interests which exists among the owners, managers, and other workers in industry.

Such developments should not lead anyone to expect that a worldwide triumph of the solidaristic system of economy is imminent. In fact, there is still at large a disconcerting pendulum-like tendency to move in almost dialectical fashion from one extreme to the other. Thus, those who remonstrate against what they regard as a surfeit of government interference in economic life show signs of wanting to revert to the old liberal capitalism. At the same time, those who abhor that trend, tend to seek refuge in some form of socialist panacea. One cannot help but speculate how different the course of history might have been if Germany had listened to Pesch during the critical post-World War I era when he proposed his solidaristic system, instead of launching a violent rightist reaction to the perceived communist threat. The rest is history, which we could be in danger of repeating unless we learn from its tragic mistakes.

Even though his native land and the world at large did not take seriously what Heinrich Pesch had to say about restoring social order in economic life, the Roman Catholic Church was indeed paying careful attention to the work of its scholarly son. In

fact, Pesch's central ideas found expression in the important papal encyclical, *Quadragesimo Anno*, issued by Pope Pius XI in 1931. In the English language it usually bears the title, *On Reconstruction of the Social Order*, and it makes that reconstruction revolve around the virtues of social justice and social charity as complementary regulating principles of economic life, along with the principle of subsidiarity, and the principle of vocational or occupational organizations. All of these were already clearly outlined in Pesch's *Ethics and the National Economy*.

Now, moreover, at the present critical period in world history, we find that Pope John Paul II, who is the leading spokesman for his Church, has reaffirmed those same principles in 1981 in *Laborem Exercens*. That encyclical demonstrates the Peschian influence even more clearly by the way in which it makes human work the central factor in economic life. Thus the Pope's use of the expression "economism," which is by no means common usage, is probably not a coincidence. Pesch had used the expression (see p. 159) in precisely the same sense as Pope John Paul II now uses it – to characterize the predominantly materialistic worldview which prevails both in the free market economics and in the socialist economies of our own time. This concordance is not surprising. Father Jozef Tischner, S.J., a former colleague of Pope John Paul, when the latter taught ethics at universities in Krakow and later in Lublin, told me that Pesch's principles were taught there. Father Tischner is widely regarded as the philosopher of the Solidarity movement in Poland. Thus, use of the name "Solidarity" is, in all probability, also not coincidental, since that movement was intended to be far more than merely a labor union. Like Pesch's solidaristic system, it was designed to restructure the economy along lines which are compatible with Christian ethics.

The translator wishes to make Pesch's work available also to the English-speaking world, since English is an important world language. He is also motivated by concern about the fact that at this point in history so many countries, especially among the developing nations, find themselves torn between forces tending toward the radical Right, on the one hand, and the radical Left, on the other hand. Both of these routes have been traveled before with dismal and

even disastrous results. Meanwhile our Christian ethical heritage has been progressively abandoned, especially since the era of the so-called Enlightenment whose foul birds have since come home to roost. Unfortunately, what could have been the unmixed blessings of the Industrial Revolution therefore became decidedly mixed with the social injustice which divided first the social classes, and then the nations of the whole world into the few who were too rich, and the many who were too poor.

Given the magnitude of the problem, it is not surprising that time and again, persons who feel that they have little to lose take the tempting bait offered by socialist agitators; and this bait is sometimes even disguised as a so-called liberation theology! And it is no less surprising that those who would have much to lose therefore clamor for a return to the capitalistic past, even though that originally gave rise to the rampant social injustice which provided the fertile seedbed for socialism. Both of these routes have been traversed and found to be lacking. Solidarism, on the other hand, has not been tried, except perhaps on a microcosmic scale and for a short period, historically speaking, in some cities of medieval Europe.

Although *Ethics and the National Economy* first appeared in 1918, it requires little updating. The principles are still valid, since we have made little substantial progress in overcoming the social disorder which was at large in the world then. The reader should, however, bear the original publication date in mind whenever there is mention of the World War or simply, the War. This obviously refers to World War I. Also, the translator has taken the liberty to use the past tense where Pesch used the present tense in introducing statements by various persons who were alive in 1918.

Finally, I wish to acknowledge the continuing encouragement and advice, over the years, of Dr. Franz H. Mueller, Professor Emeritus of St. Thomas College in Minnesota. He knew Heinrich Pesch personally in Germany and has therefore been able to provide valuable insights. I also wish to thank Stuart Gudowitz, of George Washington University in Washington, D.C., librarian par excellence, who has provided much assistance and moral support. I must also acknowledge my indebtedness to the late Harvey J. Johnson who,

as Director of the Catholic Central Union of America in St. Louis, Missouri, continually encouraged the translation of Pesch's works.

The publication of this work was made possible through the efforts of Father Benigno Beltran of the Society of the Divine Word in the Philippine Islands. He became aware of my efforts to publish English-language translations of Pesch's work through the mediation of Mr. Thomas Weal of New Zealand, who is everything that a Catholic layman ought to be. To all of these persons, I owe prayers and gratitude.

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"Order, *not freedom, is the highest principle, and the best guarantee also of the right degree of freedom.*"

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Preface

During World War I there was much discussion about what was viewed as a complete breakdown of international law. What transpired during the War made it clear that important areas and principles underlying international law were, at best, still fragmentary. It became even more evident that, under the pressure of dangers which appeared to face them, many states resorted in practice to policies which were in flagrant violation of the mandates of international law. However, to an increasing extent such behavior evoked or confirmed the conviction even among experts that international law, far from having lost its importance, was of special relevance for the period of transition from World War I to a new order in peacetime, when the world would face vital and challenging tasks of a magnitude it had perhaps never had to deal with before in history.

In order for international law to rise to this challenge, it would have to be based on a deeper and more solid foundation than the one which the prevailing philosophy of law could provide. Its binding force cannot derive exclusively from the arbitrary will of states, from tradition, force, or from prevailing interests. It must be rooted instead in a far more basic moral imperative, which is to say, in a universally valid natural law that stems from God Himself. In fact, the law of nations can only become a vital, fertile, cultural force and a durable one for freedom and for civilization if, having associated itself with our most hallowed traditions, it is once again bonded more closely with the ideas and principles of law and statehood, of labor and society, of love of neighbor and peace among nations – all of which have their most secure foundation in Christianity.

In our time, many of every nation have expressed the need, and indeed the will, to no longer entrust reciprocal relationships among nations solely to the craft of statesmen and diplomats or to the learned people of science and law. Therefore there is a perceived need to bring politics and law into closer relationship with the national consciousness, public opinion, and social life overall. In this way they will prove important and useful for the renewal of international law, as reflection upon them is extended beyond a narrow group of

experts to a broader circle of men of culture. Thus it is to be hoped that the goals of politics and law will stand out with greater clarity for all those who are called to cooperate in dealing with foreign policy, so that they will be able to do this also with due regard for ethical, social, and economic implications.

Such ideas prompted the Labor Committee for the Defense of German and Catholic Interests in the World War, in November of 1917 to establish a Commission for Christian International Law, and to prepare a series of articles dealing with the reconstruction of the order of law and peace among nations. Obviously, the Commission's field of activity was restricted from direct involvement in activities related to the structuring of the peace treaties at the time. However, the Commission and its work were also motivated by a recognition that Catholics in other countries, over the past several decades, had devoted more attention to international law than Catholics in Germany. Naturally, given the conditions prevailing at the time, such neglect on the part of Catholic Germans could lead to one-sided and detrimental consequences for Germany. In addition there is also the important consideration that scientific contributions stemming from the Catholic culture of past centuries, as reputable scholars recognize, afford important and often still unappreciated treasures which are solely in need of acknowledgment and development in the universal interests of science and culture.

We regard it as an especially happy omen for the future of our undertaking that a foremost promoter and friend of Christian unity among nations, Pope Benedict XV, on December 30, 1917, extended his felicitations for the foundation of the Commission after he was notified about this venture by Cardinal v. Hartmann. He also offered his blessing so that the proposed undertaking would, in his words, "have a more significant and beneficial effect in the midst of the current international chaos, where it is especially urgent to present the principles of Christian morality in the proper light and to point out their value, because only in accord with them will human law be able to develop in a lasting and vital manner."

The Commission is made up of the following individuals: at the head of the labor committee, Rev. Dr. Joseph Mausbach, Professor at the University of Münster; Professor Dr. Godehard J. Ebers, its secretary; Professor and Privy Councilor Dr. Konrad Beyerle of Munich; publisher, Dr. Joseph Fronberger of Bonn; Professor Dr. Peter Klein of Königsberg, and Father Heinrich Pesch, S. J. in Berlin.

ETHICS AND THE NATIONAL ECONOMY

INTRODUCTION

1. ARE there moral obligations in economic life? As George von Mayr[1] said, the question may seem absurd, for there does not seem to be any good reason for suggesting that the laws of morality would not apply in precisely that important sector of social life which we call economic activity.

Moral laws have universal validity. They establish order in all free activity among human beings. Accordingly, they are valid for that particular sector of human activity which appertains to economic life.

Yet, it is not at all superfluous to recall this simple, self-evident truth to men's minds, since followers of a materialistic world-view and myopic admirers of present-day economic trends, in their frenzied attempts to thrust aside all obstacles which may stand in the way of the most rapid possible continuance of those developments, do not hesitate to rule out the importance of moral considerations in economic life. Even Sombart[2] suggested that all moral impulses and emanations of a sense of justice will have to come to terms with the economic needs of a progressive social order.

According to that view, morality would ultimately not have any decisive influence on the way progress chooses to move, and it intimates that the social order is not to be rooted in the soil of morality.

We represent a different point of view. Morality is compatible with every kind of *bona fide* technical and economic progress. It neither limits nor stands in the way of the kind of productive capacity and performance which serves to promote genuine human welfare. On the contrary, it promotes that welfare. Yet, economic relationships do not govern themselves, and they do not come to fruition merely on the basis of purely technical and economic results. Man

is not merely an appendage of the material world in which he lives. He is also bound by moral obligations, and he must function with due regard for the people and the national community of which he, as an individual, is a part. In fact, the material welfare of nations is essentially conditioned by the practical application of the moral law and by the degree of morality that is operational in the economic life of the nation.

That is the thesis we wish to develop in the following pages; and when we talk about ethics, we are talking about *Christian morality*.

"If we proceed to eliminate all ideal ethical values and powers, and if we install in their place the purely natural instinct of self-love as the guiding force in the economy, and if we go one step further and demand complete freedom for this guiding force in the quest by individuals for profit, then we should not be surprised by the consequences. A system which proceeds from false premises – as the free enterprise system does – and which is self-contradictory, can only lead to absurd consequences when it goes into operation. And what are these absurd consequences? They may be summed up into two words: capitalism *and* socialism."

I. Economic Life and Life in Society

2. Economic life operates in the material realm of culture, and it is related in a reciprocal manner to civilization. Economic activity is a component part of human life and of the socio-political life of the community. It is important that we point out, first of all, how important Christian morality is for cultural progress, for the proper structuring of that condition of civil, political, and social perfection which we normally refer to as civilization, and for the full development and ordering of social life overall.

If it was indeed folly for Schleiermacher and Ziegler, among others, to view the working out of man's temporal welfare as the "highest good" and as lasting cultural progress for the human race, it is nevertheless true that the progress of culture and civilization is, in fact, a great good in the Christian view – one that is willed by God, so that spreading and sharing culture by people among themselves remains a legitimate task of the human race as it moves through the course of history. Ultimately we are dealing with nothing less than the eventual manifestation of God's own image as that is reflected in human nature and in the sharing of God's dominion over the world of nature. When that dominion is secured and affirmed in accord with the mandates of the moral law, this implies that the higher goals of man and mankind are also being facilitated and nurtured.

3. One idea that has become ever more manifest as a result of the impact of Christian morality on the course of history, even though this is sometimes lost sight of, is the notion of *true human nature* – the concept of *humanity*.

It is by the proper care and cultivation and the inner ordering of his own nature, of his intellectual faculties and of his will, by controlling his baser instincts and passions and subordinating them to reason and conscience, and by directing these toward their proper object and moderating them, that man becomes a human being in

the full sense of the term. It is in this way that he elevates himself above the level of the animal – a level to which he sinks whenever he loses sight of his moral obligations and therefore also of the very dignity of his nature – and he thus becomes capable of social relations with other human beings.

Christian morality at one and the same time safeguards the human individual insofar as his own peculiar worth in the world in which he finds himself is concerned, whether he happens to be a worker or an entrepreneur, a subordinate or a supervisor, a free man or a slave. The notion of personality and of rights as a subject is directly connected to man's proper, individual goals and in particular to the higher goals of human existence. By virtue of his ultimate goal – his eternal destiny which is a principle that transcends all historical evolution – the human being, unlike what appertains to the external world in which he lives, remains autonomous. Thus he cannot become a mere means in the service of some earthly power.

Without losing his individuality, man operates and strives to achieve his goals in the context of society. There he finds himself working alongside other human beings who lay claim to the same rights by virtue of identical goals and purposes. Just as he does, they too have a right to the means needed to fulfill their objectives in life, a right to function, to develop, and to work out their earthly as well as their eternal destinies. It is the moral order which points out the way in which individuals and nations must act in their relationships to one another, if this is to be a genuinely human kind of conduct. It is also the moral order which sets limits to all arbitrariness in the choice of specific means and goals. It is universal human *solidarity* which unites everything that calls itself human, which therefore places the worker alongside the employer, and which protects the Black in colonial areas from suppression and exploitation. There is a law; and there is a kind of justice which transcends even the borders of the individual state; and the great law of Christian charity is binding there also. Even the lonely wanderer in the wilderness, inasmuch as he is a human being, retains his rights, his claims to assistance which no one may violate without incurring moral guilt. All persons, including the ones from Judea as well as from Samaria, and all of

those who have demonstrated such hostility to us Germans: the Russians, the Englishmen, the Frenchmen, and the Americans, all of these remain children of the great family of God. When we pray the Lord's Prayer, we ask that they too may have their daily bread, and also for forgiveness of their trespasses; and what is more, we cannot expect to gain forgiveness of our own sins unless we are prepared to forgive their sins against us.

Nowhere does this *unity of the human race* find its expression more clearly than in the *life of the Christian Church*. There, those of high and low estate have the same origin, the same goal, the same common Father in heaven, the same Redeemer, and the same natural and supernatural status as a child of God. When the poorest of the poor come into the house of God, they recognize that they are at home there. In Ems, over a period of years, King George of Saxony used to kneel alongside the ordinary workers at the same Communion rail, and he received the same Savior from the hands of the same priest. While I was stationed in Berlin, I administered the last rites to a poor journeyman tailor. The server who assisted me was the offspring of a noble princely household. Is it so unusual for daughters of princes to offer their lives in the service of the sick and the poor? In fact the Franciscan nun who wipes perspiration from the brow of the dying worker has done more for him and has offered more to him than the socialist agitator who promises him Eldorado sometime in the future, but who in the meantime robs him of his Faith and, along with it, his peace of soul. As a matter of fact, the Christian Church is a Church of all people, not merely a Church for the rich and the powerful; it is not a church of class and caste. It long ago accomplished in a proper way, in accord with its own constitution, what the socialists strive to achieve: the abolition of class distinctions. It is in the Church, where the spirit of Christ reigns, that all are embraced with the same love; and there is even special love for the little people and the poor to whom the gospel is preached first of all. Nor is the Christian Church a national church, but a world church and a church of all nations which embraces the entire human race. For the genuine Christian, the foreigner is not some kind of enemy or barbarian. He is his friend and his brother.

Theodore Meyer[3] said that what constitutes the all-encompassing natural bond of brotherhood is the community of nobility which comes from the hand of God, the community of those who share the same ultimate exalted supernatural destiny, the community of those participating in the same human pilgrimage toward this selfsame goal and sharing in all of the helps, dangers, struggles, hopes and joys which this involves. That is what constitutes in human consciousness the universal moral framework of human society. Wherever that ethical bond of all-embracing human charity loses its effectiveness, purely egotistical private interests will inevitably move into the foreground and become dominant. Hatred, envy, and brute force will then become the motive forces which determine the way society develops. That was clearly the condition of the pagan world following its fall from Divine grace, since God is the only possible social focal point for all nations and all ages. But has not the new paganism, a grievous sinful departure from God in our own days as reflected in the horrendous World War, brought about the same state of affairs? What would Jesus Christ say to that manifest urge which nations display to destroy other nations?

4. Individuals are not simply scattered atoms. The Kantian juxtaposition of the "I" and "the world" cannot lead us to a morally correct relationship of the individual to the community in which he lives. Man is both capable of and in need of fulfillment. Thus, for example, by the gift of language, and by his craving for social relations, it is clear that man is of his very nature a social being. He comes into this world as a member of his family, of his tribe, of his clan, and of his national community. He gains from being a member of the community without having his individuality suppressed by it. But he must also conform himself to society and even to subordinate himself to it as a higher and determinative community; and he must serve the purposes of the community and the welfare of those associated with him in the life of the community. Associated with this notion of obligatory service that is to be rendered as if it were mandated, is the Christian concept of *occupation* or *function* in society. The ethical personality of the human person grows by fulfillment of his *functional responsibility*, and without dedication to function or occupation, virtuous living becomes impossible. Thus, Christian ethics

does not cultivate the human being only for a higher world in the life hereafter, but also and in a very specific sense for cooperation in the tasks before us here on earth. As F.W. Foerster noted,[4] it changes the centrifugal individual into a centripetal individual; and in the innermost recesses of the individual it gives birth to a kind of life that transcends mere individuality so as to make possible the survival and advancement of life in community with other human beings.

5. The original cell-unit of human society is the family. It is in the family that religiosity must find its deepest and ineradicable root, as A.M. Weiss[5] said, otherwise it will never thrive. It is there that the first and most secure foundations of the Faith, of obedience, of respect for authority, of a sense of sacrifice for the common good – the five foundations of the social structure – are established It is here too that the seeds of a legitimate conservative sense are nurtured which respects customs, traditions, and forms a protective screen for the traits, peculiarities, and customs of races, tribes and, nations. Here property ownership and the traditional work habits and modes for acquiring things find their safeguard and protection. Here too are formed ever new bonds among people which are in fact the strongest bonds of all – the bonds of blood relationship. Here people unite themselves, and persons whose paths otherwise go in different directions are linked together by friendship and common social interests. Only where the family is established in a secure and orderly manner can we expect that social peace will be ensured.

Originally, the focal point of economic life was also to be found in the domestic economy, which had to serve directly as the economic unit providing self-sufficiency by providing for the family's needs and wants. Then as exchange economies gradually spread and became the rule and achieved the necessary stability, the old unity between the producer and consumer economics disappeared more and more, at least as the general case. The man of our times seeks his pay mostly outside his household. Women and children are not, as a rule, involved in the man's economic activity; and at times even they go to work elsewhere. In families where there is some household industry carried on, as is the case in small middle-class industries and farm families, the one-time significant economic role of the family has been preserved to a greater degree. Otherwise it

is only consumption which takes place in the household. Father and son sit at the table in the home to consume what the mother places before them. Certain articles of clothing and other textile goods may perhaps still be made in the home, and more often cleaning and the repair of these are still done at home. In fact, even the household that is limited to consumption now stands in danger of being emptied out. Many of the tasks which used to be a part of house keeping are now, also being done outside the home, like baking, laundry, the slaughtering of animals, etc. But does this mean that the family is destined to be abolished entirely and set aside by such cultural restructuring of the economic field of activity within the family? On the contrary: there are enough important tasks left to the family, which can now be done ever so much better as economic burdens are lifted. Schmoller[6] said that those who would send every hungry person to a restaurant, every pregnant woman to a clinic, every child from birth to full adulthood to a succession of educational institutions, will simply succeed in changing society into an aggregation of self-seeking, egotistical vagabonds, whose neuroses and tensions will provide a surplus of candidates for mental hospitals. The more mobile people become in our time, the more important is the secure bond of love that is exclusive and which involves the kind of trust and respect which only the family can provide. The future of nations and the genuine emancipation of the woman is to be found not in the destruction of the family domicile and the domestic economy but in their proper restoration.

But is a restoration of family life possible where moral degradation prevails, where sexual intercourse becomes an end in itself, where love is merely passion rather than true, genuine love based on mutual respect and combined with a sense of responsibility and fidelity between the marriage partners, along with a devotion to the raising of children? It was not without a good deal of extravagant fantasy that Engels and Bebel tried to teach the poor workers that women in primitive times had sexual and economic freedom, and that with the disappearance of the rights of motherhood they became the property of man. To be sure, mothers of families in large metropolitan and industrial cities at present do not enjoy the kind of legitimate equal rights which are owed to a lifetime companion as required by Chris-

tian ethics. They serve instead as the instruments for satisfying lust and as slaves for men. Without motherly love, without love between spouses, married life is, as it is alleged to have been in primitive times, all too often merely a brief interlude of sexual and economic freedom, and even worse than that! Anyone who observes life in our cities and metropolitan areas knows well that it is precisely the destruction of Christian family life which constitutes the pervasive evil threatening our culture at its very foundations. No one comes to know and appreciate the value of the Christian family better than a chaplain in one of the large welfare institutions of our metropolitan areas.[7]

The restoration of family life also calls for regulation of the relationship between servants and those who employ them. All efforts to resolve that problem will be in vain unless domestic service once again comes to be regarded as an honorable occupation with proper status. The queen of Austria[8] offers us a fine example in this regard, and she, in fact, bears the name of a servant girl, St. Zita. It is a matter of the greatest importance that servants' position continues to be an integral part of the family unit. One cannot remunerate servants simply with money. One must also learn how to treat them properly, to ease the burden which goes along with holding a subservient position by respect and love, with the kind of familial concern and psychic recompense that is in keeping with moral responsibility. Roscher[9] said that the ideal to be sought where domestic service is involved is a situation where such service fits into and becomes a part of the family structure and is regarded as such by masters and servants alike. This means ultimately that there must be kindness on the one hand and dedication on the other, as well as loyalty on both sides along with unselfish concern for the present and future interests of the other party *tamquam sua*,† and concern in particular for the eternal welfare of each party.

Now let us turn our attention to another very important economic problem.

There is an undeniable interrelationship between economic progress and population increase. Where there is economic progress, as a general rule, population is also increasing; and conversely, the rising population factor indicates rising productivity, greater intensity

† "As if they were one's own."

in the division of labor, or in industrial and commercial activity. A growing population also indicates that there is greater consumption, that being a condition of increasing economic progress in a nation. Thus, by increasing population, increasing national wealth is made possible; and increasing national wealth provides the economic basis for an increasing population.

Ancient sages (like Plato and Aristotle) had already pointed out the danger of what would happen if there was too rapid an increase in population with a consequent imbalance between the growing population and the means of subsistence; and they also suggested some extreme methods for dealing with the problem. A number of French and English writers, along with Justus Möser, also dealt with the problem more recently. But it was Thomas Robert Malthus who then made it his business to ascertain how balance between population and the means of subsistence could be maintained. Malthus advocated *moral restraint,* which included restraining the impulse to marry permanently or temporarily to preserve the precarious balance between the means of subsistence and the population. Where this method failed, poverty and misery would go into operation as repressive checks. Neo-Malthusianism regarded the Malthusian method of moral restraint (celibacy, late marriage, and continence in marriage) as impractical at best. It called for the application of artificial intervention in the act of intercourse (being "smart" about the marriage act, optional sterility, etc.). Kautsky and other socialist writers also maintained that in the society of the future, "contraceptive sexual intercourse" would be necessary. Neo-Malthusianism sought in vain to develop a theoretical justification for the "two-child system," and it is still trying to accomplish this. Fahlbeck said that this system persists at the present time.[10] It conceals itself in every advanced civilization, like the worm hides in the rose. We would prefer to say that it is to be found wherever decay has set in because the moral culture of a nation failed to keep pace with its material accomplishments. The most direct and obvious cause underlying the decline of the Greek and subsequently of the Roman world was the increasing dearth of population. But, as Fahlbeck pointed out, this was merely the result of the failure to regenerate: people stopped providing for the continuation of their race. No matter to what

degree pestilence and war at various times decimated the population, especially during the middle of the second century A.D., these shortfalls were quickly compensated for, so long as regeneration remained vigorous or at least at a normal level. In healthy nations population growth after such bloodletting tends, if anything, to accelerate so that the population will return to its original level in from 15 to 20 years. Therefore, such misfortune probably would have had little to do with the population decline if regeneration had not begun to lapse. It was that failure to regenerate which, time and again, became the principal fatal disease in decaying cultures.

The consequences of the two child system are apparent again in our time in the decadence of France. The director of the Statistical Bureau of Paris, Jacques Bertillon, has for many years been lamenting the fact that if the French birth rate does not increase France will be lost. It must be apparent, however, that all attempts to impress upon people the seriousness of the problem have been of no avail. The de-Christianization process of that unfortunate nation, which began in the period of time leading up to the great Revolution is responsible for the decline of France; and that de-Christianization is the real cause underlying acceptance of the two-child system which prevails there. Take away that two-child system and the churches of France which are empty now will again be filled tomorrow. There is no question but that the flawed inheritance provisions of the *Code Civil* also make it undesirable to have a large number of children. However, the real reason underlying national suicide lies elsewhere. It is to be found in the moral decadence which all too often accompanies prosperity that is purely material, and which gives rise to the unrestrained quest for pleasure. And such moral decadence is also subtle enough so that it promotes by illicit sexual activity the baser sexual appetites as well as other modes of self-seeking in a manner unworthy of marriage partners and family life. That is the wound which enervates France, and it is the root of the horrendous evil which has become widespread there, not only in the large cities and among the upper classes, but even among rural workers and the peasant population. Julius Wolf[11] related that according to Leroy Beaulieu the shortage of children follows the *"Ecole laique"* and the political and religious Enlightenment. An excess of births over deaths continues to occur only in

the Catholic, church-going Departments of Vendée, Bretagne, and others in the north of France. Among the Walloons in Belgium, the state-school system which excluded religion had the same effect, since it undermined the influence of the Church.

The German birth rate also decreased considerably in recent times, and here as elsewhere it presaged a general decline. What is the actual ultimate underlying reason for this? None other than the decline of the Christian faith and Christian morality. Bornträger[12] noted in the Prussian *Veröffentlichungen aus dem Gebiete der Medizinalverwaltung (Publications in the Field of Medical Administration)* how it is generally true that genuine religious belief has a definite restraining influence in warding off the vice of contraceptive birth prevention and how, since unquestioning faith is more common among Catholics than among Protestants, in Germany the influence of the Catholic clergy on the people is somewhat greater than that of the Protestant clergy. Therefore, he feels that the sincere Catholic is better protected against the enticement of birth prevention than the Protestant is.

Parents who try to avoid the burdens and sacrifices which go along with having large families do not have a genuinely healthy love of children. Wendland[13] said that children who come from large families are far better prepared for living in the world. They make fewer demands on life; they learn from their earliest years to be considerate toward others; the whole spirit at large in the household inclines them more toward being of service to others, and to apply their energies to the utmost. Also in such households there is likely to be a richer intellectual life since the influence of the incentive provided among the children themselves, as well as in interaction with the friends whom they bring home with them, is very great. The children tend to be less spoiled, and the complaint about a lonesome old age is heard less frequently among parents who have many children and grandchildren. One has to wonder whether it was not "marital cleverness" which has caused so many bitter tears during the War, when death so often deprived parents of the one who by their own doing remained the *fils unique*.†

† "Only son."

By no means do we wish to underestimate the importance of other proposals that were intended to halt the decrease in births, as for example, what has been said about improving housing and living conditions. But all such measures will have little effect if Christian morality does not once again permeate married life. What we have in the nations which boast of advanced culture in our time is not the Malthusian danger of overpopulation, but the danger of depopulation; and it is this danger which must be emphasized now. A physically and morally healthy nation, an energetic, intelligent, progressive nation, however, will always find ways to provide enough space to take care of its people's needs. If all of the individual, social, and political factors that have come into play for the increasing population and for providing for it function properly as they ought to, then the growth of population will, as a rule, not cause poverty; and, in any case, it will not cause lasting misery. That is not to say that there may not be some difficulties. It is not always possible to avoid some temporary restrictions on the actual area which is needed to provide for adequate subsistence. But such difficulties are by no means an indication that the limitations of the potential area that is required to provide for subsistence have been overstepped. As a rule a nation's inherent vitality, its intelligence, its moral stamina, and its spirit of venture are far more decisive for its healthy development in its given economic circumstances, than the amount of space for providing its subsistence which it happens to have at its disposal at some particular economic time; and those economic circumstances are already, insofar as their impact and positive consequences are concerned, to a large extent a result of the operation of those national qualities. *It is for this reason that we say: see to the proper quality of the population and you will have nothing to worry about regarding the quantity of the population.*

Christian morality naturally requires that when people propose to marry they should pay proper attention to their ability to support themselves and a family, and that they do not allow themselves to be guided merely by blind passion without any sensible consideration, so that they plunge into marriage to the great peril of both parties. What it condemns, on the other hand, is getting married without reciprocal love, motivated merely by greed and

purely economic motives in terms of which Bebel passed such harsh judgment on bourgeois marriages. Christian morality also requires that people control and moderate the sex drive, in as well as outside of marriage, so that sexual intercourse does not become the sole end of marriage but keeps its dignity with regard to its higher aims. However, Fahlbeck apparently still suffered from prejudices stemming from his Protestant background when he suggested that Christian asceticism is a secondary cause of the problem of decreasing regeneration among the ancient Romans. He attributed to the strictly isolated phenomenon of freely chosen virginity a degree of importance for the entire nation, which this simply could not have had. Christian celibacy does not stem from a universal command, but from a special evangelical counsel; and it is merely an exception intended for individual persons. Along with the scriptural quotation: "Let him accept it who can," we find also: "...it is better to marry than to burn." On the other hand, Christian teaching about marriage and the family is so ideal and morally exalted that, notwithstanding all of its high regard for total continence by those who are called to it, not the slightest shadow is cast on others who lead a truly sacrificial life in the married state and who are able to and, by and large, actually do practice virtue and aspire to the highest degree of sanctity. When someone joked in the presence of Pius XI that marriage is a weakness, the Pope remarked: "Christ instituted seven sacraments, not six sacraments and one weakness." That sums up the Catholic view of marriage.

6. Cardinal Manning observed that, "A man without a home is a man without a firm support." In a country where there is no attachment to home and hearth, there is little prospect for genuine love for the home, for the nation, or for the fatherland. When the Christian religion consecrates and blesses house and hearth, the domestic meadows and the church yard, it is linking together what is most sacred with what are also the most natural human sentiments. As Lagarde indicated, religion too needs an earthly domicile, a peaceful home in which one lives and in which one knows the laws of life or at least senses them, because one sees before oneself a progressive development leading from one's ancestors to one's own grandchildren in an ongoing process. Piety calls for feasts by which

sunshine permeates human hearts. It needs graves where love can offer its laments, where hope stands sorrowing, where the sense of eternity comes to the fore. It requires the antiquity of venerable old age from which it absorbs what is best, on which it builds, and which it safeguards, and whose onlookers serve as the background for a future which is expected to endure without end.

The love of one's homeland and of one's own people, which is noble in itself and based on a solid moral foundation, is a psychological prerequisite for the national economy, and it calls for internal solidarity, unity and strength. But there is also such a thing as a narrow-minded exaggeration of love of the homeland which judges everything from the point of view of one's little province – a love of home which, as Wendland[14] remarked incisively, cannot and will not see beyond its limited boundaries, the kind which cries out amidst a mob of people in a Temple in India: "Is there no one here from Böblingen?" Such a limited horizon cannot and will not allow a person to understand that it is also possible to live somewhere besides in London or Paris, or that the Rigi is even nicer than the Kreuzberg in Berlin. Surely it would be wrong to suppose that all nationalistic sentiment is egotistical and that the international perspective alone is moral and Christian. However, when detached from the Christian moral law, stressing the national can, in fact, all too easily become egotistical, and it may lead to an exaggerated and ridiculous chauvinism. It sees in the national self-interest and in the brute-power principle the highest norm governing international relations. It calls for political, economic, and colonial world dominion without regard for justice and respect for other nations: "My country right or wrong." So far as the individual is concerned, what we see there as a rule is simply a form of individual *élan,* of individual greed and covetousness thinly disguised as a dubious kind of patriotism. All of the benefits which one ascribes to one's nation and to the national spirit come to be enshrined in one's own person. Thus, there is a clamor for economic domination of the world by one's nation. Why? In the final analysis this is intended only to fill one's own pockets.

II. The State and the National Economy: The Purpose and Unity of the National Economy

7. Christian philosophy rejects Rousseau's attempt to trace the origin of the state and its authority to a social contract, even when that is understood in the sense of an idealized construct rather than as a genuine historic-genetic origin. Actually, the state is based on a far more solid foundation. The individual state is, as a matter of fact, the direct product of history. However, that ever-recurrent development, toward a political society and toward the state itself would remain inexplicable if we did not go back to causes which go beyond the merely historic ones which give rise to specific individual states: namely to universal needs that abide in human nature. Man, being who he is, requires other social ties aside from family and other narrower societal forms growing out of the family, in order to develop fully and to secure a dignified human mode of existence. It is his social nature, with its capacity and need for fulfillment, which directs him time and again to move beyond the family toward that more powerful and more comprehensive higher association – the state. For it is by the state that he achieves all of those temporal human objectives which would be unattainable without it. That which constitutes the basis for its existence and the actual coming into being of the society which we call the state, in turn, also designates and sets limits to the state's purpose. The state is supposed to do for its members what they, by their own personal capabilities and by the capacities of lower-ranking societies within the state, cannot accomplish; and that includes the orderly and assured protection of their rights, effective assistance, and seeing that their shortcomings are complemented by the power which citizens of a state have when they act in concert. Briefly then, the purpose of the state consists in providing, safeguarding, and complementing the sum of those social conditions,

institutions, and structures which alone provide and preserve for all members of the state the fuller capacity to secure and maintain their temporal welfare on their own and by using their own abilities. Direct procurement of the welfare of private individuals by the state becomes legitimate only in exceptional cases, where other appropriate aids designed for that purposes are lacking or inadequate. Then involvement by the state becomes necessary for the orderly, effective prevention of misery and poverty among persons who are unable to help themselves.

The particular reason for the existence of public authorities as well as the establishment and limitation of their powers also lies in this ultimate purpose of the state. The authority of the state does not exist for its own sake but for the sake of political society; and it is morally obligated by *legal justice* to fulfill the purpose for which the state exists just as *legal justice,* by the same token, obliges the citizen to obey and to subordinate his private interests to the common interests of the state.

Therefore public authority must, first of all, move effectively to establish the prerequisites of the public welfare. That includes concern for the survival, the unity, and the power of the state, protection against external enemies and internal rebellion, and for the kind of representation in dealing with foreign countries and other regions which is of such great economic importance. Accordingly, state authority is there to protect *the rights of its citizens,* but also the interests of the community against all egotistical endeavors which cannot be reconciled with the civil common good. Thus it also exists *to safeguard the rights of the community* against private interests which conflict with it wherever other kinds of regulation cannot accomplish that. The purpose of state authority is, however, by no means merely negative or repressive, and its functions are not exhausted in protecting the rights of individuals and the well-being of the community against incursions. It also has the right and the obligation *to promote this well-being positively* and, without harming the initiative of its citizens, to rally all social energies to cooperate positively in establishing and fostering the public welfare.

Particular historic circumstances and needs can determine these generally acknowledged functions of state authority more specifically in certain cases. Thus, in our time, it is regarded as

incumbent on state authorities to cooperate in eliminating certain great social and economic evils which have resulted during the course of recent history. We refer on the one hand to a progressive accumulation of wealth in the hands of a few, while the rest of the nation is increasingly proletarianized; and on the other hand there are the special dangers to which proletarianized masses become subject because of their dependence on the classes which own the wealth. And the still viable middle class also requires care and assistance so that it can maintain its independence and so that the ways to acquire wealth are not everywhere closed to it. Therefore it is now up to the state authorities to be specially careful to protect effectively the masses which have already been proletarianized in their rights as human beings, Christians, and citizens, and to promote all endeavors which can help to alleviate the problems which already exist in this area. Benjamin Kidd attributes the victorious advance of the labor movement in England to the centuries-long impact of the Christian religion which has penetrated the depths of conscience and has therefore also permeated all of literature, so that the cry of the lower classes for human dignity and equal rights has come to be associated with the noblest and deep-seated convictions of all decent people. Whether or not that may be the case, any authentic social policy which is to achieve not merely a temporary rise to power by one class, but which is directed also to elevating the relationships among the various interest groups to a level of social reciprocity and genuine vital community on a permanent basis, will find firm and basic support in the Christian *principle of solidarity* of cooperation in the common *obligation to the purpose for which the state exists,* in other words, in the solidaristic responsibility of all for the common good of the nation.

Distributive justice excludes all arbitrariness on the part of state authorities in the manner in which they distribute public benefits and responsibilities. Benefits must be distributed on the basis of what is merited and what is needed. It was in accord with that principle that Leo XIII, in the encyclical *Rerum Novarum,* called for special protection for the working class. On the other hand, responsibilities are also to be distributed on the basis of ability. So far as their tax burdens are concerned, individual citizens do not have simply a kind of

exchange relationship with the state, as if their tax burden were to be determined according to the benefits which each citizen derives from the state (in accord with the liberal theory of respective interests and of insurance). No, there is a genuine obligation to pay taxes, which is not based on particular benefits received by the individual from the state but on the fact that the person is a member of the political body. In our time especially, faced with the need to distribute ever-increasing burdens and the efforts to acquire new sources of income by increasing state ownership – a direction which may become even more prevalent after the War – the state must only take care to avoid any kind of injustice against individuals and individual economic units but also against entire groups of business interests and occupational groups in the economy, so that the eventual harm to the whole national economy would be out of proportion to whatever material advantage the state could possibly gain.

One may continue to note the advantages of monarchy without seeing democracy as the "apex of Godlessness." In any case, it is not possible to make a case for a particular form of state or government, any more than it is possible to derive the need for some particular kind of economic system from the Christian religion. However, for all forms of states and governments, the purpose of the state adds up to a kind of imperative which is binding on the wills of all members of the state, citizens as well as public authorities, just as there arise from it important moral obligations in the economic area. In all cases, the citizen must subordinate his private interests to the interests of the community in accord with the principle of conflicting rights. He must assume his share of the common burden according to the measure of his capacities, and he must obey rules of legitimate authorities which are laid down with a view to the well-being of the whole community. On the other hand, state authorities are obliged to uphold the common good of the community to the best of its knowledge and abilities. There is no room here for the concept of a night-watchman state, for a purely utilitarian-economic kind of state which has as its sole purpose to protect the liberties of self seeking contenders and the property of the kind of two legged creatures who have no higher goal in life than to buy as cheaply as possible and to sell at the highest possible price. But there is also no room for absolutism on the part of state

authorities. The rights of the state extends no further than its purpose. Within the state there persists a sphere of inviolate individual freedom, not only where the highest rights of a morally free person are concerned but even where we are dealing with the most intimate affairs, individual aims and activities in the economic area, so long as these do not go against the general public welfare. The power of the state may limit freedom where this is necessary to achieve the state's ultimate purpose, but it may never annihilate freedom.

The recognition of moral forces which bind the arbitrary will of the state is the first step away from state absolutism; and it is that recognition which sets it apart from despotism. Second, and no less important, is recognition of rights which are independent of any arbitrary power. And finally, there is the fact that public actions by state authority are also bound by certain rules, and a recognition that public law is a norm which is independent of discretionary power on the part of public authorities. That is how George v. Herding resolved the antithesis of might and right, and of force and freedom in terms of a synthesis established on the basis of morality.[15] Christianity clothed temporal with true authority, but at the same time it made it responsible to God as the protector of justice and of the socio-political common good. Once again, it was the Christian religion which was responsible for breaking down despotism, just as it was the bulwark of true civil liberty by virtue of its doctrine about the eternal destiny of man which transcends the political sphere and to which all temporal striving and actions must be directed; also by its teaching about a kind of law which the state was not the source of, and about a kind of justice which went beyond political legislation providing the yardstick for such legislation and the only secure foundation for political life, and also about natural and supernatural forms of society – the family and the Church – which did not receive and do not derive their right to exist or their goals from the largesse of temporal powers. In other words, the social life of human beings is not exhausted solely and exclusively in their being members of the state.

It is possible therefore, to derive the most important principles for judging and structuring economic life and the state's concerns about economic life in a national community that is united into a political state from Christian political philosophy and ethics.

The national economy cannot be regarded as simply the sum of individual economic units whose only bond is the contractual relations which they enter into with each other, any more than the state is a mere sum of citizen-atoms. Instead, the national economy is a unit bound together by moral bonds, not in such a way that the national community or the state turns out to be the subject of the economic process, but because the citizens, insofar as their economic activities are concerned, are also subordinate to the purposes of the state so that they too must serve the general welfare which is common to all. This kind of unity does not do away with the economic independence of the individual economic units in the sense that communism or state socialism would. It does not eliminate the plurality of economies. The state does not become co-extensive with society and it does not suppress individual activity by its citizens and the activities of organizations of citizens in the economic area. Socialization is not justified by the mere fact that it appears to be technically and economically possible and operable; it must also be shown to be financially or economically necessary in each individual case. As Schäffle put it: let us have an expanded economic policy, but state operation of economic units only in exceptional cases! Briefly then, the independence and autonomy of individual economic units must continue. However, the national economy turns the plurality of such economic units into a genuine social unit by the purpose which all citizens must cooperate in achieving. The economizing human person is a citizen of the state, and he continues to be one also when he acts as an economizing person. Even in international economic relations which extend beyond the boundaries of the state, he is not a world citizen who has no responsibilities to the state. If "to economize" means to work at providing material goods for the satisfaction of human wants, then it is the task of the "national economy" as a social unit, controlled by the purposes for which the state exists, to achieve the kind of satisfaction of the nation's wants which is in accord with the given cultural level, and which can be regarded in this sense as national wealth stemming from the public welfare and the actions of its citizens.

The organic concept acknowledges that the state has certain tasks which are peculiar to it and transcend the individuals who make up the state. Thus, the national economic purpose also rises

above the subjective purposes of economic individuals. But it does not push aside and suppress those purposes so long as they are in harmony with the national economic purpose. For just as the state is not a physical organism where the members are merely members and nothing more, without any degree of autonomy and independence of their own, the unity of the national economy also has the same moral-organic character. Citizens engaged in economic activity do not serve only the common purpose; they also have their own purposes. They remain free human beings, and their freedom actually has its best guarantee in the fact that such freedom is not absolute for any individual, and because it finds itself limited by the legitimate claims and interests of one's fellow citizens – just as political civil liberty is limited by the purposes of the national community organized in the form of a political state.

The integral concept of the community as a moral organism also normally includes, along with unity and order, some social stratification. Doing the same kind of work or being involved in the same occupation constitutes the inner unifying bond for organizations which turn out to be organs of the social body overall, and whose operative accomplishment emerges as a "social function" by virtue of the role they play in satisfying people's wants. A corporate structure that is based on such unifying bonds does not constitute a state within a state. The overall general interest of society transcends group interests, and it is promoted and preserved, once again, by the higher requisite solidarity of the national economic and political community, and safeguarded by regulative and harmonizing action on the part of public authorities. However, the vocational-occupational concept – the idea of service to the whole – as it is understood here serves to strengthen the national economic community. The class concept, on the other hand, which is based solely on how much property people own, taken by itself tears apart the social fabric inasmuch as it injects parties, even in the economic area, where there should be *organs*.

In the approach we are following here, which is based on morality and moral obligations, the purpose of the national economy is this: meeting the national need for material goods within the context of the general welfare, with regulating factors including the consciences of human beings who are fallible even in the best political

and economic orders, along with civil organizations which perform their functions in a conscientious manner, and finally the complementary, harmonizing and regulative activity of state authorities.

And according to our approach, the notion of community which found such clear expression during the World War has its firm support in God and the will of God on which order in the world is ultimately based – an altogether different foundation than capricious human thoughts and sentiments, patriotic enthusiasm, or constantly changing extrinsic circumstances. We see individuals as not simply left free to follow their own self-centered inclinations, but as bound together with the whole community by obligations and mutual concern for one another and assisting one another; while the community is seen as something that has great value on its own merits, which transcends the individuals not merely because of its power, but by virtue of its place in the moral order and the purpose which it accomplishes. If, on the other hand, the nation and the state are nothing more than a sum of all individuals, then, as Otto Gierke[16] said, the glitter of an exalted moral idea pales into insignificance, and that kind of development has always prefigured the death of the fatherland. Indeed, why should any individual want to sacrifice himself for the well-being of many others who are actually no different from himself. We have a commandment which governs the conduct of one individual toward another: love thy neighbor as thyself. It is on this commandment that extreme individualists like Tolstoy, with all good intentions, want to base the life of human society; and take note, they are people who would demolish the state and who preach anarchy! The religious complement which goes along with the commandment to love one's neighbor is to be found in the law: Love God above all else. That is the commandment which builds the kingdom of God that is not of this world. But even for the temporal community, we are saying here, in keeping with God's law: love the whole more than you love yourself! And that only makes sense if the whole is something more exalted and precious than the mere sum of many individuals.

Let us turn our attention now to the national economic process of satisfying the need for material goods. ❧

III. Human Wants and the Economy

8. The Creator assigned to man dominion over this world. He was to be its lord and master. The fact that we have such dominion over the world is obvious. Every kind of progress in the area of material culture affirms it.

Its foundation, however, is in the will of God who assigned that dominion to the first father of our race and who endowed him with a rational nature which provided him with his essential supremacy over mere matter.

Furthermore, the foundations of that dominion are unalterable; it is only the specific manner in which it finds its concrete expression which can change. Insofar as its essential components are concerned, rational human nature is a work of creation and not of history. Everywhere and at all times man continues to be made up of body and soul; and he remains always and everywhere an intelligent rational being. However, the particular strengths and qualities enclosed in his essence are like seeds which have the potential and need for development. They are influenced in their development and fulfillment by extrinsic conditions and changing circumstances. In particular, the way in which this actually takes place, the specific form and concrete structure of the way in which man exercises dominion over the physical universe evolves in a long, on-going process; and it moves forward unsteadily starting from the "individual struggle for subsistence" by primitive people and progressing to the highest forms of culture which involve a well-developed dominion over our environment. Human nature persists; and its persistence, its activity, its unfolding is associated with a rich measure of modification, alteration, growth, and eventually decomposition. Along with what is general, there is also what is particular. Along with what is natural and persistent, there is also the transitory and the historic, and along with what always and everywhere preserves its genuine-

ness, its propriety and its validity, there are also those things which are valid and proper and effective only in particular historic circumstances. No economic order or economic form or economic system is intended for all ages. For that reason neither can Christian ethics associate itself with one particular economic system. It is adaptable to every historic structure in which its principles and requirements are preserved intact.

Rational nature is the common property of all persons. And it is for that reason that all people are also called, in one way or another, to share in man's dominion which is based on human nature and therefore on the will of the original Creator of our nature.

The purpose and the norm of man's dominion over the physical universe stem from the ultimate destiny of human existence, from the law of God which provides to govern all human actions and activities, as well as from the needs and requirements of human nature. The world must help us to fulfill our human goals fully and completely both here and insofar as the hereafter is concerned. It is for that end that man may and ought to use the things of this world. Only where and insofar as such use would constitute a hindrance to achieving the aims in life which God intends for us in this world and in the next is there a serious important obligation incumbent on man to renounce his use of worldly goods.

9. Without the help of the physical universe roundabout us, we would be deprived of the prerequisite means for and basis of any higher cultural endeavor. In fact, even mere physical existence and survival would become an impossibility for us. Man needs and is dependent on the world. That brings us to the first basic principle of economic life: *our wants force us to economize, and the satisfaction of our wants is the purpose of all economic activity*.

If our wants demonstrate that we are dependent on the world, they also reveal, on the other hand, the nature and scope of the specific completeness of human nature. The more exalted the species is to which a living being belongs, the more complex is its vital process and the more numerous and varied are its needs. Man has more needs than the animal, and the animal has more needs than the plant. Thus we have a proof of the essential superiority of man over the

animal and the plant in the fact that he can extend his wants, refine them, and seek ever more suitable means to satisfy them. Therefore, human needs indicate at one and the same time both a weakness in human nature as well as its majesty.

Accordingly, the development, enlargement, and refinement of wants cannot be rejected out-of-hand as morally objectionable. On the contrary, we find in that a completely legitimate and necessary kind of progress. And since we are dealing here with a process which is tied to rational nature that is common to all mankind, we come to the logical conclusion that all men are also called to share in the progress that is made in our material culture in the form of an expanded, which is to say, improved satisfaction of their wants. For that reason we are in full harmony with Christian ethics if we say that the notion of "minimum living standard" is not always the same as saying "bare subsistence," but that such a living standard already means a level of living which is in accord with human dignity and which corresponds to the kind of higher level of cultural achievement which man may succeed in attaining. And what is more, it means that such an improved standard of living must extend also to the lowest ranks of society to an ever increasing degree.

However, it is necessary to distinguish between wants and mere desires. The pure and simple craving for enjoyment and superficial glitter, taken by itself, is without effective limits and can therefore easily get out of hand. Also, the objective capacity to enjoy does not provide us with satisfactory limits to want satisfaction. Another norm is needed, namely, concern for the higher purpose of human existence – the spiritual moral order – in order to assure that correct choices are made and proper moderation is used in the exercise of practical reason. Albert Schäffle[17] pointed out that it is not an unrestricted increase and variation of wants which the economy must satisfy and which people ought to be in search of, but an extension of wants in keeping with the needs of an unfolding richly cultured personality, progressing from the most important to less important wants, and varying in its content in accord with the norm of an eventual restructuring and development of a personal moral living pattern. A structuring of wants that is economically proper is one

which is adapted in a most productive manner to genuine culture. Our economic science has time and again made the mistake of praising any and every expansion of wants. It ought to approve only the kind of want structure which has the most beneficial possible effect on moral formation and which is a real blessing for it.

Pagan Rome, with its culture perverted by materialism to seeking satisfaction of frivolous desires and pleasures demonstrates where a culture which holds in contempt all moral limitations will lead. A. v. Gleichen-Russwurm[18] told us that the Romans carried all of what they learned from the Greeks to exorbitant and colossal extremes. They wanted everything that was larger than life, strong, formidable, and beautiful. The elegant Greek baths, which were practical and artistic but kept within modest dimensions, were transformed into baths with excessive decoration; and the Greek plays were perverted into gladiatorial combat and animal excitement. The refined, dignified, tasteful banquets were turned into sheer gluttony by the kind of monumental insanity of which some well-known anecdotes inform us: dissolved pearls, dishes of eels which were fattened on human flesh, nightingales and the tongues of peacocks, and all sorts of grotesque excrescences of outsized, parvenu fantasy. Infamous monsters like Nero, Commodus, and Heliogabal did not come along as isolated instances in our world. They had kindred spirits who, even if on a lesser scale, have demonstrated such attitudes toward ephemeral and instant riches since the beginning of time.

Is it not true that luxury among vain and pretentious people rears its head also in our time, along with pampered egoism and the senseless vulgar display of monetary wealth? Are we not once again being treated to the spectacle of how materials and goods which could serve far better purposes are sacrificed for the sake of human vanity and pleasure-seeking? To be sure, in the production of things which satisfy cravings for luxury, some workers do earn a livelihood. But does this justify the kind of luxury which serves opulent sense pleasures and vain self-exaltation; and does it justify the excessive consumption by the few who enjoy an over-abundance of the good things of life? One observes the decorous carriages in Hyde Park, London, and the gold-embroidered parade uniforms of lackeys

standing in front of the House of the Lord Mayor, as Velleman[19] said. And one looks at the splendid palaces in the West End and the luxurious embellishments in the private clubs. Then one goes to the East End and is horrified by the number of deaths which occur because of hunger, lack of clothing, filth, and poor housing.

There is no doubt but that luxury is a relative concept. What still ranks as luxury today could at some later time become a legitimate need. And there is also such a thing as dignified luxury which is in conformity with a person's station in life. All of that corresponds to the ideal quest and the rising needs of a higher culture which also help toward the beautification, refinement, and ennobling of life; and it affords to society a dignity and glamour which adds flavor to life in society in a legitimate sense. Such luxury has never been condemned by Christian ethics. As St. John Chrysostom[20] pointed out, the simplicity and forbearance among Christians is quite different from that of Diogenes who went around in rags, lived in a barrel, and aroused the curiosity of many since he needed next to nothing, and yet was of little help to anyone.

Somerlad[21] erred when he said that the supernatural morality of the Fathers and the Scholastics would have led to an acknowledgement of the principle of "an absolute absence of wants." No, not every superabundance is superfluous. What Christian ethics condemns is only the kind of luxury which arises from immoderate vanity and unrestrained craving for pleasure, such as accompanies the wasteful destruction of goods which could and should have been used to satisfy the needs of one's neighbor.

The same is true of fashion. We may enjoy making fun of the young and also older ladies who parade up and down our city streets with high heels and crooked hats. Posadowsky[22] related that a Chinese lady who saw another lady wearing a different kind of hat would be inclined to throw a stone at her. A European lady in the same situation might ask herself how well that hat would look on her. Even in the latter case, there is a display of human weakness. However, most people have something of a herd mentality which, as A. Mayer[23] observed correctly, makes them fall victim time and again to the urge to imitate others, especially in this area of luxury

and fashion. If the urge to follow fashions is a weakness, fashion, in itself, has its proper place within certain limits. It represents the need for change and will surface wherever industrial development makes possible the satisfaction of that need. Even valuable jewelry and expensive women's clothing are acceptable so long as they remain within the bounds of morality and of their class, and avoid whatever incites to sin.[24]

In all such matters, what is to be avoided is excess, extremes, impropriety, and immorality. As Anton Koch[25] pointed out, however, the most effective cure which society ought to develop within itself lies in the preservation of good manners, taken in the right sense as implying good taste and dignified decorum. In other words, what is needed is a refined morality. Christian principles regarding the proper use of temporal goods do not apply only to the individual, but they must be revitalized also in society at large. This means that luxury and all of the excessive demands on life which give rise to it must once again be directed into proper channels. In any case, that will help more than all kinds of laws against luxury, luxury taxes, and prohibitions against the use of certain things.

"What violates the moral law will never, under any circumstances, be proven by reason to be correct. What is immoral can never end up being economically correct. Therefore, ethics serves as a test of the propriety of economic theses and as a kind of beacon-light for economic research. Anyone who disregards this beacon-light will end up ship-wrecked in the vast, rocky sea of error."

IV. Work and the Worker

10. Man is the lord of the World! However, the practical fulfillment of this dominion is achieved by work. Human needs are ever recurrent. Therefore continuous and repeated labor is required to take advantage of the bounty of nature and to replace by other things resources which have been used up. Without continuous and persistent work, mankind could not sustain itself, and the largesse of our natural environment with its materials and energies could not function in the service of man. There could be no development or progress either for the individual or for nations or for the entire race of mankind.

Work takes its place among the basic facts of economic life and among the fundamental concepts of economics. To "economize," therefore means to function, to be active. Among all of the activities which are regarded as human actions, economizing is the one which sets out to make the material goods in the world capable of satisfying human wants. "Economy," on the other hand, is simply a norm or a quality of economizing whereby practical reason requires specifically that when we engage in economic activity we maintain a proper proportion between means and ends, so that the limited supplies of things available to us are used carefully (the principle of thrift.)

Work precedes ownership. That is because all ownership could only come into being by work. This is not to say that work has remained the only title to ownership; and it means even less so, that ownership today is reducible in its origins solely to honest labor. However, it is not hard to understand why in Christian ethics honest labor is always held in higher regard than property ownership, and the way in which it acknowledges the special merit of ownership which results from such honorable labor.

Labor ipse voluptas!† Happy the person who concurs with Leopold v. Ranke. However, the larger part of mankind will most

† "Labor is such sheer joy!"

likely see in work what the word, *labor*, *πόνος (pónos),* suggests, i.e., tiresome exertion induced by dire necessity. Work will never become sheer enjoyment and joy, and it will not be merely play and recreation. However, it will always bring with it the need for rest and relaxation if the pressure of labor is not to exhaust human energy prematurely.

Rest and relaxation are thus necessary complements of work in human life, but they do not constitute the ultimate purpose and goal of our lives. When Bebel proceeded to propose just two hours of physical labor for each person so that the remaining time could be devoted to cultivation of the personality, he was dealing in utopian fantasy. We may not always even be able to get by with the eight-hour day. As the somber socialist leader of the Swiss workers, Hermann Greulich, has said, "We will first have to consult our cows about that." On the other hand, it is necessary to emphasize that labor is never to be pushed to extremes and protracted; and this applies, among other things, especially to those who do hard and back-breaking labor. Everything ought to be done to make their day easier.

It is a fact that the work performed by the modern industrial worker, by and large, involves special psychic difficulties. The "depersonalization" which characterizes the workplace in our time severs all bonds with the one who operates legally as the entrepreneur and in whose interests the workers perform their tasks. The industrial worker, given the extent to which division of labor has progressed, performs only a small part of the overall task; unlike the craftsman, therefore, he does not turn out the completed product. Accordingly, the former takes less interest and pleasure in his work. He is scarcely able to assign a proper value to the labor rendered by his co-workers, and he is also far removed from the consumer whom the product is ultimately intended to serve. The work of the farmer is rich in variety, since it permits him to become part and parcel of his enterprise, and of his land and soil. Every season brings its own different kinds of tasks, and the busy harvest time is richly rewarding followed by the winter which allows for some rest and its own special gratification. In contrast, the labor of the industrial worker is monotonous, his whole life is inconstant, and it is characterized by hard labor and quick pace which are equally oppressive in summer and in winter, whether he works in one place or in another, or for one or the other

employer. Otto Kammerer[26] has suggested that at some time in the future the development of machine technology would reduce the monotony of operations which involve simple materials-handling, and that it would call for a higher type of worker who would have to be equipped with the requisite intelligence and training to understand the total mechanical process in order to perform it properly. Even then, however, what John Stuart Mill said about all earlier technical progress will still be valid: it did not reduce the burden of work for anyone.

Is it proper, therefore, to hold it against the worker when he, on whom the heavy burden of labor bears down especially hard, and inasmuch as he sees himself as helpless and weak so long as he stands alone in confronting the power of the owner's business enterprise, seeks to join together in union with others who are in the same situation in order to compensate for his weakness? In the labor union he once again finds a sense of strength which is lacking to him as an isolated individual. It is there that he has the chance to assure better working conditions for himself in the future, and also the just wage. Even though such unions may seem discomforting to some, and even if it is not uncommon for them to at times overstep their bounds, no one who thinks as a Christian can blame the workers or deny them the right to bolster their self-esteem and their strength by uniting with their fellow workers. However, they will be more successful in bringing about an improvement in their situation only to the extent that they are firmly convinced that their own welfare is to be gained not from hostility toward management, but from working together with it, and from the growth and harmonious operation of the national economy as a whole.

What is more, technical strides must be sought and applied so that whatever endangers life and health, as is the case in many kinds of work, can be removed or at least reduced as much as possible. Also, much could be accomplished in the way work is organized, in the internal organization of the operations, in the personal behavior of the people who head the business and the foremen, and in the way wages are determined and paid – all of which can serve to alleviate the burden of work and the pressures involved in labor relations,

and also to lift the spirits of the worker and bolster his willingness to work.[27] The old paternalistic bearing by management is no longer suited to our times, any more than is the kind of brutal "domination" which leads to hostile confrontation. Instead, what is needed to assure peace is a kind of constitutional restructuring of labor relations involving collective negotiation of the labor contract, wage agreements, and a joint determination, regulation, and administration of working conditions. It is encouraging to note that a proper understanding of the unionization process has begun to emerge along with a more positive view of collective wage negotiations.

However, everything which is destined to improve the condition of the working class and to preserve and improve in workingmen a proper attitude toward their work is contained in the directions which flow from the principles of Christian ethics. Thus, the Church is especially concerned about insisting on Sunday rest so that workers will once again have some time left for themselves which they may devote to obligations of a higher order and to the very highest ones. For the factory workers, that is even more important than for farmers who, in their close contact with nature, sense their direct dependence on God. However, for the factory workers, the work which they do is all too easily divorced from any promptings of their souls. The whole world appears to them, in the final analysis, as a kind of machine in the service of the clever – and perhaps even devilishly clever – calculating capitalist class of owners. Honest relaxation, mental rejuvenation, and cultural activities should enhance the day of rest and also the evening after work is finished. The *Volksverein* for Catholic Germany has devoted its energies and efforts to this task in an exemplary manner.

Christian ethics has at its disposal potent and exhilarating incentives[28] which can effectively counteract the exhausting tedium which labor involves. But as Wendland[29] pointed out, we ought not to start out with exaggerated idealistic notions about labor and then propose to every person that he should keep these constantly in mind while he goes about his daily tasks. It would not only be a poor understanding of human nature, but it would also be objectively erroneous if we tried to convince the worker that the particular task

which he performs during his day's work represents the special vocation to which he, in particular, is called. The concept of *vocatus a Deo*† is not well-suited to the work of the street-repairman or the canal worker, or to that of the employees in those great slaughterhouses (in Chicago) who do nothing all day but slit the throats of the hogs which move past them, one by one, on an assembly line. The worker will understand it better if we tell him that work is necessary for him, and that it is also an obligation because it enables him to support himself and provide a livelihood for his family. He is also able to understand that his work is necessary for human society, which for its survival, its continuance, and its continued development requires all kinds of chores, even the most menial ones, so that the worker by his labor is filling a necessary and useful position in the overall pattern of human society and of the national economy. The worker must also come to appreciate that he is not working merely to serve the financial interests of his employer, but that he shares in the realization of the general welfare of his nation and of all of mankind, and that his labor constitutes a dignified social calling which also happens to be natural and meritorious in the eyes of God.

Not all blossoms become fruit. Not all of peoples' talents find their full development as might have been the case under more favorable conditions in the economic occupations which individuals have chosen, often because of inherited circumstances or the pressure to simply make a living. That is a deficiency which will, in fact, never be completely done away with. Besides, workers are not the only ones who complain that they do not find a fulfilling outlet in their chosen occupations for their energies and talents which, incidentally, are sometimes overestimated. However, we may take some satisfaction in the fact that now, more than in the past, since we have the benefit of improved vocational guidance and wiser and more effective programs which make possible further education and training for those with special abilities from the lower classes, less of the available reservoir of talent and ability will go untapped.

Christianity offers even higher motives for work than the obligation to provide for the individual and for the support of his

† "Called by God."

family. It also goes beyond the requirement that labor must provide for the needs of the nation. In addition it also has this social "concept of function" which is vital for all of the kinds of performance which are required for the life and continued progress of society. Bishop Dupanloup[30] said that religion has accomplished three remarkable things: It has taught us about the universal law of work; it has restored dignity to labor, and it has made labor free.

As regards the universal law of work, religion has taught us that this is a law which is binding on every person who is able to work, and it is a law which is as universal as the law of death. All persons must work and work purposefully so that they may earn their bread by the sweat of their brows, until they return to the dust from which they came. It would be a denial of the physical-rational nature of man if we were to try to interpret the law of work as applying only to the material activity involved in bodily exertion. The human intellect also renders necessary and productive labor services in all areas of human endeavor. Wherever man operates as a human person, even in his physical labor, the intellect guides him. If then we consider labor in the broadest sense as including all kinds of purposeful intellectual and physical personal activity, then it emerges not merely as an obligation incumbent on mankind as such, but also as a law which is binding on individuals and therefore on each and every person. That is, of course, so long as particular circumstances like old age, sickness, and the like do not rule out productive labor activity. However, if we are talking about physical labor that is designed to provide us with external goods, then this law of work is in fact a universal law governing all of mankind, but not applicable to each individual. Not everyone can and has to take a shovel in hand; but no one should simply live off the work of others without himself engaging in some kind of necessary or legitimate activity to serve the human purpose. Drones are the product of history, of personal shortcomings, or of social misdirection, but not of nature or of the order designed by God.

Religion gave dignity to labor. The worker has his noblest models in the example of Christ and of the saints. There is no real imitation of Christ without work. What is more, work is for the Christian not only a law of God by which we honor God. It also

elevates man's soul since it is an effective means of doing penance and for testing, purifying, and ennobling man. Work can lead him to exalted virtue; and undertaken with the proper intention, it is in itself a meritorious virtuous action just as, on the other hand, idleness is a vice and the cause and occasion of moral degeneration and the source of all evil according to Christian teaching. "Labor is the balm of the blood; labor is the source of virtue" (Schiller).

Religion makes labor free. It is one of the deepest underlying themes in Christian teaching – one that is staggering in its simplicity – that even the humblest worker is to have a share in the dominion which God assigned to human beings; that by his ability to work he does not belong to the order of economic goods, but that, since he is a human person, he stands alongside the entrepreneur as the aim and purpose for which the material world around us was created; and finally, that in the economic order the worker is to have his place of respect as a person and not be reduced to the same level as a commodity, like the machine and other material means of production. During the Christian Middle Ages, the concept " labor market" did not exist. In our time, it has become standard; but it may no longer be allowed to play the part which it played in liberal economics and which it also, in effect, plays in unionism as understood by the socialists. It may no longer be the kind of market where an employer looks for the commodity, labor, and where the worker emerges as the commodity, labor power. It must be converted into a situation where free human beings with equal rights encounter each other on an equal footing so as to offer their services.

These ideas which accord respect to the worker as a free person, relieved him of the bonds of slavery and gave him back his human dignity; and they have also safeguarded the status of the functions performed by the lower classes. It is on the basis of such thinking that our social policy advocates move into the parliamentary arena on behalf of workers, women and children in the name of Christian teaching. Yes, in the name of Christianity, without which no nation until now has found itself able to extend humanity, justice and charity to the lower classes.

To be sure, Christianity cannot abolish the tedium and exertion involved in labor. In fact, it would not even be good for us

human beings if we were not able to look beyond the trials of this life in hope, and to aspire to and be forced to look forward to our heavenly home, the land of eternal rest which no enemy or worry can ever take from us – the eternal light which no night can ever extinguish. Many years ago, the young child of a nobleman stood before me. When I said to her: "M. you are a poor child," the little girl looked at me in surprise and said: "No, Father, I am a countess." "So you are a countess, a countess indeed. Look out at that man who is working in your father's fields. Before God he is no less than you, and if he is more virtuous, he is in fact more than you. And in eternity, he may have a much higher place than the little countess if in his lowly estate he has accumulated greater merit than you." Later on the little countess became a duchess by marriage; and I believe that she remained a good girl. But the poor worker had long since died and is with God in heaven. Would he now be willing to change places with the duchess? All problems are resolved finally and definitely, even for the poorest of the poor, only in the light of the beautiful words of St. Stanislaus Kostka: *"Ad majora natus sum,"*† and of St. Aloysius: *Quid hoc ad aeternitatem?*‡ Without eternity, all human life remains an insoluble enigma.

"Christian principles regarding the proper use of temporal goods do not apply only to the individual, but they must be revitalized also in society at large."

† "I am born for greater things." ‡ "Of what use is this for eternity?"

V. Ownership and the Acquisition of Material Goods

11. As is the case with the Christian attitude toward work, what Christian teaching has had to say about ownership, property, and the acquisition of material goods is of decisive importance for the genuine welfare of people and of nations.[31]

a) For the Christian, ownership and consumption are not the highest objectives to be achieved. His first concern is for supernatural goods and, specifically, the preparation of his soul for its eternal destiny. Material goods too are in the final analysis intended to serve this ultimate purpose of our life on earth. Furthermore, all possessions are merely things which are entrusted to a person by God, so that man does not have arbitrary control over them. Instead, he is supposed to use these in accordance with the law of God, and he is responsible to God for the way he administers them. Unbounded and restless craving for earthly possessions is irreconcilable with those basic precepts of Christianity. Such behavior is generally a sign, but at the same time, a cause and also a consequence of diminishing and weakening Christian faith.

b) Christian teaching excludes from the concept "goods" anything which makes people morally and therefore, as a rule, also physically and materially poor and miserable. Thus, things which lead people to their bodily and spiritual destruction are not classified as "goods" merely because they have exchange value.

c) The institution, private property, was established by virtue of the law of nations *(jus gentium)* as one of the natural rights and requisites of man, of families, and of political society in all nations which progressed to a higher level of culture. However, in the Christian view of things *there is no such thing as an unconditional, free, absolute right of private property that does not involve also obligations*.

Ownership, in fact, implies power and dominion, but at the same time, as a "right" it also involves moral possession and moral dominion. There is no such thing as a "right" which, as such or in the

way it is exercised, would be independent of the moral order which operates in the world.

Thus, among the rights which have to do with material things, the right of private property is the highest, but it is by no means to be regarded as the highest right overall which man enjoys as he makes his way in the world of material goods. The natural and personal right to life and to the necessary means of subsistence occupies a higher position than any derived right to material property, so much so, in fact, that in the event of extreme need, the right to own a material thing has to give way to the right of a person to survive. In this sense, all things are common, i.e., all of them are and continue to be destined for the preservation of the human race.

Property ownership is not an end in itself. It is not a law unto itself, but only a subjective right. Thus it is not dominion solely for the sake of some person's control over it or for the sake of his personal enjoyment, but it is essentially a means to make possible in an orderly and fitting manner the well-being of the individual, of the family, and of political society. This purpose, however, establishes appropriate limits to the acquisition, expansion, and use of property.

Christian teaching is not hostile to great possessions if these are acquired in an honorable manner, insofar as these do not go beyond a proper proportion to the wealth of the nation overall, and especially insofar as they are not withdrawn from service which is required for the national economic purpose, but at the same time it does not regard a nation as wealthy solely on the basis of its statistics of absolute national income and wealth, while poor and the middle class citizens find themselves in a position of relative oppression and living in undue poverty. The ultimate destiny of goods and of the right to ownership requires instead the kind of distribution of goods which will make it possible for the lower classes to live at a decent human level. It may not always be possible to bring this ideal to full realization. However, it is all the more important for this reason that we do not stifle the influence of Christianity in designing laws and the economic system.

Ihering[32] regarded the "improper structuring of the way in which goods are distributed and wealth is circulated" as the deadly seed which finally destroyed Rome. *"Latifundia perdidere Italiam"*†

† "The large estates are the downfall of Italy."

is the way Pliny had expressed his views about not only the vast agricultural estates but also the industrial *latifundia* of the rich where hordes of slaves served their manor lords. Basically, it was the irresponsible and unbounded egotism of wealthy usurers which drove the people, delivered into servitude by debts and war burdens, to a *secessio plebis in montem sanctum*† – a unique kind of general strike. And that is what obliterated the ancient domains and manors and replaced many of the older free economic units with great villas operated by appointed officials. These were the ancient predecessors of modern large-scale industry, where the middle class was always ruthlessly pushed aside.

The Germanic development at the time was completely different, since Christianity had an influence in setting up the German legal order. There property was regarded as a sum total of divisible rights, and the land and soil were regarded as a common fund intended to nurture the entire national community. Industrial activity was viewed as a something which was required in the service of the public weal. Thus, in the interests of the weak and of families and communities, as well as in the face of the need to provide for the nation as a whole, limits were placed on arbitrary behavior and greed. Under the feudal system, as Friedrich von Raumer[33] indicated, ownership was regarded as something almost living and moral; the way property was divided up became a sign and proof that both parties – the lord and his vassals together – made up a whole. On all sides the reciprocity of rights and obligations stood out, and loyalty and honesty were the prime conditions of human relationships so that the lord and his vassals were expected to share all of their joys and tribulations and come to one another's assistance whenever necessary. Those who deny the grandeur and the ideals underlying this perspective are captives of the alleged wisdom of the modern age, and such persons are incapable of understanding other historic eras. A restoration of the manors and of the feudal system is obviously out of the question in our time. However, it is urgently required in our time that we again develop proper structures and limits, so that people are again brought closer to each other in the way in which they exercise their private property rights, instead of being divided into two hostile armed camps.

† "Withdrawal of the people to a holy mountain."

To achieve this goal, we do not have to try to ascribe the private property right to the will of the state, or to some unprovable supremacy of the state over all, or to a fictitious assignment of property by the state. So far as state authority is concerned, it is enough if it exercises the force of law in accord with the purpose of the state, and that it organizes the system of private property in a manner which accords with the general well-being of the nation. This means that we ought not to follow those teachers of law who, in their development of the concept of ownership, stretch the "totality" of dominion to the extreme, and who see ownership merely as the extension of the *Ego*. In other words, they envision the "elasticity" of the right of property in terms of the old Roman law and tell us that property rebels against any kind of restriction and wants to revert to its natural state where there was no restriction, etc.[34] No, the state does, in fact, have great influence on the way in which the order of private property is to be structured. It can even resort to expropriation if private ownership as such in some particular situation conflicts with the higher rights of the community. On the other hand, however, the state is there to protect property which is obtained in a legitimate manner, and this applies specifically to the property of all of its subjects, even if they do not all happen to belong to the same nationality as the majority of the people. The criminal may be outlawed, but we may not do this to a fellow citizen for some political reason.

d) Producing or supplying an adequate quantity of material goods with appropriate variation and classification is indispensable for the preservation of the human race and for its cultural advancement. Natural instincts and moral obligations – self-preservation, self-fulfillment, self-interest, responsible concern for the future, for the family's well-being, the obligation to work, etc. – all of these provide the guarantee that under normal conditions there will as a rule be no lack of material goods in a national economy. Compulsion, e.g., with regard to some neglected mine or agricultural plantation will only be necessary in exceptional cases. What is more important is that producers, true to their responsibilities, will not pursue their subjective acquisitive goals at the expense of the objective purpose of production. That purpose is to be found in a proper satisfaction of consumer wants, which is accomplished in such a way that the producers do not covertly try to offer to buyers goods which are shoddy

and spurious. Such goods do not really rate being called "goods" at all, because they cannot serve the welfare of the people but instead actually end up being harmful to them physically and morally.

If we are confronted with the emergence of enterprises which are occasioned by genuine progress in technology or organization, and the kind which has due regard for other independent economic entities, it would not be wise to stand in the way of such developments. The individual enterprise is entitled to work out its own fulfillment. Also, the forms of enterprise are not destined for all eternity. They are subject to the laws of historic change in accordance with the shifting potentials and needs of a progressing culture. However, what is by no means conditioned by and can in no way be justified in the name of cultural progress is the kind of artificially induced ruin brought about by unscrupulous people singly or organized into groups which leads to a deliberate and consciously planned destruction of other economic units, the brutal suppression of whatever stands in one's way, and the reckless application of material supremacy in the competitive struggle.

e) Furthermore, Christianity exercises a beneficial influence on trade and commerce by virtue of its moral imperatives.

As indicated earlier, it moderates the quest for profit and riches, since it insists that those are not the ultimate purpose of human life and endeavor. Christianity calls for justice and honesty in commerce. It condemns any dishonest profit and requires strict dependability and honest value for one's money. In a very essential way, the welfare of the nation depends on honesty in business dealings. The dishonest producer and merchant do damage to their country. Laws passed by the government may be able to deal with the occasional swindler. However, where honesty is not deeply rooted in the broad masses of the population, government legislation will eventually be of little avail. And in a situation where cashiers, administrators, merchants, manufacturers and employers are swindlers, or where this applies to even just a majority of them, all trust will gradually vanish; and where that occurs the achievement of the economic purpose becomes an impossibility so that the economy itself is doomed.

f) The distribution of goods in an economy marked by commercial exchange ultimately relates back to the combined operation of incomes and prices. The prices which one gets or pays stem from

the exchange relationships of different economic units. Prices which the buyer pays become part of the income of the seller. Prices which are paid out of the income of consumer units constitute the income of other economic units which operate for gain.

Julius Wolf has referred[35] to "extorted income" which results from the use of force or taking undue advantage, specifically: 1) through exploitation of an existing condition of duress that already happens to be present; 2) through "qualified" extorted income which is the kind which brings about such a condition of duress (monopolistic merchants, market groups, or exploitation by workers and entrepreneurs using lockouts, blacklists, unjustified strikes, etc.; 3) through overcharging, i.e., taking advantage of inexperience or carelessness, etc., or self-deception on the part of buyers; or, 4) through "qualified" distorted income earned by bringing about a state of deception (being dishonest about quality, or by falsifying weights and measures). According to Wolf, extorted income has become more prevalent again in our time because of the renewed possibility of market domination that is brought about especially by the pricing policies of trusts and syndicates, and other similar combinations which have again become widespread.

Now everything which Wolf designates here as "extorted income" is condemned by Christian ethics. What goes on in such cases is no longer exchange but deception and theft. At the same level of economic infamy we find the various manifestations of unfair competition – of *concurrence deloyale*. This includes exaggerations in advertising, disguising true quality, the promotion or spread of untrue derogatory assertions regarding the reputation of fellow businessmen, the use of names and trademarks which are designed to deceive, the betrayal of business or industrial secrets, etc. German law by the so-called *general clause*, i.e., a universal provision, has made it possible to file a complaint about neglect and compensation for damages in all kinds of competitive dealings which violate "good morals," even those which are not specifically legislated against. But does the rejection of unfair competition and of various kinds of extorted income mean that a healthy price and income structure is thereby assured?

VI. Justice in Pricing and in Income Determination

12. During wartime our people had an opportunity to experience the meaning of "exploitative income." All too often they had to resort to the legislature and the courts in order to combat excessive and unjust profits resulting from the venal exploitation of business conditions of the time. That also demonstrated how an ancient moral principle has long since been crowded out by the *auri sacra fames*.† It is a principle which is seldom mentioned in economics textbooks or at best regarded with disdain as of no practical value, but it has nevertheless persisted in the good sense of people about what is right and wrong. The demand for "fair prices" arose in a great chorus. However, the call for such prices was actually nothing more than a renewed recognition of the *principle of repayment in accord with true value – the idea of the just price* – and maintaining *equivalence* in exchange transactions.

To understand fully the application of the principle of equivalence, we have to update ourselves briefly as regards the meaning of the value of an economic good which is needed or suited for satisfying human wants.

The value of such a good is nothing more than the degree of importance which is ascribed to it in terms of its capacity to satisfy human wants. Stating this in more precise terms, we would say: value is the estimability of a good based on the degree of importance that is imputed to it. But that degree of importance of a specific economic good is determined, on the one hand, by the urgency of the want which the good can be used to satisfy, and by the generic and individual qualities which make the good suitable for satisfying wants. On the other hand, it is determined by the quantitative dimensions in which the good is or can be made available for satisfying wants. So

† "The accursed thirst for gold."

aside from the utility or worth of the good or the service, its relative scarcity also becomes an important consideration in determining the exchange value that we are talking about here. In the want-satisfying process, a person is more dependent on an individual good, and will estimate its value higher, the less quantity of such a good he has or can gain access to. These factors are all decisive in determining the level of exchange value.

Inasmuch as we are limiting ourselves here to brief summary observations, we may move on now to establishing the principle of repayment according to value in terms of its importance for exchange transactions as well as for income determination.

The basic principles involved here are two: the first arises from the nature of exchange itself; and the second derives from the nature of society which operates on the basis of division of labor.

1. *Justice in price formation*. Exchange is not gift-giving. Therefore it does not involve merely an exchange of goods, but an exchange of values. What is to be noted carefully here is the word exchange. No one, at least not as a general rule, is trying to give something away when we are talking about exchange, and therefore no one intends to suffer a loss of some of his wealth in the process. But that is precisely what would happen if the exchange value of the good which a person offers in exchange is less than the exchange value of the good he receives in return, or in other words: if he paid too high a price exceeding the value of the good which is offered in exchange. Certainly the specific use-value of the individual good to a person who wishes to acquire it in an exchange transaction is higher than the use-value of the good which one is prepared to offer in exchange for it. Otherwise one would not bother to engage in the exchange transaction. For the businessman, the money which he gets in exchange for his wares is of greater importance than the possession of the wares; and on the other hand, the buyer prefers possession of the wares to continued possession of the money which he offers to pay. This disparity in individual use-values, which provides the incentive for both parties to engage in exchange, is by no means, however, a measure of the commercial value or the exchange value of goods and services. It gives rise to the desire to possess goods and

services, but it does not dispose a person to suffer a loss in value, except in cases where the want becomes so intense, either due to personal craving or dire need, that the buyer is either willing or forced to buy at a loss to himself. However, these represent exceptional and as a rule quite abnormal situations, where exchange borders on extortion. In any case it is not possible to derive a general principle or a "law" of exchange from them. We have to bear that in mind, in opposing the viewpoint of those who would be willing to base price determination solely and totally on the "consensus" of the parties to the exchange. It is the willingness to enter into a contract that gives rise to the contract.

Even when someone exchanges fake goods for genuine ones, there is consensus at least extrinsically, even though each party intends to put one over the other. But we may not conclude from this that under normal circumstances anyone is prepared to suffer a loss in value in the course of an exchange transaction. On the contrary, if a person becomes aware that he has suffered such a loss, then it is far more likely that he will try to extricate himself from the consequences of the alleged "consensus." What remains true is the fact that within the range between the *pretium infimum* (lowest price) and *pretium summum* (highest price) where the market price is established, the determination of the value is left to the common appraisal of the parties to the exchange (agreed-upon or *conventional* price), so long as there is no market price established by the judgment of society or an officially set price. But even where that is the case, as a rule one party will not be inclined to allow the other to make exorbitant gain at his expense.

The objection which is commonly raised against the doctrine of the just price is that it is impossible to determine such a price. While it may be difficult to determine in each particular case what price is "just," does this mean that we have to reject as erroneous the principle of repayment in accordance with the value of the good or service? And is the problem really so great that it becomes impossible to apply it in practice generally?

In the economy of medieval cities where production tailored to customer order predominated, and where the product was sold

directly to the consumer, the just price was considered to be one which covered costs and assured the craftsman a profit that was sufficient to enable him to live according to his station in life. That the medieval economy did not rule out profit is clear from the magnificent cathedrals, city halls, and hospitals for the construction of which savings were expended during the Christian Middle Ages. In the capitalistic era the *principle of profit-making* moved in to replace the *principle of satisfaction of wants*. There can be no moral objection to a merchant deriving the kind of profit that is normal for the country or occupation, or even to his earning a higher profit so long as such profit comes from the value of what he provides.

The realization of profit is conditioned by the price determination process. In production for market, according to the doctrines of liberal economics, price determination is controlled by the "law" of supply and demand. Prices are established directly by the interaction of supply and demand, and this process then leads indirectly to the economically correct distribution of goods for satisfying the wants of all. Also, free competition will bring about a situation where the prices of goods which are reproducible in whatever quantities that one may wish will fall, in the long run, to the lowest possible level – a level determined by the costs of production inclusive of profit. The entire operation takes place automatically, mechanically, as if "by itself." May we be permitted to detect a certain other-worldly idealism in liberal theory's expectation that proper prices will result from the mere fact of free competition? That might indeed be the case if supply and demand always reflected the supply of goods that is actually on hand or at least reproducible, as well as the actual wants of consumers at the time! As a matter of fact, however, supply and demand are not causes which operate as if by natural necessity. There is no natural law of supply and demand and no mechanism for price determination. Behind supply there are suppliers, and behind demand there are demanders, causes which operate freely, human deliberations, human ambitions, human passions, and human power relationships. Therefore what is needed is the intervention of regulating factors and protection against speculative falsification, against artificial manipulation of the fluctuation in prices which makes

it possible to earn vast amounts of money in a short time. Thus, what is called for is the kind of economic order which brings with it guarantees that supply and demand will reflect actual prevailing conditions, so that supply will really portray the amount of goods that are on hand and available for satisfying demand, and demand will genuinely and honestly express the wants of people. Only if such conditions are fulfilled will we be in a position to expect to derive a genuine *communis aestimatio* of the value of goods and services which will subsequently find its expression in just prices. Buyers and sellers will then have to conform, by and large, to such prices lying within a range between the *pretium summum* and the *pretium infimum*.

The ancient doctrine of the just price also had its counterpart in the concept of usury.[36] In Canon Law usury was understood to be a contractual appropriation of what was patently surplus value. This concept then came to be applied in particular to interest on loans, not without centuries of controversy.

It was taken for granted that Christians were supposed to grant loans for consumer purposes to their neighbors in need whenever they were able to do so, out of simple charity, *nil inde sperantes*.† Also, there was no difficulty in recognizing that one was entitled to earn a profit from a capital investment to the extent that the investor was himself involved as a partner, in any case as sharing in the risk. Likewise the purchase of an annuity was also allowed.

The purchase of an annuity was legally distinct from a loan. Here capital did not have to be repaid. It constituted the purchase price for initiating perpetual dividend payments. Also, rental income which derived from a piece of land was a material, not a personal obligation. Interest, on the other hand, which was demanded on the basis of a pure loan was regarded by the Church as usury: if I gave someone a sum of money equal to 100, I had no right to ask that more than 100 should be repaid. If the debtor had made some lucrative transactions in the meantime with that money, the profit which he made was not the result of the money but of his personal industry and his own ingenuity. The creditor had no claim on his earnings based solely on the fact that he had loaned him some money.

† "Hoping for nothing thereby." Cf. St. Luke vi:35

Meanwhile times have changed in this regard. It has become more and more a fact of economic life in modern society that someone with money could make money with it. And now, since this became the universal case, instead of being restricted to individual cases, granting credit in the form of a sum of money, in other words, placing it in the hands of a debtor for an extended period of time, took on a value that was higher than the sum of money originally loaned out. For non-Catholic critics to assert that Catholic theologians could no longer maintain the strict ban on interest-taking because the financial operations of the Roman Curia came to be based on money exchange is completely false. Actually it was the consistent application of the principle of equivalence, and the practical recognition of the important value which extending credit had taken on in modern economic circumstances which led to a recognition that this service has a market price, and that interest on money loans could therefore be allowed. The person who collected interest, and who determines his interest in accord with a legally established rate of interest where such exists, or on the basis of the market price – not taking into account special circumstances – should not be "troubled" in this regard.[37] That is what ecclesiastical authorities have decreed. That is not by any means an endorsement of the whole of modern capitalistic development. Nor can the way interest rates are structured in our time be viewed as entirely healthy and proper. The contemporary organization of banks and exchanges has, in fact, made of the rate of interest an object of speculation. The more investments and speculation that occur, the higher the interest rate will climb until there is an eventual collapse with attendant grave loss for the people who were deceived in the process. The level of interest also determines the rate at which governments borrow, so that government obligations too are dragged into the maelstrom of acquisitive speculation and the unbridled urge to get rich.

Usury is not exclusively a monetary phenomenon having to do with money-lending. A disparity between what is offered and what is given in return, resulting in excessive gain, can arise anywhere in the exchange process, and especially in business transactions.

Usury in a business transaction is the *contractual appropriation of obvious surplus value in the process of buying and selling.* The damage

is done by the contract itself where performance and remuneration are juxtaposed. What we have here is the stipulation of prices which are too high or too low, and in this sense there is appropriation of the kind of surplus value which is patently surplus. If the appropriation between the value of what is given and what is received in return is in any way doubtful, then we cannot talk about usury. Minor deviations from the market price are justified by the uncertainty which is present in human and social value estimates generally. Excessive rigor in such matters would lead to bad results. Perhaps it is possible to debate about whether the exploitation of ignorance, the lack of business sense, the carelessness of either party, or the dire need of one of the contracting parties, when these are exploited, constitute an *essentiale* or a *proprium*† of usury. In any case, there are qualifications which in practice regularly go along with usury. In other words, a reasonable person who knows his business would, under normal circumstances, excepting situations of error or dire necessity, not be likely to submit himself to usury. Without denying that, it is nevertheless a fact that when obvious surplus value is extracted, we already are dealing, at least formally, with usury. In our time we have also come to experience virtual usury: someone has commodities which he does not deliver to the official assembly location. He does not charge a price which exceeds the maximum price, but he also refuses to offer his goods at the official price. He then waits for someone to come along who will "voluntarily" offer to "take the goods off his hands" perhaps at a price which results in enormous surplus value. Such buyers are, in fact, not in short supply. In that kind of situation both the buyers and the sellers objectively violate obedience to higher authorities, and, among other things, they do damage to the general welfare. Generally speaking, and from the point of view of society, such transactions are usurious. They also involve taking advantage of a condition of dire need which stems from the prevailing "genuine" increase in prices and from the shortage of goods needed for satisfying wants.

At the same time, the problem of restitution has to be handled differently here than in the case of formal usury. The buyer

† "Essential" or "particular and peculiar" property.

with the means to buy, who wants to enjoy certain pleasures which others must do without, voluntarily offers surplus value, so that the expression *volenti non fit iniuria*† may be applied to him. Yet, insofar as the matter of restitution is concerned, care must be taken in dealing with the possible case involving persons who, amid the general confusion and blurring of right conscience, innocently fall into the trap of believing that because everyone is hoarding and is doing business in this way it must be alright to do so. Ceiling prices come to be regarded as too low in the face of increased costs of production and the depreciation of the currency. The actual need for other goods necessitates the highest possible expenditures, and so on. In such conditions sound moral judgment will sometimes be obscured, to an extent that even honorable people lose their perspective and no longer recognize the objectionable and harmful aspects of such transactions. Whatever the case may be, in most instances what comes to the fore in the generally prevailing usurious situation is unacceptable immoral greed in the service of Mammon, along with an unrestrained quest for gain. As the Austrian bishops wrote in their Pastoral Letter, we find people today for whom the War is not the enemy of mankind which buries millions, but a great opportunity to get rich. Such persons are, in fact, the inveterate enemies of social order, a scourge that emanates from the War for the poor in particular, but also for the entire nation.

There are a number of very lucrative occupations for the individual persons, says Roscher,[38] which are totally unproductive for mankind as a whole, in addition to being in fact harmful, because they take away as much as or more than they bring in for those who are engaged in them. Aside from formal theft of property, these would include games of chance, usurious speculation, and measures which are designed to take customers away from other competitors. All such unproductive undertakings which are harmful to society as a whole, especially usurious speculations, are condemned by Christian ethics. What morality requires here is activities which are of obvious service to the genuine welfare of the nation. The relatively best kind of provision for the wants of the nation depends essentially

† "There is no injustice done to one who consents."

on a widespread conformity of the actual prices of goods which are exchanged to just prices. Even now one hears calls for a return to the ancient notion of usury. Its practical application would, to be sure, imply a complete restructuring of the prevailing economic system; or else it would at least presuppose its widespread reform. In any case, the future will not be able to disregard indefinitely the problems which stem from this distortion in the areas of political and social economic policy. If our economic life is to become healthy again, price and income determination will have to revert to the principle of remuneration according to the value of what good is offered or what service is rendered.

2. *Justice in income determination*. The nature of society where division of labor prevails requires that the individual citizen directs all of his energy and efforts to making some specific product, so that, for example, one person makes shoes while he relies on another to make clothing, and so on. However, this presupposes that he will be rewarded for his performance in a manner which will cover his costs and bring a net return befitting the importance of the work he does. If such remuneration is not forthcoming for any length of time, and if it is possible for a person to change his occupation, he and anyone else in the same situation will turn to other kinds of work. But if this happens, society will do without that kind of service in the future, even though it could be indispensable. And if someone or an entire group of citizens is forced to remain in an occupation which does not provide a return corresponding to the value which they render, those who are caught in this trap would have to view their plight as bitter injustice, and, in fact, as a kind of intolerable slavery. That situation would be harmful to the welfare of civil society and, if it persists, to its very survival. The peace and welfare of the state and of society require essentially that obvious and blatant injustice be avoided precisely in the material order. Remuneration in accord with the value of services rendered is, in fact, the precondition for a healthy economic and social structure of society and for its long range survival.

As for the purely spiritual services of the priest, naturally the principle of temporal remuneration does not apply. Here it is entirely in keeping with the spirit of the Church to insist only on the *honeste*

sustentatio† of the priest. The spiritual estate is, as a matter of fact, not an acquisitive occupation. Riches, large incomes, and opulent lifestyles at the expense of what were perhaps the poorer sectors of the population have always proven to be a grave misfortune for the Church, for monasteries, and for priests. Excessive riches in the Church inevitably fall prey eventually to some kind of secularization process. Really prudent persons who understand the signs of the times have, therefore, always warned that such wealth, where it may still exist today, should be placed at the disposal of the people and in their service.[39] Bishops, priests, and religious orders, however, especially in our times, should be content with the kind of humble, simple living which alone reflects the spirit of Jesus Christ and his Holy Church. Moreover they should never forget that when they preach mercy they must also practice it.

State officials derive income for their services in the form of salaries which befit their status and rank, and they also have pension rights. In the area of personal service and performance, remuneration is regulated by professional associations and other organizations, as well as by official salary schedules and reciprocal agreements. The idea that pay must be measured in accord with the importance or the value of the services involved prevails here too in the decisions which people make regarding such matters. This does not rule out the possibility of a Maecenas offering his great gifts freely in the promotion of art and science.

It is perfectly clear, however, that the principle of remuneration according to value provided must apply when we are dealing with reciprocal services having monetary value, and with economic occupations and commercial transactions. Here is where this is of decisive importance for the welfare of the entire nation. ❧

† "Honest support."

VII. Justice and the Harmony of Interests

13. The liberal school of thought, whose ideas were expressed by Frederick Bastiat, proposed that a universal harmony of interests would be the assured and remarkable outcome of the free pursuit of self-interest and of free competition. Today we appreciate how the predominance of the liberal economic system and the consequences of it have culminated in precisely the opposite kind of condition. In fact it is with a certain refreshing unanimity that people in our time recognize that such harmony of interests at some time in the future cannot possibly be the fruit of unlimited and unregulated freedom. Actually, social harmony will be realized once the *suum cuique*† achieves sustained practical application. For this reason, therefore, the harmony of interests can also be expected to emerge in the national economy and in the area of want satisfaction if commutative justice – in other words, the principle of remuneration-according-to-value – prevails in price and income determination.

The desire and the urge to make as much profit as possible can place the interests of the producer in opposition to the interests of consumers, other producers, and workers. However, a proper harmonization of the various interests involved, and therefore a harmonious development of the entire area of socio–economic life, can be introduced into this threefold set of relationships only by taking care to safeguard the principle of equivalence.

1. *Harmony of interests between producers and consumers.* Buyers can hope to achieve the satisfaction of their various wants only if they find the particular products of their choice available at prices which they can afford. Sellers on the other hand, who provide the many different goods which society wants by working at their various occupations or in some other way, must be recompensed for their costs; these include a wage for their work and enough income to provide for their own wants and to enable them to continue producing. That is called for by the interests of the producers that are "generally accepted" as

reasonable, just as, on the other hand the interests of the consumers call for a price structure which enables them to provide for their needs in the kind of proper proportion which will assure satisfaction of wants in what is, in relative terms, the best possible manner.

It is a fact that the interests of two parties engaging in the exchange process are, in a certain sense, opposed. The reciprocal interests of producers and consumers will be represented and preserved in an adequate manner only if exchange occurs in accord with the principle of remuneration-according-to-value-rendered. Then the producer will get the "appropriate price" for his goods, a price which reflects the importance of his services, covers his costs of production, rewards his labor, and provides him with the kind of purchasing power which he needs to live according to his social occupational status, and to continue in his line of production. The obvious prerequisite for that kind of remuneration will always be that the producer provides the kinds of products in terms of quality and quantity which will meet peoples' needs. But if all of these preconditions are met, in other words, if production is genuinely appropriate for meeting the needs of people, then, as a rule, that kind of remuneration will also be forthcoming, because the value of goods and services will rise above costs in the strict sense and the price will correspond to their value.

However, a price which is established in terms of the value of goods offered for sale is also the "appropriate" price so far as the consumer is concerned – a price, in other words, which affords him the best relative satisfaction of his wants that is possible in given circumstances. If he were required to pay more than the good is worth – 30 instead of 20 – then he would have to pay out a part of his income without getting an equivalent amount of value for it; and thus the best possible economic distribution of his income would be prevented, distorted, and made impossible. The consumer is certainly not to be faulted for exercising prudence in trying to buy the things he needs at the lowest prices possible. However, he is not entitled to "absolute" cheapness or prices which are lower than the actual value of the merchandise, nor is he entitled to the elimination of the kind of protection of one's national work force which is made possible by appropriate and moderate tariffs. In other words, he cannot demand

or expect that someone else should incur costs, even modest ones, on his behalf, or that someone should do work for his sake which is not compensated. Nor is he entitled to have the interests of the national economy sacrificed solely for his benefit. Thus the producer is taking care of the consumer's interests to the extent that he is providing him with what is equal in value to what he, the consumer, is paying. The producer will seek to profit and to make gain; but normally he can only do so through the value which is represented in his products and his services, and only according to the measure of their value along with the volume of sales etc., while always observing the principle of equivalent value in return.

2. *Protection against unfair competition*. Continuing occupational activity in a particular area is only possible, as we have indicated, so long as the producer is paid for his services in proportion to the value of his wares. However, the not uncommon method of price cutting by unscrupulous competitors often threatens and even makes impossible his economic survival. Some will try to get rid of the weaker competitors entirely by selling their merchandise below its value. Then the victim fights back by settling for a price which also is below his product's actual value. If despite such efforts he cannot continue the competitive struggle, he will have to give up his economic activity in the particular area. Then the victorious competitor will dominate the market; and given his lack of scruples, he will not worry much about the law of proper remuneration, so that he will proceed to set his prices solely according to the "law" of self interest.

Where Christian morality operates, that kind of destructive competitive combat is forbidden by the law which requires us to love our neighbor as ourselves. As is often the case, charity will here become the guardian of justice; and together with justice, it becomes the bulwark of human welfare.

3. *The harmonization of interests between employers and workers*. Property ownership confers power. Such power grew along with the importance which the produced means of production assumed in the process of producing goods after "capitalistic production" took over.

However, there were two factors which, given the mystique of the times, tipped the balance one-sidedly in favor of the interests of capital.

First there was the absolute private property concept which gained acceptance of Roman law and the false natural law doctrines that came along with the French Revolution.[40] Then there was also the kind of freedom which placed no limits on the interests of capital, and which enabled it to develop power at the expense of the workers' human personality, and by sacrificing their health, their very ability to work, and finally, by denying them the pay that was owed to them in return for their services. The wage was merely an entry on the emp1oyer's books along with the costs of material used in production. No one took into account that the worker had a legitimate claim to pay based on the contribution which he made to the productive effort, just as the employer had a legitimate interest in making profit. Therefore, so long as the worker stood alone in his dealings with his employer he was not in a position to make an effective demand for the wages to which he was entitled.

The application of the principle of remuneration-according-to-value-provided would have to bring about a complete change in this regard. It would require in principle and in practice a recognition of the worker as a human person, as well as of his material interests.

Then, the worker would be recognized as a valuable member of a society that is based on division of labor, and he would receive the portion which he is entitled to in it. His work would be regarded, in terms of the point of view of the national economy, as a significant service like that of the employer. In other words, as occupational work in the service of the national economic purpose, it is economically productive and entitled to its particular remuneration. So from now on the worker is not to be regarded simply as just another means of production. Like the employer, he belongs to the *order of subjects* of the economic process, even if he works under the authority of the employer in the performance of his work. However, what we have here is a kind of subordination and authority on a person-to-person basis – a relationship among equal persons which is not marked by compulsion, but which is rather a juridical relationship characterized by a solidaristic harmony of interests.

The determination of wages must also be emancipated from the principle of power and force, and subjected to the principle of law.

The material goods which the employer owns constitute the objects, the instruments, and the extrinsic conditions for the personal services of the worker. The portion of such material goods which is used up and worn out in production is replenished by the price charged for the product. But profit can only be derived from the price of the product after prior obligations are appropriately taken care of, and these include the personal services of workers, both those who manage and those who carry out the instructions of management. Naturally, attempts to disguise profits as alleged "personal costs" are unacceptable.[41]

The worker does not have control of the product. He does not, bear the risk of enterprise; but he has an interest in its success, and he will contribute the more enthusiastically and effectively to that success if by his wages and perhaps in some cases even as a share in the profits, he earns the full recompense to which he is entitled for his services and for covering his own costs which made it possible for him to supply those services. Industrial solidarity and worker interest in the success of the business can only be achieved if this prerequisite is in place.

Even if a sharp distinction between what is to be attributed to labor or to capital in capitalistic production is not possible – or, to state this in another way, if one cannot precisely determine the degree to which the application of capital goods to labor increases its productivity – a quantitative measurement of the value of services rendered by the employer, like the value of those performed by the workers, i.e., a judgment of value which measures their significance in a reasonable manner, remains within the realm of possibility. People have learned how to measure the value of managerial effort. We encounter estimates of such work when we see the often excessive salaries paid to directors of large enterprises. Should it not be possible then to also come up with an equivalent estimate based on objective considerations as to what the various services of labor are worth in accord with their qualitative differences? To be sure, this presupposes acceptance of a relatively fixed lower limit for workers wages which would be paid for the least skilled kinds of labor services, so that skilled labor would be paid more starting from that minimum level and progressing upward in conformity with its importance.

However, such a lower level would be determined basically on the basis of the amount of money needed for a dignified human level of living for a worker and his family; and this amount would naturally represent the rate of pay for the simplest kinds of work to the extent that such work requires the full energy of the family breadwinner on a full-time basis.

It is not so much the alleged impossibility of measuring properly the value of workers' service which causes problems here. The larger problem arises from the fact that if such estimates are to satisfy all parties they simply cannot be determined unilaterally by the employers. They have to be worked out jointly with the workers, and this does not mean the powerless worker standing by himself but organized labor. It may be a while yet before such a common estimate of the value of different kinds of labor can be arrived at by collective bargaining and find expression in specific wage rates. Until that time many a labor dispute may occur, along with strikes to improve working conditions. Such strikes appear to be justifiable so long as they do not involve services which are vitally necessary to the community, and where other means for resolving disputes have not succeeded, and finally, so long as their conduct remains with certain limits, for example, the avoidance of breach of contract, violence, etc. For it is a fact that opinions vary regarding how wage levels are to be determined, and how the value of workers' services can vary. In any case the road to understanding becomes much smoother when the two parties do not seek a resolution of the dispute on the basis of raw power, but rather on the basis of justice. This implies that employer organizations will not simply insist on paying the lowest possible wage, whereas organized labor strives for the highest possible wage for the least possible amount of work! Sometimes this ends up meaning the highest wage which can be extorted by work stoppages instead of a wage which is honestly deserved in return for a fair day's work.

But will the employer not come up short if this occurs? Will the accumulation of capital which is required in the interest of improving production and of economic progress not be impaired if wage determination is moved into the foreground of the discussion and becomes so all-important?

First of all, it would be a mistake to apply more seriously all of what we have said thus far about *remuneration in accord with the value of services rendered* to work performed by subordinate workers than to that of managerial workers. In terms of importance the work of managing an enterprise ranks first among the various kinds of labor services. In the language of the Middle Ages such work earned the special distinction of being called *industria;* and within the generic concept, labor, it was juxtaposed to opera which referred to predominantly physical work. As a rule the employer who personally manages his business and guides the productive process, even where just wages are being paid to all, will have to be assured of a return which provides adequate remuneration for his work, covers his material costs, and affords him the possibility of building up his property and wealth. He will know how to accomplish this so long as he understands how to match his products to people's needs, and to impart a value to them in terms of their kind, quantity, and quality. In this way, assuming an adequate volume of sales, the price which is charged in commercial exchange provides a sufficient surplus over and above the costs of doing business in a productive operation which is managed in a technically, economically, and commercially efficient manner. In all fairness, the worker should not have to suffer the consequences of a lack of good business management on the part of the entrepreneur. And insofar as competition is concerned, it would be asking too much to expect some individual employer to pay wages significantly higher than those paid by his competitors. And in the overall pattern of wage relationships prevailing in the economy, it would be unfortunate if just one branch of business, even though not lagging behind others in its wage pattern, had to undertake such pay increases. An improved full-fledged pattern of organization, along with full consensus among the various parties involved, can help to prevent such situations. That, in turn, would be less difficult to arrive at if only an enlightened understanding of what is in the best interests of the business itself could once again become prevalent among businessmen.

It is a fact that wage increases bring about an increase in the purchasing power of workers' families, and that assures greater sales of merchandise and an equivalent impact on the price structure.

For example, if the aggregate wages of workers and salaried personnel were increased by 25%, that would mean in Germany that an increase in the buying power of some 40 million people would occur. Bertold Otto[42] says "the effect would be the same as if our national economy suddenly gained exclusive control of the entire market of a country with 10 million inhabitants, so that these people would buy all their goods from the German economy." On the other hand, an arbitrary and out-of-control progressive wage increase for workers and salaried employees, which denies to entrepreneurial work its proper remuneration and reduces the profits of entrepreneurs unduly, cannot be viewed as a desirable goal. That would jeopardize worthwhile private enterprise with a grave detrimental effect on the national economy and, incidentally, also on the workers.[43] However, if labor, on the basis of mutual agreement, asks for nothing more than what it has coming to it according to value rendered, that may well slow down the rate of capital accumulation, but it will not do so in a manner which is harmful to national economic development. The owners of capital would still be left with sufficient incentive to increase their capital and to expand and improve production. And meanwhile the workers would maintain their concern for the well-being of their private employers and for a solid increase in their profitability, because and insofar as such a concern would establish an almost permanent opportunity for an increase in their own wages. A wage pattern which is in proper order would thus redound to the beneft of the workers themselves.

There are reasonable limits also to capital formation. The primary purpose of the national economy is, as always, the satisfaction of consumer wants on an on-going basis. For this reason the broad masses of the people must have adequate means at their disposal. Therefore by far the major portion of all newly generated wealth in any normal situation will always be destined to serve the consumer needs of a nation.

An increase in the amount of leisure and, at the same time, a rising level of consumption – these are not the only indicators of true progress, but certainly the principal ones. However, increased capital formation, which takes place at the expense of consumption by the people at a level corresponding to the stage of their cultural achieve-

ment, cannot serve the best long-run economic interests of the nation. Here too a steady advance is better than an excessive increase which, as a rule, combines rapid growth with sudden collapse.

14. Along with the harmony among producers, consumers, competitors, entrepreneurs, and workers, the universal social and economic harmony will also be conditioned by the practical application of the principle of equivalence.

National economic harmony lies in a balance between the economic purpose and its fulfillment; in other words, between, on the one hand, the demand made on the economy by the need to provide for people's wants at the best possible level under given conditions, and, on the other, the production of goods with price and income determination. If balance is upset in the national economy, then social and civil harmony are also likely to suffer.

1. However, national economic harmony is seriously upset by the kind of quest for gain which does not operate with a view to providing for people's wants, but in a manner which is detrimental to it. This occurs, for example, when the subjective acquisitive drive of private enterprise pushes the exchange process into the background along with providing for the needs of other people. It occurs also when private economic productivity is nurtured without regard to the proper proportion between profitability and national economic productivity. It is occasioned also by a striving for riches which seeks to capitalize on the difference between price and value in a manner which disregards the genuine value of one's own performance, and which seeks usurious surplus value at the expense of the work of others, the property of others, and the general welfare of the nation in such a way that harm is done to consumers and to the occupational performance of others. In other words, the national economic balance is upset by a quest for riches which disregards and violates the principle of *remuneration according to the value of services rendered*. Such a striving for wealth will have to be judged as a grave disturbance of the national economic harmony and reckoned among the causes of the decline and ruin of nations by any non-partisan, objective investigation of economic cause and effect.

Ethics does not rule out every kind of unearned profit. There are, for example, gifts, inheritance, increases in value due to natural

and social causes. Differences in the economic quality of the soil, which makes possible production that is more abundant and of better quality, give rise to differential economic rents. Similar profits result in other areas from conditions of production which are relatively speaking more favorable, just as there are windfall profits coming from objectively legitimate developments in the price structure. But it is something else to strive for profits at the expense of one's fellow man. Great gambling windfalls and changing market values on the exchanges, etc., do not descend from the heavens. Such money is taken from somewhere else without any service of equivalent value having been rendered. Christian ethics stands opposed to such and similar kinds of unjust profits, even if it is not possible to determine precisely who, in particular, was harmed by such transactions and to what degree. The economy is not a field waiting to be plundered. It is a workplace with a serious purpose. Even though speculative and various kinds of exploitative activities involve exertion and intellectual endeavor, what takes place is still plunder, and that which it yields does not add up to remuneration for an equivalent worthwhile economic service.

In the same sense, we cannot sit and wait for all salvation to come from blind faith in "supply and demand." What is far more important is the kind of "spirit" lurking behind this "law" and controlling its operation. Unrestricted quest for gain has always led to horrendous results by exciting and taking advantage of deception and misery, by artificial inducement of price fluctuations, by abusive exploitation of a monopoly position whether it is natural or artificial, by manipulating the prices of securities, by speculating in foreign exchange at the expense of one's national currency, and by the kinds of contrivances which have been called "Dardanariat" for the ancient usurer Dardanus. This term refers to such practices as acquisition by "profitable destruction," destruction of some of the goods one owns to get higher prices for the rest, speculative withholding of land needed to provide for the housing needs of the population, holding back productivity and products which are already available, etc. We were subjected to usurious orgies especially during wartime when people who did not know the meaning of honor took advantage of every chance to derive profit from the desperate conditions in which people found themselves – profits which were in no way objectively justifiable.

2. Social and economic harmony is closely related to the social organic unity and the proper structuring of the nation. And these are in turn conditioned by making sure that remuneration occurs in line with the value of various services which are important for accomplishing the national economic purpose.

It is scarcely conceivable that society based on division of labor could be made up only of the kinds of persons who perform the most exalted kinds of services or those who provide services which have the most trivial value. Instead, the provision of material goods and personal services tends to vary greatly, and it includes a great and rich variety of such things in terms of their significance and the degree of their importance. This variety has to be respected insofar as it serves to satisfy people's wants. Furthermore, these are not simply occasional services, but for the most part they are continuous and call for more or less thorough preparation and training, as well as the use of materials and a more or less permanent physical plant. In this manner, society, even without a full-fledged corporate organization of occupational groups, can take on the kind of definite and continuous social stratification which reflects occupational services of lesser, middle, higher, and the highest level of importance to the national economy. Then, if the principle of *remuneration according to the value of services rendered* finds practical application, so that those who play an active role in economic life earn income corresponding to their vocation in life, property ownership will also eventually come to be structured according to the economic importance of the various occupations. It is precisely that kind of variation and stratification of occupational and property relationships which serves the purpose of establishing a tighter bond among citizens. It is especially the middle class standing between the lower and the higher classes that prevents the emergence of an unhealthy, sharp cleavage in society. However, the middle class must be enabled to survive and to earn appropriate remuneration for its services. That, in any case, is the nub of the so-called problem of the middle class.

Furthermore, in our times it is not possible to apply a limit on acquisition that conforms to a customary standard of living for different occupations, as was the case during the Middle Ages. In one and the same occupation technical conditions and methods along with the

scope and extent of production, as well as relative incomes, have all come to vary greatly. The quality and quantity of products is also not the same everywhere, nor are the personal capacities of the producers for putting productive technology and organization into operation, and for cutting costs of production, as well as for an astute adaptation to changes in wants at different times and in different places, etc. In any case, control over price and income determination by use of the principle of *remuneration according to the value of services rendered,* along with occupational social stratification leads to a healthy variety in the levels of living. In fact, it does so in such a way that even the humblest services, which are useful to and still needed by society, make it possible for those who perform them to enjoy a living standard which is in conformity with human dignity. It is obvious how such an extension of purchasing power throughout the entire nation can contribute to the improvement of productive services in the national economy. Even the population problem is affected by it; for, as Mombert and Krose[44] rightly point out the question of population increase depends essentially on the purchasing power and the elbow room which it has in which to work for its livelihood.

3. Inasmuch as the principle of *remuneration according to the value of services rendered,* when applied to workingmen's wages, assigns to the worker a status that is essentially above that of material goods so as to imply that he is morally equal in the economic order to all others who earn their livelihood by their work, the working class can come to terms even with the present order which is based on private ownership of the means of production.

In the serious and difficult contest which the so-called proletariat of our time finds itself engaged in today, that powerful urge to maintain the relevance of the human person is asserting itself, just as it once found expression among the older French socialists in the principle of *"egalité."* In his work – *Der Sozialismus und Kommunismus in Frankreich (Socialism and Communism in France)* – Lorenz von Stein[45] pointed out, even before Marx, how the progressive awareness in working class circles of the right of the human person was turning the proletariat into a kind of unique independent entity. A proper understanding of the proletarian movement also suggests the right direction which reform efforts must take. Now if socialists try to persuade the

masses that private ownership is irreconcilable with the complete fulfillment of the proletarian worker's personality, then it is all the more important that all attempts to reform our social order, while retaining the institution of private property, make the protection and support of the worker the primary goal. It should not be difficult for one and all to recognize that it was an immoral deviation to put the worker on a par with the material means of production totally, or at least for all practical purposes. However, it was a mistake which is by no means essentially connected with the institution of private property. And it should be equally clear that it was no less wrong for the idea of private property to be applied in such a manner that the wage was viewed merely as one of a number of other costs. As a consequence, the moral, social, and economic point of view was ignored in appraising the wage and in wage interrelationships, so that employers always tried to buy the "commodity" in the labor market (i.e., labor power) as cheaply as possible in accordance with the law of supply and demand. But it should also dawn on workers that in a socialistic society the individual would be delivered over totally to the community acting as the sole controlling master of all production and distribution. In the process, the individual would no longer continue to be a fully human person in the sense that he would go on being a free, autonomous, legal subject. To be sure, even in a society which operates on the basis of private property, the individual must be prepared to serve the community; but even with reference to this community he will continue to be a free human person with inherent goals of his own that are rooted in the natural order and not conferred upon him by society, but rather recognized by it and protected by the state. That is the great safeguard which the liberal era thrust aside by its rejection of the natural law, even though when actual reforms came to be made, it gained a kind of practical recognition.

However, all of this implies that further progress is needed. The bitter class antagonism which exists in our time cannot be overcome except by absorbing the working class in the social order as one having equal rights and recognizing that it is not a subservient class which is here merely to serve the interests of those who own capital. It must feel itself to be socially worthwhile and as having recognized respected occupational status and working dutifully for the welfare of all, just like other occupations do, so that the same principle applies

to them as applies to other groups in their acquisitive activities: the principle of *remuneration according to the value of services rendered*.

4. When the romanized Gauls who comprised the "third estate" rose up against the part of the Frankish nation made up of nobility and royalty during the French Revolution, and when privileges were done away with which had become intolerably burdensome to the farmers, and when the bourgeois class which was struggling for recognition demanded freedom to work for profit, that high-sounding slogan "liberty, equality, fraternity" was adopted by the revolutionary movement. It was actually the inheritance which the prodigal son took from his father's house when he left it to go out into the godless world where he proceeded to squander it. What "liberty, equality, fraternity" actually meant in the context of the French Revolution became manifest in the shadow of the guillotine where the bourgeoisie were left prostrate and the working class was reduced to misery. It was a development that was corroborated soon afterwards by English and French socialism, which was the son born of liberalism. The great revolutionary era that started with the French Revolution can find its proper fulfillment only by the return of nations to their Father's house which they abandoned – in other words – by a return to Christianity and by a new revitalization and practical application of Christian principles in social, economic, and political life. It would certainly be improper to use Christian doctrine as if it were designed exclusively for specific political or economic national programs. However, there are certain basic ideas which derive from Christian teaching and which have decisive importance for the welfare of nations in any changing historic context, especially insofar as economic relationships are concerned. In fact, no group of people has more to gain from a return to Christianity and the principles of Christian morality, in view of what we have been saying so far, than the working class.

Universal human equality that is based on both the physical nature and the metaphysical essence of mankind, according to the Christian ideology, does not call for equal ownership. That would be a practical impossibility and go contrary to nature, given the differences among real-life individuals and their differing drives, ambitions, and industry. Nevertheless, it does call for, all the more emphatically, a recognition of one's fellow man as a human person of equal worth. At the same time it is an idea which is peculiar to

Christianity and which grows out of its teaching and its intrinsic essence. Christianity teaches us that people, despite all individual and also social differences in occupation and ownership, are nevertheless *socii,* i.e., comrades, precisely by virtue of those differences. They are dependent on each other and bound together by a *solidaristic community of interests* in all of their industrial relationships as masters and journeymen, as employers and workers, and in the human race overall, which is the great universal family of nations. Furthermore, when Christian ethics requires that the wages of labor in the present-day labor relations scene have the criterion of justice applied to them and that the worker be paid a *just wage,* it ends up protecting not only the material interests of the workers, but it also safeguards his status as a subject in economic life. His right to stand on an equal footing with his employer in working out the labor contract is recognized and affirmed. The enterprise, in which the worker operates not merely as a tool at management's disposal but as an associate, does not serve solely the material interests of those who own capital. Each worker, including the one who works in someone else's business, is "worthy of his wage." His work is an occupational service to society, first of all, to be sure, in the service of his employer, but also in the service of the national economic purpose. Both the employer and the workers are entitled to earn recompense for their services; the employer by an "appropriate" price for his product, and the worker by a "'just" wage. What economists incorrectly refer to as the "problem of distribution" is actually a problem of remuneration. What is supposed to determine the level of wages is, therefore, not power and force, and not an arbitrarily dictated and extorted labor agreement. There is a higher rule and measure which is benefits both alike, just as it obligates both and establishes and puts limits on their demands: justice!

May the Christian Faith, therefore, not only set the Christian worker apart from the socialist. May it also place the Christian banner in his hand, and place in his heart and on his tongue the Christian motto and call to arms expressed in such an inspiring manner by the Catholic poet Eichert:

> Enkindle far and wide on the mountains round about us,
> The flaming fire signal of our time:
> Justice!

When we talk here about universal social harmony, we have to draw special attention, once again, to Christian charity. The words of our Savior, "The poor you will have always with you," are fulfilled especially in our time. Even now there are not a few people who neither have the necessary means of subsistence, nor are they in a position to acquire them; and unless they are helped by others they find themselves in a condition of dire poverty. That is why Christianity has required those who enjoy abundance to share their bounty with the poor. A long time ago during the first centuries of Christian history, the Fathers of the Church were already telling the world where Pagan self-seeking predominated about this Christian communion of love: "One person needs bread, while your horse chomps on a golden bit;" and St. Ambrose[46] called out to the rich of his time: "Oh, you rich man, what judgment you are calling down on your unhappy head! Oh, you unhappy wretch, who could help so many in need and you will not do so! The diamond alone, which you wear on your finger, could feed a nation." And the warning cry of the Church has not called out in vain. Countless tears have been dried by Christian charity, and unspeakable misery has been alleviated or overcome by material and personal sacrifices. Bishop Dupanloup[47] said that for many, almsgiving is a two *sou* piece which is tossed by an indifferent hand into an old hat; and he called that a very limited clumsy attempt at charity which does not fulfill the Lord's commandment! What is required of us is mercy, the heart, in fact the sympathetic and motivated heart, since that is the real meaning of almsgiving and it approaches the essence of the Christian law. That is how we construe the meaning of almsgiving. Therefore Christian charity does not stop at the mere external act of giving; it aims higher and ranges far more widely; it tries to instill in the poor person new moral courage, confidence, and assurance, to awaken in him a renewed interest in his role in life, and to bolster his ambition. That is the real meaning of the well-known proverb: The soul of caring for the poor is caring for the souls of the poor.[48]

VIII. Objections Raised Against Christian Ethics

15. Certainly there has been no lack of persons who propose that Christianity with its code of ethics would be a hindrance to the to development of a humane social and economic culture. According to them, the Christian Church has a false conception of what man's purpose in life is all about, inasmuch as it regards the contemplative life as superior to the active life, and secular occupations are considered to be of lesser importance than cloistered life. Also there is the lavish praise which the Church showers on trust in God, on poverty, and on abstinence, which are supposedly harmful to cultural endeavor and economic ambition.

Since we have dwelt on the beneficial impact of Christian ethics, we cannot ignore these objections, even though any well informed Catholic will recognize immediately how invalid they are.

1. So, we are told that the Church misleads us into accepting a false view of what life is all about. It stresses the hereafter to an excessive degree. We have only to look at the answer which the catechism provides to the question: why was man created and placed on this earth? To know God, to love Him, and to serve Him so as to attain eternal happiness. What place does that leave for cultural endeavor and control over the world and economic activity – all of which are, in fact, the reason for man's life on this earth?

That objection would make sense if serving God according to the Christian prescription meant nothing more than prayer, sacrifice, and the practice of the interior virtues. However, the Christian conception of service to God is far more comprehensive. It is by no means confined to the practice of the virtue of religion in the narrower sense of the word. It embraces, permeates, and elevates the whole of man's temporal life in all of its aspects. Now inasmuch as cultural endeavor and, specifically, the accomplishment, affirmation,

and extension of man's dominion over the world of nature in accord with the divine mandate is an essential part of the order intended by God for the universe, it is clear that all of our scientific, technical, and economic accomplishments are included in the service by which we do God's will.

It goes without saying that man has a goal to accomplish also in the here and now, in the proper and most effective possible development of human nature both inwardly and externally, in taking part according to one's occupation and capacities in the fulfillment of all of the natural and historic missions of his race, in the pursuit of exercising his dominion over the physical universe, and in fostering true humanity and furthering culture both in its varied and unified aspects. Therefore, a well-ordered temporal, natural functioning activity by human beings is in accord with God's will, inasmuch as the intrinsic purpose of such functioning, along with the results which emanate from it, conform to the Divine order of the universe. All of this is assumed as self-evident in the catechism, and it is included in the universal requirement which is found in it calling for the fulfillment of one's obligations in conformity with one's station in life and occupation. However, it is not the specific task of the catechism to concern itself with the importance of researching nature and of economic activity, or with probing into the necessity of proper fertilization of the soil, etc, or with the progress of technology and culture and civilization in terms of their purely temporal and natural aspects, or, finally, with devising an economic system. Instead, the catechism tells us what man as a moral subject and as a Christian must believe and do to conform with what supernatural revealed religion requires, and how he must regard and conduct his personal life. Therefore, without denying that every kind of cultural endeavor, even though its objective may be purely material, has its own proper place with regard to cultural goals, the Christian Church requires that people work at their vocation motivated by the idea of doing one's duty in a conscientious manner, since such performance both elevates and reinforces that kind of work. But, at the same time, all worldly endeavor is to be directed toward the final and highest goal, which means that it must be subordinated to that goal in such manner that

temporal striving will not be divorced from serving God. That is the point which Catholic ethics has time and again taken pains to bring to our attention, and which it must stress now especially in opposing modern materialism. In the process, it takes into account the weakness of human nature and the danger, which is undeniably great, that man will be more likely to lose sight of Heaven than of earth. That, as Mausbach[49] pointed out, happens to be the only viewpoint which is in genuine conformity with the Gospel.

2. The contemplative life is higher than the active life. Thus, it would actually be better if all people dedicated themselves to contemplative quietism. That is another objection raised against Christian moral teachings.

When theologians ascribe a higher dignity to contemplative life, i.e., to a life of prayer, than to the life of action in the world, they take pains to indicate the precise meaning and ambience in which that is to be understood. In the abstract, prayer is the most exalted of all possible kinds of activities which man can engage in. We are not dealing here simply with the higher faculty of man, i.e., his intelligence; but by contemplative prayer man is making the most exalted possible use of his freedom by lifting up his heart and soul to the Supreme Being. The child in the lap of its mother, with its hands folded, portrays the exalted dignity of human nature in its ultimate form. The animal does not pray. In this world, only man can pray. Contemplation is nothing more than commerce with God, concern about Divine matters; so actually prayer is an audience with God. From this abstract and universal priority of prayer we cannot conclude that everyone, at all times and in all concrete circumstances, would be better off to devote himself to contemplation or to prayer. In practice, what is decisive in choosing between contemplation and prayer on the one hand, and activity out in the world on the other, is the higher reference point: duty; and this means, in particular, duty as called for by one's station in life. Where prayer stops functioning in the service of God so as to bolster the human will's readiness to carry out the divine law in its fullest sense, even as this applies also to earthly endeavor, it ceases to be what God wishes us to do, and it is no longer morally permissible. Therefore appealing to the exalted specific and relative superiority of the *vita contemplativa* as an excuse

to evade the responsibilities of one's station in life not only does not earn the praise and esteem of Christian theologians and ascetics, but it is in fact roundly condemned by them.[50]

Aside from those considerations, the contemplative and the active life are highly compatible. Christ dwelt in this world and was very much engaged in the active life. However, he combined prayer and contemplation in such a wonderful manner that the apostles felt compelled to ask him: "Master, teach us also how to pray!" And yet, like their Master, they were supposed to not only pray but at the same time to take on the burdens and sacrifices of everyday life. St. Thomas Aquinas[51] unreservedly supported combining the contemplative life with the active life, and he even regarded such a combination as superior to a purely contemplative life. According to him combining the two serves a higher purpose because it also enlightens others instead of merely keeping the light to oneself; and by doing so one is not content to reach perfection by oneself, but wishes also to help to save and sanctify one's fellow man. St. Ignatius Loyola[52] writes, the soul can be lifted up to God, and inasmuch as everything is directed to the service of God, everything is, in fact, prayer. We should not feel that when we do the work which God has ordained we are less meritorious than in prayer. The Benedictines and the Cistercians understood that very well, in that they served cultural human advancement by making the land fertile in an entirely different manner than the very active and not very contemplative robber barons. Moreover if we observe the life of any honest farmer, craftsman, scholar, or priest in our own time, we see everywhere the most wonderful union of the contemplative and the active life. For all of them, the motto is: *Ora et labora!*†

When, by understanding the two roles in this way, we join Hettinger in regarding prayer as the crowning achievement of our spiritual life, as the eternal breath of the human soul, as human nature at its noblest, and when we esteem it as the most exalted reflection of the equality which all human beings enjoy in the eye's of God, where the humble and the lofty alike are permitted to come into the presence of eternal Truth and to be received with the same paternal love, where the humblest no longer feel lowly and where the

† "Work and pray."

important people of this world no longer feel the need to lift themselves above other human beings – does this add up to a denial or an abridgement of the proper reverence and the moral worth that is owed to the other role, namely, the earthly effort and activity? Does not all earthly endeavor instead gain immeasurably by the fact that man is enabled to lift his gaze heavenward and to fold in prayer the hands which are tired by work?

Hettinger tells us that the world would be terribly empty and the earth would be horribly desolate, like a parched desert; it would be like a vast grave and the heavens above it would be like a dark cover over the casket if it were not for prayer which quickens the earth and awakens the stirrings of the higher life. It is in prayer that the blessing of the earth and everything worldly is to be found. Prayer is like the rainbow extending over the dry, dark valleys of this tired and burdensome existence; and it always directs us to something higher and impresses on all, even the poorest and lowliest person, the badge of his eternal destiny. Take prayer away from the poor man and you have taken everything from him: all of his true majesty, and all of the poetry in his life. Then he will revert to being nothing more than a dull, straining beast of burden, who can forget his debasement only in an occasional moment of sensate intoxication, but who will turn into a frightful beast if he is once set free.

Now, on to another objection.

3. Being a monk and personal fulfillment are co-extensive. If you want to fulfill yourself, you must put on the monk's habit. Is such a notion supposed to be reconcilable with earthly endeavor?

But is that actually the position of the Church? If that were the case, then how is it that among the saints which the Church presents to us as outstanding models to be honored and imitated we find people in all walks of life? We see peasants, craftsmen, merchants, innkeepers, servant men and women, kings and beggars, all of whom radiate the highest sanctity. And these include not only male and female members of religious orders, but people who have attained sanctity out in the world in their secular occupations, and in fact, through these. St. Francis de Sales, a doctor of the Church, wrote in his *Philothea* that piety spoils nothing but rather fulfils everything; and if it does harm to the conscientious pursuit of any occupation,

then this is a sure sign that we are dealing with false piety. The bee gathers honey from flowers without damaging the flowers or diminishing their freshness, but piety achieves far more than that. Far from standing in the way of performing everyday duties, it, in fact, enhances and ennobles them. It is a fallacy, and in fact heresy, to try to eliminate piety from the life of the soldier, from the workshop of the craftsman, from the court of the prince, or from the family household. Obviously a monastic, cloistered kind of piety is impossible in such occupations, but there are yet other kinds of piety which are well suited to leading people who live out in the world to perfection. Even the Protestant theologian, Ernst Troeltsch,[53] has recognized that the ideal of Christian life according to the mind of the Church cannot be associated exclusively with life in religious orders.

Christian perfection does not exist only in the monastic cell. That is already clear from the very concept and essence of it. Perfection implies that something fulfils its proper purpose. But the purpose of human life, in the final analysis, is union with God; and it is love which constitutes the unifying bond. Therefore perfection, according to the teaching of St. Thomas Aquinas[54] also, is to be found essentially in the love of God and of one's neighbor as expressed in the main commandments found in the Gospel. According to St. Thomas, the evangelical counsels are only special means to achieve perfection, but they are not themselves to be confused with perfection. They must serve effectively to remove the barriers which stand in the way of perfection or make it more difficult. For people in religious orders, striving toward perfection is a special obligation which goes along with their religious state. That is why we refer to a religious order as "the state of perfection," not in the sense that perfection has already been achieved, but as the state which is to be sought after – *status perfectionis acquirandae*. To be sure, the obligation of observing the evangelical counsels is an essential part of religious life. This does not mean that there can be no perfection in Christian life without religious vows and observance of the evangelical counsels. To the question whether every person must be in the *status perfectionis*† St. Thomas[55] replies: a person can be perfect and still not belong to the "state of perfection" as for example, a good man

† "State of perfection."

out in the world who does not obligate himself with vows. On the other hand, someone can be in the "state" and still not be personally perfect, as, for example, a bad religious. That is because the "state" in this case refers solely to the extrinsic form of the ecclesiastical state of life; and only God can judge the interior condition and worth of a person.

Thus, to sum up briefly, in the eyes of the Church the ideal of Christian life – perfection – is not limited exclusively to some particular state of life. Even the person in a religious order, or a monk, although he is privileged to have the best possible means for reaching perfection, will actually approach Christian perfection in his life to the extent that he strives earnestly to fulfill the will of God, to carry his cross, and to put into practice the principal commandments of love of God and neighbor according to his station in life and within the scope of the obligations which are assigned to him.

4. Let us insert here a response to another peculiar objection to Christian moral teaching. Among all of the loftier achievements of human culture, the importance of work is being stressed more and more. The national economy especially has a definite interest in preventing whatever can have a debilitating influence on the spirit of industry, the pleasure which people take in their work, and the energy which they apply to it. There are some now who actually suggest that Christian teaching presents an obstacle to cultural endeavor in this area!

Thus, for example, the trust in God which Christianity calls for is seen as condoning and even encouraging sloth! The Christian takes the view, why so much concern and work if we are more valuable than the birds of the heavens of which God takes good care in His providence, even though they do not sow or reap?

It is strange that the Church's accusers do not recognize immediately the obvious contradiction between their objections and the most important principles of Christian moral doctrine. Where and how would and could Christian ethics have induced the kind of blind trust enabling man to expect a reward for his sinful conduct? The Christian hopes in God. He has an unshakable trust in God who is almighty and all-loving, whose power is as infinite as His goodness and His love. He is confident that God will not forsake

him, and that He who is all-good will bless his labor and crown his endeavors and his struggles with the desired results. But man cannot expect God's blessing for conduct which his faith and his reason clearly tell him invites the curse of God. Or is the Christian not expected to know that laziness is in violation of God's law? And did the concrete ideal, the very Model of the Christian life, Jesus Christ, ever teach sloth or practice it? Were the lives of the apostles and of the saints lives of unproductive idleness? The teachings which ring in the ears of the Christian and which the Church impresses on his heart from his earliest youth, as well as the examples which are presented to him – all of these inspire him to exert all of his energies toward the fulfillment of the obligations which everyday life brings with it. He knows full well that being made in the image and likeness of God is not merely an abstract truth of his Faith; he knows that it also implicitly commands him to act in accord with that image. An undistorted notion of the Godhead teaches him to perceive his God as absolute life, as the most exalted and infinitely perfect Act, the *actus purus*† itself, and the *causa prima*‡ of all created beings. Is the Lord of creation supposed to be inactive in the midst of all of the life and activity in nature which He created? Why would God have given us the natural dispositions whose very nature demonstrates to us that work is necessary for their development and application? Why did God not permit the earth to produce unaided everything which man needs to preserve and enhance his life, if He did not intend to impress labor as a law upon man's nature as well upon his natural environment?[56]

How foolish it is to try to label Christian trust in God as the cause of laziness when this totally contradicts Christian doctrine, and when, on the contrary, true reliance on God does and must serve as the source of unsurpassed and unsurpassable incentive for hard work in the whole field of human endeavor. Simon Weber[57] tells us that the birds which do not sow and the lilies which do not toil are quite unlike man, who does indeed sow his seed in the earth and who uses his hands and feet industriously in working to feed and clothe himself. If God is so gracious as to show pity toward these creatures, how much more must He lavish His pity on man in his toils! Therefore

† "Pure act."

‡ "First cause."

an exegesis that is free from bias provides us with the practical rule that man must work with diligence and enthusiasm. The eye of God watches over the work of his hand, and His love weighs the manner in which man applies his energies. Inasmuch as Christ directs the glance of the working person toward heaven by promising a divine blessing on his labor, He makes less burdensome the obligation to work, sets free the spirit of endeavor, and enhances the desire to undertake and to perform. Arms and hands are the tools of labor, and a joyous heart and firm trust constitute its soul.

5. If man were a spirit only, it would be easier for him to contain himself within well-ordered limits of self-help. However, he is body and soul, and what is more, he is in a fallen state. Animal instincts well up in him in conflict with his higher spiritual nature and also in opposition to God's law; accordingly, these cast a dark shadow over his life both internally and externally. It is the desire for gain more than anything else which all too easily gives rise to unscrupulous egotism; and this works at cross purposes not only with the need for man to save his soul, but also with economic life and the well-being and prosperity of human society overall. One might expect, therefore, that the moderation imposed upon the natural craving for gain and possessions by the Christian moral law would have been regarded as positive and received with gratitude. How wrong! The praise of poverty and the opposition to self-seeking which we find in Christian teaching has been judged to be most damaging to the advancement of culture, because the quest for gain which is so celebrated as indispensable in the capitalist era is allegedly reined in.

Does this objection have any justification at all?

If Christianity condemns the injustices and lack of charity found in the conduct of business so harshly, along with the inordinate grasping for property and possessions which completely loses sight of our eternal destiny, and the greed and restless and unscrupulous craving to accumulate money, and also the capitalistic spirit of Mammon,[58] the desire for pleasure, the callousness in administering and using earthly possessions; and if, on the other hand, it looks with praise on certain individuals who assume actual voluntary

poverty because they have a special calling from God to religious life, all of this does not mean that Christian morality stands in the way of a moderate and well-ordered striving to increase one's wealth so long as there is due regard for Christian conduct in conformity with justice and charity.[59] The desire to increase possessions in the interests of personal and family interests is simply far too natural in man for Christianity to have felt the need to promote it without reference to man's higher goals. Yet, as we have indicated, Christianity recognizes that the desire for gain is legitimate within proper limits. St. Paul admonished Christians to practice actively Christian charity precisely so that God's blessing would then be made manifest, not only in the spiritual but also in the corporal and material realm.[60]

Anyone who always strives to preserve and add to his possessions in a temperate manner, for reasons and in a manner which can stand to be exposed to the light of reason and conscience, need not be afraid of coming into conflict with Christian teaching. The businessman who strives to increase his wealth honestly and diligently, while seeking to assure and improve his and his family's standard of living, and likewise the factory owner who expands his operations, thus making possible better and easier satisfaction of the wants of his fellowman and at the same time providing many workers with their daily bread, while at the same time performing generous charitable acts for the needy – why should such persons not be ranked among the best of Christians? Only one thing is required of them: that in acquiring and owning and using their earthly goods they not allow themselves to be carried away by unrestrained greed, but that they instead allow reason and conscience to guide them so that they never lose sight of their obligations in justice and charity.

In any case, as the Gospel tells us, riches bring with them certain dangers. They make it possible for us to satisfy not only our legitimate needs, but also all manner of illicit urges; and they awaken and stir up the restless quest for ever more gain and pleasure. Thus, they easily bring with them pride and a domineering spirit; and they lead to growing indifference toward that which alone provides the strength to overcome these dangers – a closer association with God and honest, supplicant prayer. These are the dangers associated with

riches which Christ warned about. And He denounced the misuse of wealth, which provides a warning for the rich to see to it that they strive for the moral strength which is needed, so that their wealth may also be placed in the service of higher goals and ultimately of the very highest goals of human life. At the same time that Christ spoke in this manner about riches, he also consoled the poor, meaning the great number of people who must exert themselves to earn their daily bread, and who are in special need of consolation, and to whom, above all, the Gospel will be preached: *Pauperes evangelizantur!*†

Seek first the Kingdom of God, the Lord warns us all. A man ought not to sell his soul for the sake of Mammon. What does it profit a man if he gains the whole world and suffers the loss of his soul! In the final analysis, cultivating the soul is of greater importance than the culture of the world!

However, there is a passage in Sacred Scripture which, one may suppose, puts a damper on all pursuit of wealth: "And for my state of life, be neither poverty mine nor riches. Grant me only the livelihood I need."[61] Do our contemporary modern-day industrialists, merchants and bankers pray that way? The passage is from the writings of the Old Testament. But did it preserve the Israelites from seeking after gain? And were they, in particular, in need of such a warning? Actually, nothing more is being said here, by and large, but that for the average person, middle class status is best, because it safeguards us from the dangers of wealth and also from the burdens and temptations which go along with poverty. Therefore, the practical importance of this word of caution is of no less importance as a word of encouragement for the poor, than as a check on the ambitions of the rich. One might almost go so far as to say that it is the economically useful but often misunderstood motto of the middle class in our own time. As Wilhelm Roscher[62] said, in over-civilized cultures, which are, in fact, in decline, there is a tendency to widespread, deliberate exaggeration of material interests, so that a kind of short-sighted egotism ends up sacrificing its own future along with the nobler goods which life requires. The only kind of person who is safe from such excesses is the one who, in judging his material interests, always keeps in mind the meaning of life overall, where

† St. Matthew xi:5: "The poor have the gospel preached to them."

material interests constitute only one side. In other words, he must always think in terms of the whole person as well as the whole nation and all of humanity. However, the accumulation of wealth heaped up in the hands of the few through their unrestrained craving is not in the best interests of the whole, any more than is the impoverishment of the masses.

6. In his *History of Economics,* Hugo Eisenhart suggested: The Catholic conception of Christian teachings in the area of economic interests would be even more abstemious than the spirit of the Greek philosophers. Accordingly, he was saying that moral obligations consists not in overcoming the world by watching and praying, but in foregoing its joys by fleeing from its temptations. Poverty, celibacy, and solitude are the three great other-worldly virtues of the saints which merit heaven for us, and of which the clergy are to provide an example for the people.[63]

It is always the same refrain, whether we are talking about Protestant theologians like Luthardt, Hase, Uhlhorn, among others, or persons like Eucken, v. Eicken, Blanqui, David Strauss, Renan, v. Hartmann, Sommerlad. Even Roscher, who is normally unbiased in his thinking, when discussing the work of Charles Perin, *Über den Reichtum in der christlichen Gesellschaften (On Riches in Christian Societies),* unfortunately portrayed the Catholic principle of self-denial as being simply opposed to the Christian conscience.[64] Yet, with a little good will, it is not hard to recognize the weakness in this line of attack.

Economists rightly speak out in favor of a progressive expansion of people's wants as a process which is in keeping with the ongoing evolution of economic life overall. But does the Church's teaching in any way actually condemn any development and extension of wants or the improvement and elevation of the living standard especially of the broader masses of the people? By no means! As we have already indicated according to our moral teachings, the proper development of human wants is even regarded as a definite advantage which is rooted specifically in man's nature. Inasmuch as the Church looked with approval on man's endeavor to improve his overall situation, and since it regards his quest for happiness as applied also to his temporal life as fully justified, it appreciates every kind of genuine material accomplishment, especially when this does

not benefit the upper classes exclusively. Therefore it approves also of the undeniably great technical progress that was made during the capitalist era. What the Church wants is just one thing in the final analysis: that man may perfect himself in the way in which he shapes his life and conducts his activities, in conformity with the image of God imprinted in his nature, and that he may do this insofar as both the spiritual and material orders are concerned, so that he may thus accomplish ever more fully the dominion over this world, which God has intended him to exercise. However, he is to do this in such a way that all cultural endeavor and, therefore, all economic activity, is reconciled with the overall Christian dimensions of his life. Is it not, in fact, material progress and, along with it, the extension of wants and the fuller development of the means to satisfy them which can contribute essentially to an enhanced appreciation and protection of human dignity among the masses of the people, so long as all of this occurs in accordance with the moral law?

It remains of overriding importance for the individual as well as for society that the Christian doctrine about the extension of wants is not divorced from its other teachings about the need for sacrifice and self-denial. In this way, it warns us against the ever-present temptation to abuse legitimate endeavor to improve our physical well-being; and it safeguards us against the kind of sensuousness, lack of moderation, and unscrupulous conduct which, all too often come to be associated with such efforts. In other words, Christian moral teaching does not require for even one moment that humanity should call a halt at some given level of quantitative fulfillment, and that it should signal an end to further endeavor. What it calls for, however, is moderation; and what it judges harshly is excessive craving, along with the kind of self-seeking extension of one's wants that is devoid of all scruples.

Can economists make well-founded objections to that? Certainly not! The economist too must constantly preach economy in the production and use of goods, as well as a certain abstemiousness and contentedness, just as he must also combat waste, greed, and sloth. In fact, the more widely people come to realize that in economic life it is not the self-interest of individuals, but the material common good of the entire community which is the goal and norm according to which

the economy must operate – and that this therefore also represents the foremost principle of economics – the more appreciation there will be for the Christian principle of abstemiousness precisely insofar as the national economy is concerned.

As a matter of fact, this principle is eminently reasonable in itself. Christian ethics does not require self-denial simply for the sake of self-denial, or self-denial at any price. Self-denial is not an end in itself, but merely a means to an end. It is supposed to lead to internal harmony, meaning the moral sovereignty of the will over the disorderly passions and instincts. It is supposed to make possible and safeguard the regulation of our entire interior and exterior life in accord with our own higher goals and those of political society and humanity; and this includes all cultural goals and aims. Christian teaching about virtue also calls for prudence which is an indispensable guide for temperance, as it is for every other virtue – like the coachman on the driver's seat. St. Ignatius Loyola tells us that we should practice self-denial not blindly or capriciously, but *tantum, quantum, eatenus quatenus;*† in other words, we ought to practice it in tempering whatever actions may pose a threat to fulfilling our obligations and in our striving toward true perfection. Thus, a limit is placed on self-denial; for it too can become a hindrance to fulfilling one's obligations and achieving higher goals if it is not practiced prudently. By and large, according to the teachings contained in the *Spiritual Exercises,* man ought to use the gifts provided by nature; and he should develop his natural capacities to the fullest and apply them in a proper manner by performing honest labor. That too will involve some genuine self-denial and sacrifice.

The weakness inherent in human nature has already assured that the number of ascetics will not become legion! And for any sensible economist, the fear that, in our ultra materialistically directed age, pleasure-seeking and egotism will play too great a role should be of more concern than any fear that Catholicism may turn humanity into a horde of saints who take refuge in the desert.

Thus, Tönnies[65] arrived at the wise conclusion that, given the conflict and turbulence of our instincts and urges, a higher, more controlling and reconciliatory ethical principle is needed to moderate

† "To the specific degree that may be required in a given situation."

and regulate them, if the thesis: *homo homini lupus*† is not to triumph over the thesis: *animal sociale*.‡ And the philosopher Fr. Paulsen[66] praised the ancient Church which stressed the discipline of the will above all else and cultivated self-denial in its saintly heroes. He said: "I have no doubt but that we still live off this heritage; if only the inheritance which they left us had been greater!"

And is it not a fact that precisely in our times, for a variety of reasons, a greater emphasis on social cohesiveness in the areas of civil, occupational, and universal human solidarity, and along with this also more stress on sacrifice and self-denial in the struggle against purely selfish instincts, have again become live issues in our political and human society? At the Second Christian National Worker Congress[67] which was held a few years ago, Count Posadowsky made an eloquent statement to the effect that Christianity is the clearest and noblest expression which we have of our moral obligations toward our community and our neighbors. Only an ethical-religious approach assures us of the kind of restraint on our innate human selfishness that alone can bring about harmony in social and economic conflicts.

It is not the evolutionary ethics of persons like Fouilles and Spencer, among others, or the kind of solidarity expressed in Comte's philosophy, but only Christian solidarity which, by the way in which it binds our consciences and by its awareness of responsibility before God, can muster up in us the kind of self-denial that is required, and help the individual to subordinate his private interest always to the interests of the political community and of his functional group in society; and it can also enable us to bring the special interests of such groups and the various estates and classes in line with what is required by the solidarity of the general interests of the higher communities. Only universal human solidarity consonant with Christian teaching can restore the relations among nations, which have been destroyed in our time, and renew them on the secure foundation of complete justice, honesty, and charity. All economic, commercial, and colonial policies which are not guided by ethical principles are like a barrel without hoops. Only the Christian sense of community can fasten together the staves which have gaping spaces between

† "Man is a wolf toward his fellow man." ‡ "Man is a social animal."

them on all sides, into a whole unified society, so as to restore peace to individuals, to nations, to the various social groups and classes, and to the state and the whole world.

7. Even the Catholic view of charity and Christian benevolence has been much criticized and misinterpreted.[68]

For example, it has been alleged that Catholic almsgiving remains something which is lacking in inner conviction.[69] Therefore it is a kind of Talmudic, Islamic, merely external display of piety – which is to say, the Catholic Christian is not operating on the basis of free conviction but under the pressure of external heteronomous compulsion. He expects a reward for his almsgiving, and this makes it immoral or at best morally worthless. Catholic almsgiving, therefore, has less to do with helping the poor than with gaining merit for the giver. Also, almsgiving is supposedly done in an indiscriminate and unplanned way so that it promotes begging, which even gained respectability by virtue of the fact that the Church has recognized mendicant orders.[70]

Now it is a fact that no nation has ever been impoverished by the presence of the mendicant orders; and the kind of life led by these mendicant monks is not one that slothful beggars are liable to imitate. Besides, is it not a fact that the mendicant orders actually have a genuine, noble, ethical value? Fr. W. Förster[71] has said that the voluntary poverty of the Saint of Assisi was without a doubt a personal and social healing force of the highest caliber. Now we would not want to propose that as the right kind of social reform program in the present era. Even Francis himself did not demand it of the culture of his time, as Tolstoy did. Instead, he put it into operation within a limited circle around him; and by virtue of the spirit and from the basic idea behind it he hoped that it would exert some beneficial influence on the consciences of the men of his time. Indeed, we can still learn a lot from the underlying idea: namely that the tyranny of wants has to be overcome in each individual person if we intend to strike at the root of the idolatrous worship of gold. Even today, without our being aware of it, Francis has an effect on the inner recesses of our social consciousness. He has been instrumental in alleviating the sting and the depression of poverty in thousands. He has undermined in a countless number of rich persons the conceit of being rich; and he

has de-emphasized what became the object of conflict between the classes. He has brought into sharp focus personal and interior liberation from the thirst for money and the craving for power, inasmuch as he glorified and demonstrated in a dramatic manner, by his own life, the reality of a higher plane of values! To the degree that he tamed and cut the ground from under the urge for unchecked self-seeking by pointing out deeper needs and values, Francis served to regenerate and awaken forces, not only at the personal, but also at the social level; and these slowly but irresistibly continue to exert an influence on life in society.

It is "humanity" divorced from any particular creed and from religion generally which now emerges as the main opponent of any religious basis for welfare activities. We are told that humanitarian welfare activity represents a higher level of morality; that it eliminates any kind of intolerance and portrays basic universal brotherhood. It is free of all external compulsion and egotism; and it permits a person to help others in a manner which awakens in them a feeling of the importance of self-help. It operates in a critical, purposeful and methodical manner; and it prevents any trace of sectarian hypocrisy in helping the poor. Humanitarian charitable operations are therefore also more effective inasmuch as they attract the cooperation of persons in cultured and wealthy circles who remain outside of and are cool toward particular religions and creeds. Furthermore, humanitarianism does not rule out religious motivation; it simply prevents a dissipation of energy. And if some cooperation in various welfare activities is already possible in our time, then it seems clear that there will be further development toward wholesome cooperation in all areas eventually. In opposing this view, Schaub pointed out correctly that such objections are based on faulty premises, since they accuse sectarian welfare activities of being intolerant, of lacking discrimination in the way they assist people, of being disdainful of proper socio-political and socio-pedagogical methods, and of making light of modern organizational and technical requirements in the care of the needy, both on an individual and on a collective basis. All of this has nothing at all to do in principle with welfare activities by religious bodies. Such shortcomings may be associated with them because of

personal ineptitude, but the same might also be true of humanitarian welfare activities. If the latter have no advantage over the former in principle, they lag far behind them in other respects having to do with the unity and depth of their overall perspective, with the loftiness and clarity of the goals involved, and with the stability and vigor underlying their motives and their methods.

The exponents of humanitarianism pay too little attention to the one thing which defuses their attack: namely, that people operating on the basis of their religious beliefs perceive their role mainly in terms of the care of souls – their own as well as those of their beneficiaries. Humanitarianism, on the other hand, regards that too superficially. It cuts itself adrift from the loftiest of motives while overestimating external institutions in terms of socio-pedagogical values, and underestimating the importance of religious and moral factors. This erroneous judgment is quite basic; advocates of merely humanitarian concern for the needy are motivated by widely varying and sometimes completely contradictory considerations. Thus, any kind of unity which goes beyond generalities and purely external institutional efforts is ruled out in the humanitarian approach; or it may be regarded as feasible by those favoring the humanitarian approach only in certain cases, when it is carried out by very small, special groups.

This talk about "humanity" and "mankind" and "humanitarianism" all sounds very nice. However, it is not enough when we deal with people's lives in actual practice. When Comte tried to move the notion of humanity into the foreground of all religious motivation, he failed to recognize that humanity is neither clear-cut enough nor sufficiently commanding and motivational to take the place of the old traditional inspirations.[72] In opposing Comte, Huxley asserted bluntly that he would rather put his trust in a horde of apes than in humanity. It is undoubtedly true that it will not be the aggregate of the manifold weaknesses and imperfections found in humanity which will finally solve the world's problems. Instead, the ennobling conquest of those weaknesses and imperfections alone will be able to mobilize the kind of effective power that is required to come to grips with the world's misery. For that reason, humanity

needs to be reinforced by Christian ideals, so that it will see man as his neighbor, and humanity not simply as humanity, but as the family of God. Brazil is known to be a country where Comte's philosophy still has many supporters; and the notion of humanity as expressed by this philosophy is still cultivated actively there. Now one could scarcely find a better criticism of it than what Emperor Pedro had inscribed above the entrance of the large hospital in Rio de Janeiro. He had promised to grant noble titles of various rankings in exchange for contributions of varying amounts of money, because donations had been rather slow in coming in. Subsequently there was an outpouring of that particular kind of "humanity" as great sums began to come in. What Pedro had inscribed so appropriately above the door of the institution, therefore, were the words: Human Vanity in Support of Human Misery!

It is just as easy to understand how a basically materialistic evolutionary individualism and socialism would eventually have just as little appreciation of Christian charity, as Nietzsche's hostile philosophy of the "superman" would have toward it. That philosophy has already captured the imagination of certain domineering types in our time, but it aspires to a "higher type of human being" on a universal basis at some time in the future. Nietzsche's ethics of domination is the ultimate expression of philosophy gone astray, and by its very absurdity it necessitates the return of the human spirit to the right path; otherwise it will find a permanent home in the insane asylum. From the brutality which stems from the merciless selection process as envisioned by Spencer, Molina, and others, which allows only the strong to survive, and from the harshness of those domineering types who display the egotism of the elite, our glance turns backward and upward to the crucified One whose goodness and benevolence brightens our world, who offers consolation to all of the weary and oppressed, and who in His merciful love gave His own life for all. It is from Him that Catholic charities derive their persistent energy, their remarkable vitality, and their unfailing capacity to spread happiness and healing.

Certainly, uncritical almsgiving contradicts the essence of charity as we too perceive it, because it is a drain on areas where help

and healing are really needed.[73] Therefore charitable activity does not imply mere caprice or "do-goodism," and it does not proceed in some stereotyped fashion. Instead it individualizes, and remains realistic, for all of the idealism underlying it, in the way it discriminates, judges, and operates. It does not fail to look beyond the immediate aim when it provides help in a sudden emergency situation, to the achievement of higher moral, personal and social goals and objectives. As Schaub has said, one tries to provide work for those who are able to work; and one provides credit to those who are worthy and deserving of credit. For the endangered child, one provides sound training; for the simple-minded person who is unable to work, one provides the food and clothing that is necessary; and for the responsible person in need, one provides what money he needs to get back on his feet and which he can then repay. One should not take responsibility away from relatives or damage the sense of family; nor should one spoil the poor by too high a level of support, thereby depriving the worker who is willing to provide for himself of the desire to work. Also, one should be especially careful not to harm the sense of dignity of persons who are impoverished through no fault of their own and ashamed of their plight; nor should one trust the unfounded claims of irresponsible or unknown persons without checking them carefully. One should also take care not to cultivate pretenders by exaggerated assistance. Almsgiving which is not geared to individual needs, or which fails to liberate some perhaps restrained or latent moral, social, and economic potential for positive independent achievement where this is possible, would not make good sense; and it would fail to measure up to the ideal meaning and conception of charity. The crude expression of Zenker[74] was completely wrong both in its position regarding almsgiving among Christians, and in judging its supposed pretentiousness, when he said: Only this retrograde institution – the Roman Church – could still regard as moral (and continue to insist upon) almsgiving as a cure for all social evil and, in particular, as the one and only means to compensate for the grossest economic inequities which are supposedly willed by God. It is an unbearable disgrace for morality to try to submit the entire plight of the working classes and of the proletariat to dependence on the char-

ity of the upper classes. But what Catholic proposes this? Zenker is seeing phantoms! He is in fact a "free-thinker," and therefore he can scarcely be accused of being unbiased in his judgment of Catholic teaching and Catholic institutions.

Actually it is not charity and even less so almsgiving which, taken by themselves, will solve any of our serious social problems. The efforts of charity do not make social legislation unnecessary. Anyone who has some grasp of the Catholic view of how charity and social policy are interrelated can judge it impartially; and on the other hand, anyone who is aware of what Catholic social policies have accomplished ought to be able to appreciate this immediately.

Social policy and charity are often interrelated insofar as their objectives and goals are concerned, since they both deal with supporting people who are in need and with fostering the welfare of the poorer classes and of society as a whole. They can meet on the common ground of similar subjective motivation, inasmuch as social policy is also prompted by humanitarian concerns, respect for the human person, love of neighbor, social interests, and a sense of obligation, etc. Yet there is a distinct difference between social policy and charity, above all in their basic motivations. Social policy stems, first and foremost, from the objective requirements of social justice; whereas charity operates in the name of love. Then they differ also in their objects; where charity is directed to the individual, social policy, like concern for the social welfare, is directed toward the group, the class, the functional group, or the entire community. It can always concern itself only with the vast majority of cases, not with particular exceptions to the general rule. Thus, even with the best social policy in the world, there will always be plenty of room for charity which fills out the gaps, insofar as these come to bear down heavily on individual persons and families. Finally, they differ in their main objectives: social policy combats class poverty and mass poverty in the interests of preserving the social welfare of all of society. Charity, on the other hand, seeks to address first of all immediate pressing needs, without losing sight of the need to eliminate the cause of the particular problem. Social measures, like unemployment insurance, will be able to alleviate considerably the burden of charity; but, on

the other hand, an improvement in the standard of living of the lower classes, which results from social policy, increases the amount which charity must provide; and this means that there is an extra burden for charity – all of which applies to Germany at the present time. It will not always be an easy matter to draw the line of demarcation between charity, general welfare measures, and social policies, specifically, social policies applied by society as distinct from those carried out by the state. The important thing is that a proper relationship must be maintained among all of these, and that charity and social policy must complement each other sufficiently so that there will not be any futile attempts to replace the one with the other.[75]

St. Augustine told us that we are not permitted to wish that there will be needy people so that we can exercise the works of mercy.[76] You give bread to the hungry, but it would be better if no one was hungry so that you would not have to provide him with bread. You clothe the naked; oh, that all would be clothed so that there would be no need to clothe the naked, etc. Take away the needy and the works of mercy will come to an end. Does this mean that the warm glow of charity would be extinguished? Your love for a well-to-do friend, whom you have to give nothing to, is more brotherly; and your love in that case is more pure and selfless. Thus, charity does not seek to, nor does it have to, do away with social policy. It would find its most ideal expression where there is no poverty. On the other hand, it would be foolish to strive for a kind of social policy which, given the actual state of affairs, would seek to make a nation prosper without charity, and set out to abolish all need.

The ethical value of charity, and specifically of alms, is beyond question. Almsgiving is the fulfillment of a positive divine law, an exercise in the love of God, an action related to love of neighbor, an imitation of Christ who went about as a benefactor to humanity, an act of genuine humanitarianism which attains its deepest affirmation and noblest expression when it is motivated by faith and by grace. It is a means of material and, therefore, also of spiritual and moral support for persons in need, whom their poverty threatens to make coarse, dull, insensitive and apathetic. At the same time almsgiving is a valuable moral sacrifice on the part of the giver, and it

provides a condition for the outward expression of divine mercy. For the recipient, it bolsters trust in God and in his fellow man who pays him honor as a child of God and brother in Christ. It also bolsters his confidence in himself by helping him to overcome the enervating feeling of abandonment, despair and despondency. Beyond that, he is not merely the recipient of alms but also a giver. That is because he can, in fact, pray for his benefactors who should rightly regard such prayer as worth more than their material donations. According to the Catholic view, the ethical value of alms is not actually some absolute dimension. It is rooted in and measured in terms of how it is related to the right kinds of motives and to one's whole interior and external pattern of life.

What importance does charity have for human society, and what is its social value? We have already said something about this. Some complementary remarks are in order here. First of all, charity is necessary for the family. Just as true charity is nurtured best in good family life, so the practice of it necessarily has the effect of ennobling and exalting the family. Where taking care of strangers who are in need is something that has been carefully cultivated in the family, the fulfillment of obligations toward members of one's own family becomes easier; and the love between spouses, parents, children, and relatives will become and continue to be more genuine, more selfless, more noble, and more persistent. How beautiful is the practice found in good Catholic families of training children from their earliest years to make sacrifices for poor, neighbor children and for pagan children in missionary countries, etc.!

Then again, charity is also valuable for the entire community. It counteracts the destructive forces of envy, pride, and discord, and it awakens in people the sense of community which is so important for life in society, since it also evokes the desire to become actively involved in promoting the good of the community. The welfare of political society depends on its families and communities being in good condition. What is more important for the survival of the state and the welfare of the nation than material riches, is the strength afforded by the morally ideal supportive and binding forces – justice, which provides the necessary exterior order, and charity which constitutes the internal bond and unifying force. By means of char-

ity, spiritual bonds are established between rich and poor; and the socially disruptive bitterness in the hearts of the poor is overcome by respect and gratitude as soon as genuine brotherhood is manifested by personal sacrifices on the part of the rich. The sharing of possessions with those who lack them is already sufficient to demonstrate the natural-law destiny of goods: they are here for all. And activity takes on greater value when its results are realized in the context of fraternal solidarity. By drawing closer to the poor personally, the wealthy learn not to judge their shortcomings so harshly; and at the same time they are kept from partial or total idleness with its attendant pessimistic boredom. Even from the social point of view, almsgiving is not an absolute. As indicated earlier, it is better both socially and morally to provide those who are able to work with an opportunity to work. A provident concern which would prevent unemployment is far better than giving alms after the fact, whether this is accomplished by social legislation and institutions, or by making possible self-help and direct personal action. In any case, there will always, time and again, be a large number of persons who are in real need and to whom almsgiving alone will offer the needed assistance. ❧

"It would be foolish to expect salvation from simply a new economic system if the nation and its people do not become morally better, if the materialistic, egotistical spirit at work in individuals, in corporations, in states, and among nations, is not replaced once again by a genuine Christian spirit, if we do not finally come to appreciate that there is no better foundation, even for the material welfare of nations, than Christianity when it is put into actual practice."

IX. Testimony by Economists in Support of Christian Ethics

16. If we visualize those moral doctrines which we were able to present here thus far only in superficial fashion and with reference to a few main points, and if, on the other hand, we take into account the grave needs of our time, then we will be able to appreciate the noble and relevant efforts made by many Catholic scholars, especially those who write in the German language, to work toward a reconstruction of social and economic life on the basis of that eternal Christian moral law. And we will also appreciate their efforts to bring about the triumph of an organic social order based on justice and charity over individualism and modern capitalism which are divorced from any kind of fixed moral order. We need only mention Karl von Vogelsang, George von Hertling, the apologete Albert Maria Weiss, the moral philosopher Victor Cathrein, along with Eugene Jaeger, George Ratzinger, Franz Hitze, Lorenz Werthmann, Joseph Mausbach, Franz Walter, the inspired and inspiring Max Scheler, and the representatives of the Gladbach School, etc. These are men to whom Catholics of all countries will always owe a debt of gratitude. In the interests of brevity, and because the testimony coming from expert economists is of special importance here, we shall limit ourselves to presenting statements by certain academic economists, since we have already devoted so much space to the views of those who find fault with the Catholic Christian moral view.

Let us consider, for example, Pellegrino Rossi,[77] who calls "immeasurable" the advantage which Christian culture offers to nations, specifically with regard to their economies. Men are brothers; labor is an obligation; idleness is a vice. He who employs his talents in a productive manner has acted properly. He who sees that there is oil for his lamp will partake of the feast, while he who does not will be excluded from it. Those are the maxims – the basic prin-

ciples. Now then, if economics wants to do away with a catechism of ethics, can it prescribe another one which presents its own point of view? There would be only one difference: the economist would present those principles as the prescriptions of reason, or as deriving from the calculation of self-interest. Religion, on the other hand, appeals to human conscience, the sense of obligation; and it crowns its doctrinal structure with the kind of sanction which man cannot provide and from which he also cannot exempt himself.

Werner Sombart[78] has referred to the teaching of Christian virtue as "spiritual training," which provides people with the kind of energy that is indispensable for any competent and successful merchant. Sombart is undoubtedly right about this. However, when he suggests that it was Thomistic ethics specifically which promoted capitalism, he himself introduces certain qualifications. He tells us it is self-evident that the quest for profit in Christian moral teaching: 1) must operate within certain reasonable limits, and 2) may not violate the precepts of morality in the choice of means. Sombart[79] then notes also that anyone who goes counter to these principles is acting unreasonably and merits punishment, namely, the person who seeks profit for the sake of profit, strives for riches for the sake of riches, and who seeks economic power for its own sake. That kind of conduct makes no sense, because there are no limits to it. Therefore a person who operates his business in total disregard for the dictates of morality and the general welfare, who no longer listens to the voice of his conscience, and who endangers his immortal soul for the sake of business profits deserves to be punished. In other words, what I have previously referred to as the reckless and unrestricted pursuit of gain has always been condemned by all Catholic moral teachers. These have given expression to the idea which prevailed until the beginnings of the capitalist era and which, incidentally, did not rule out any and all kinds of windfall profit. What the Church's moral teaching sought to prevent and what it actually helped to prevent was the kind of inversion of all human values which did in fact occur only in our times. So much for Sombart. In his view, the "early capitalistic era" had not yet divorced itself completely from the influence of Christian ethics.[80] That is, however, definitely the case in what we now refer to as "capitalism" and the "capitalistic spirit." Thus, we have

to reject any notion that Christian moral teaching actually fostered "capitalism" when that is understood as embodying the "capitalistic spirit"; and in terms of the "inversion of all human values" which has occurred in our time, we may regard it as totally false.

Now let us return to Rossi once more. He tells us that Christianity has been criticized for not having abolished slavery immediately by some decree or edict. However, what conclusion is to be drawn from that fact which, incidentally, we do not dispute? Does it imply that Christian principle is basically compatible with the idea of slavery? Certainly not! The more Christianity progressed and the more souls it won to itself, the more it gradually overcame slavery in principle. However, Christianity was reform, not revolution. It fashioned man's spirit and heart gradually; and in that way it brought about the reform of morals and of institutions and of the whole world. That was its mission, and that was the purpose and meaning of the words: "My kingdom is not of this world," which is to say: I do not restructure human institutions the way a legislator does this; I intend rather to reform the world but by reforming individuals and their morals. Yet Christianity is accused of a number of errors which inserted themselves in Christian nations and even among some Church dignitaries. However, that accusation is not to be charged to Christianity but to the persons who went astray and deserve to be accused precisely in the very name of Christianity. Is justice to be reproached because many an atrocity and many a violent action has been perpetrated in the process of upholding some law? Justice is not to blame, but the person involved; and he is blameworthy precisely in the name of justice.

In this matter Rossi draws a clear and proper conclusion, that we cannot accuse Christianity when human perversity and weakness leads people to act contrary to its moral prescriptions. We ought rather to ask: how would human society, the family, the state, and the economy perform if Christian principles were put into practice everywhere? Then, among other things, there would be no more wars. But so long as human passions lead men to oppose God's law, so long as the "capitalistic spirit" prevails in practice, so long as there are unscrupulous statesmen and just aggressions, this bloody scourge of humanity will persist.

Rossi goes on to say that Christianity is a favorable precondition for work and for peace. It calls for order, for benevolence, and for respect for the rights of others. It allows for honest pleasure, but it opposes the crude appetites and senseless waste. It opposes taking immodest pride in one's wealth, and it calls for resignation in times of misfortune. Finally, it urges prudence and charity. If we wanted to express all of these great problems in terms of economics, then the Gospel would fulfill all of the conditions which the science calls for to build up the wealth of society. Therefore we think that the progress of Christianity should be of interest not only to religious persons, philanthropists, and statesmen, but also to economists. To cite just one example, the economist ought to share joyfully in the accomplishments of the various missionary societies. The expansion, the achievements, the gains scored by such societies are not only of religious but also of political and economic importance. In fact, as they spread Christianity, they also propagate culture and civilization. They teach the value and importance of labor; they awaken new needs; they stimulate consumption and exchange, and therefore production. They overcome the barriers of barbarism – barriers which the many differences in religious views, and the lack of civilization and of recognition of common interests have erected among nations. They take pains to bring nations closer to each other and to assimilate, not by eradicating their national character, but by the operation of the law of common brotherhood, Christian charity, and solidarity, bringing people in closer harmony with each other. They expand markets which already exist and give rise to new ones. Rome, too, once used warfare to conquer the world. Latin was spoken everywhere, and Roman institutions were found everywhere, along with a system of law which defied all attempts to eradicate it. But did this make one a Roman at heart? When the Barbarians descended on Rome, no one was prepared to defend it. Nations were conquered and civilized, or perhaps it is better to say that they were shaped according to Rome's image; but the hatred which conquests engendered, as a rule, was not eliminated. Friendly conquests by missionaries, on the other hand, are victories of intelligence and reason. They bring benefits for the conquered as well as for the conquering nations. They score gains for human morality, for philanthropy, and for the political economy.

The noted economist Henry Baudrillart[81] expressed similar ideas: since its appearance, Christianity has exercised a beneficial influence on social conditions overall. Its effect could only be gradual and indirect, but that did not make it any less effective and powerful. By reforming human hearts it broke the chains of slaves and made them free men; and it also elevated the lowly status of women and extended to the world the spirit of true freedom, equality, and fraternity. It instilled humility in the powerful of the world by the awareness of sharing with all others in sinfulness; and it lifted up the humble by providing them with a sense of their equality based on the fact that they were redeemed along with all others. Christianity blessed work and, what is more, it actually got involved in labor; and it accorded the greatest possible dignity to the human person who had been deemed worthy of the sacrifice of a God. Actions speak louder than all attempts to deny them. It is the Christian nations which march in the vanguard of industrial civilization. That became very apparent at the great world exhibitions held in London, Vienna, Paris, etc. Baudrillart then went on to warn against atheism. He said that atheism, which many proclaim openly and make the first article of their creed, opens the door for the strong to oppress the weak without any qualms of conscience. Materialism is the logical outcome of atheism, and it leads everyone to seek only his own enjoyment and to worship only himself; in other words, to exploit others at every opportunity. And, with regard to the notion of an infinite, non-personal being, which is being propagated today in France and in Germany, the practical consequences are exactly the same. That is because a God without justice, without love, and without any feeling for human beings is equal to pure nothingness.

What would happen if the wishes of the most famous socialists of our time were realized: may the name of God – this name so long the last word of the wise, so long the hope of the poor, so long the refuge of repentant sinners – may this name be eradicated from the hearts of men and subjected to scorn and curses! Let us suppose that this cry of the irreligious fanatics was once realized. *Dieu, retire-toi!* Withdraw, oh God! Who would become the victims of this great demolition of the moral world? The lower classes. The God who withdraws from the scene – as Proudhon himself has pointed

out – is the hope of the poor who now forsake him. It is the quest for pleasure, the insufferable pride of a minority, the degradation and the oppression of the masses of humanity, which would move into the vacuum created by God's absence. In this great shipwreck, order in economic life, justice in contractual relations, that charity which illuminates all human relationships, the virtues which lead to well-being and which also enable people to bear misfortune with patience – all of these would suffer irreparable damage. They have to be colossal fools who, in the light of so much tragic experience in our time, still believe that they can promote freedom among nations and progress in society by such negation.

The Italian economist and minister Minghetti[82] was no less emphatic when he stated: once the Christian religion spread over all the earth, it brought to society new principles for the whole realm of thought and human action. For anyone who is willing to look with his eyes wide open, what becomes clear is the evidence of changes in the various levels and relationships in economic life, and the fact that these had to take place once the most exalted principle of the equality of all mankind was proclaimed in terms of its origin and purpose so that human dignity was thereby glorified in a most wonderful manner. At the same time, there emerged a sense of each person's being responsible for his actions. Merit and guilt had their constant sanction in the life to come. Furthermore, according to the Gospel, work was accepted as the natural lot of mankind, and as something which does not degrade man but, in fact, ennobles him. And inasmuch as benevolence had its origin in charity, it acquired a far greater inner dynamism and effectiveness by its being associated with religion. Finally, the love of country and pride in one's nation shed their old egotistical forms and the national hostility which came with them, the more nations felt themselves bound together by the unity of the Gospel.

This latter idea was also expressed by the Hungarian economist Kautz.[83] He said that it is impossible not to notice how the enormous expansion of commerce in the present era, the way in which nature is forced to yield up its riches through the triumphs of the human spirit, and the manner in which the ever more powerful and beneficial progress of human culture and civilization and the

worldide religion, Christianity, are all moving us toward the great goal of the worldwide unity of all mankind. This is also reflected in the way in which world history tends toward ever greater rapprochement and fraternization among all of the family of nations, and in how modern industry and commercial life serve as a powerful lever to bring the opposing poles of the world into closer proximity. Finally, it is manifested in the growth of the awareness that all nations and states need eachother for their mutual fulfillment, while the exalted notion of the unity of our entire human race also spreads more and more throughout an ever-widening circle of mankind. If Kautz had been able to see what we have experienced in our lifetimes, he would have recognized that mere material progress divorced from the genuine Christian Gospel and Christian morality produces results that are quite different from brotherhood among nations and all of mankind! The hippopotamus-hide whips and the plight of the poor mutilated black men of the Congo offer us some hint of where the gospel of the pound and of the dollar will still take us, even in our "highly civilized" era; and that is also being engraved indelibly into our memories and into our hearts by the cries of pain and the mortal agony of millions of persons slaughtered in the World War, and by the destruction of happy families and the tears of widows and orphans. And we are being made painfully aware of where this leads, by the brutal campaign of suppression and destruction which found its expression in the carefully planned "economic war" against Germany.

It was the religious division which has crippled the influence of Christianity, and it prepared the way for a false philosophy which made possible the victory of theoretical and practical materialism. If mankind is to experience a basic cure also in its international relations, then it must return to Christ's Church. No national church, only the world religion of Christianity – the Christian world-Church – if it once achieves its full strength in renewed unity, will be in a position to achieve the great goal of unity among all men and worldwide unity in a lasting and durable manner. Only it can provide the solid structure for a genuine and Christian league of nations with the help, of course, of cultural progress in the material order and of vigorous modern commercial activity. However, as the most bitter experience has taught us, we cannot expect from such developments

by themselves, or if they are placed ahead of religious and ethical bonds, any real interior bonding together and "fraternalization" among nations.

We could still present much additional testimony from the economic literature of foreign nations, which provides evidence of the great economic importance of Christianity, even if we did not confine ourselves to explicitly Catholic writers like Charles S. Devas, Giuseppe Toniolo, de Mun, La Tour du Pin, Cepeda, Charles Antoine, Charles Perin, etc. We are especially gratified by the fact that outstanding German economists do not lag behind foreign scholars in recognizing the great value of Christianity for economic life. For example, Wilhelm Roscher[84] told us that no human institution can survive its own most extreme consequences; and the same holds for worldly human prudence, because ultimately these are always weighed down by error and sinfulness, whether to a greater or to a lesser extent. If one wished to erect the principles presented by some deified genius into a system and then apply this system to all of humanity, what a monstrous, impossible world this would lead to! Only Christianity can bear to live with its own full inevitable consequences; and the world would become heaven if it could succeed in achieving these consequences fully here on earth. That is the surest proof of its eternity and divinity. In fact, what are regarded as exaggerations of the Christian principle, all of the evils which stem from spiritual tyranny, deceit, and intolerance, can, in fact, be traced back to aberrations from true Christianity, as is clear from all of sacred scripture. *Corruptio optimi pessima!*†

Elsewhere Roscher[85] expressed his ideas about the impact of Christian religiosity and atheistic irreligiosity on social and economic life in this way: where everyone regards riches in terms of a stewardship entrusted to him by God, and poverty as a disciplinary action coming from God, where all men regard one another as brothers, and where they consider life on earth as a brief preparatory step toward eternity, where even the most glaring differences in wealth lose their disturbing and demoralizing force. On the other hand, an atheist or a materialist will all too easily degenerate into being a worshipper of Mammon. When such a person is poor, it is easy for him to slip into

† "The corruption of the best is the worst of all."

the kind of despair which makes him want to set fire to the world so that he can either plunder it or perish along with it; whereas if he is rich, he often looks with suspicion on all riches because of the immorality that is implicit in the way in which he has acquired and enjoys his riches.

Roscher did not place much hope in combating socialism by so-called "cultural enlightenment," but he expected the best of all possible results to come from religion. He said:[86] whether socialists will accomplish more by inspiring the best elements of society or by intimidating the wicked ones among the upper classes, or whether they will cause more harm by corrupting the lower classes, will depend on the degree of spiritual health, that is to say – good judgment, fear of God, love for one another, and sound character – which are still at large in a nation. However, it would be a serious misunderstanding of human nature if we believed that self-control and the reciprocal toleration between rich and poor, which is indispensable to such self-control, can be left to depend solely on good judgment without religion. There is no greater folly than the efforts of a "cultured" person to combat socialism by promoting a kind of irreligious semi-culture. That can in fact only serve to increase the strength of the dreaded opponent. Just as genuine and widespread religiosity protects us from every kind of intolerable deterioration of our existing economic relationships, so there is also, among all of the reforms which have been proposed until now, not a single one which does not depend on an increase and spread of genuine religiosity if these are to succeed and last. The only protection and remedy available to us against destructive and false socialism is the kind of constructive true socialism which regards all men as brothers, since they are all children of the heavenly Father under His firstborn, Jesus Christ.[87]

He who made that statement was a truly pious Christian and also a broadly educated cultural historian. But he was also a fine, extremely modest, learned man, who was not out to try to destroy something, but only to rebuild patiently. As Gustav Schmoller[88] remarked so penetratingly: his spirit was filled with the purest kind of idealism and with faith in the great moral forces of history. Ultimately, he knew no progress other than the moral elevation and improvement of mankind. He measured all economic and technical

gain in terms of its effects on spiritual and moral life. It would be good for us if such a spirit would come to play a dominant role in our science!

Schmoller himself remarked, in addressing the problem which we are dealing with here,[89] that there arose from Christian dedication to God and the hope for immortality and happiness a kind of trust in God and self-control which bordered on moral heroism. It made possible a purity of soul and a kind of selflessness and sacrifice of self for ideal goals, such as mankind had never known previously. The notion of brotherly love and love of neighbor and of mankind began to permeate all human relationships and it had a moderating effect on the harsh understanding of private property. It also brought along with it a victory of social and group interests over egotistical, class, and national interests, and concern for the poor and for the weak – all of which were not to be found in ancient times. The idea of equality before God took hold and had a healing effect on the harsh prevailing social divisions. The basic dignity of the human being came to be recognized in everyone, even in the humblest person.

However, Schmoller's testimony loses much of its force, because for him morality was not based on a divine moral law. It was merely a "1ogical construction" stemming from a religious system of faith which is established by priests. It emanated from the prevailing ethic of a particular period in history, but it then superimposed itself on "manners and law." "Manners" govern externals, and morality governs also the interior impulses of man, etc. The relativistic, positivistic kind of historicism which is carried to extremes here prevented a person, even one like Schmoller,[90] from arriving at a clear recognition that morality is not a changing, historic, human construct, and that if morality is not to lose its force, it cannot be of that nature. It also prevented him from recognizing that there are in fact fixed, universal, objective moral postulates which are independent of time and place, which therefore do not vary, and which are of decisive importance especially for social, political, and economic life.

Inasmuch as Schmoller at least placed morality, above "manners," he sets himself apart from the most recent kind of exaggeration of "manners," meaning distinct, exterior, social forms. That point of view, which prevails especially in countries where success in business

seems to be the only thing that still counts for something, errs to the point where genuine personal morality is no longer regarded as of any importance. "I would rather deal with a person who has forged a cheque to pay off a debt honorably, than with a lout who shoves food into his mouth with a knife."[91] Joseph Kohler roundly denounced this kind of sick overemphasis on external "manners."[92] For him that is not Germanic, but Chinese, or French, or English; and it did not lead to the moral improvement of those nations, but to definite moral decadence. Instead of morals, there are "manners." In the place of reality, we find schemes. Instead of honesty there are appearances and hypocrisy. In countries like England, "manners" have been accompanied by debasement on all sides. The proper social person is one who conforms his actions to what society regards as proper. He stops working on Saturday and goes to church on Sunday. He greets his neighbor the way one is supposed to, and he does not say things which society finds offensive. Meanwhile, genuine morality was destroyed, and striving for success took the place of ideals. In the place of genuine emotional depth, there was the desire to never fail in keeping up appearances; and genuine religion degenerated into hypocritical pretence. Stanislaus von Dunin-Borkowski[93] said about this statement by Kohler that it is severely judgmental; and he suggested that one must distinguish between the artificiality which prevails among certain fashion-setting social classes, and the healthy instincts and actions of the English people. We agree wholeheartedly! But it is significant that, precisely in such pace-setting circles, it is enough to observe external social "manners" in order to rate as a "gentleman"; while one may, at the same time, practice an extreme, crude, egotistical morality of expediency in social and economic life, as well as in the conduct of international economic policy.

Schmoller's point of view in judging the relationship of "manners" to morality was different, as we have indicated. He did not make "manners" more important than morality. Actually, we have to recognize that by no means all exponents of the so-called "ethical trend" in German economics share Schmoller's views on morality. We are reminded especially of Adolf Wagner, who thought in Christian terms, and of Hermann Roesler, as well as of Schönberg and George von Mayr, etc. These all held a belief in common that

the constancy and stability and universal validity of the highest social norms, which are indispensable for social and economic life, are derived from morality that is associated with the authority of God who is the supreme law-giver. They also recognized that no merely historical and human tradition can vest these norms with authority. One can probably find fault with the "ethical trend" in German economics, inasmuch as it has not progressed toward a full systematic restructuring of economics. It is nevertheless a positive step in the right direction because, in facing the task of social reform which now confronts us, we are able to detect in it a definite orientation toward the unchangeable principles of morality and of law. Indeed, it is to George von Mayr's credit that he summoned up the courage to stress responsibility in economic life as being even "a point of departure for economic research."

"The will of God, the lex aeterna *– which establishes order in the world and which speaks to us through our human reason as well as through the Christian moral law – is the Law that must serve, along with the social philosophy and the social ethic that stem from it, as the guidepost in our endeavor to discover genuine economic knowledge, and in the process of constructing and developing economic theory."*

X. Ethics and Economics

17. Does not economics lose its autonomy as a science if the moral law is acknowledged as having decisive influence in the development of economic doctrine? Most emphatically, no! A discipline derives its autonomy as a distinct science from the fact that it has its own formal object. This means that it deals with its object from a point of view which no other science does, *ex officio*. For example, medicine deals with the same natural body as chemistry does, but it does so with a view to healing it, whereas chemistry tests and studies it solely with regard to its chemical properties. Jurisprudence, ethics, and economics: all, to a large extent, have the same material object in common. This means that they all deal, for example, with property, money, the bill of exchange, corporations, exchange, purchase, credit, and so on. However, each science concerns itself with entirely different aspects of the same phenomena and facts. Jurisprudence deals with legal regulation and legal consequences, whereas economics deals with their importance for the national economy and their impact on it. Ethics, on the other hand, deals with what is morally good, in other words, with whether actions and transactions are morally good or bad. Thus, economics has a different formal object than the science of ethics. It is not the task of the economist to determine what is morally good or morally objectionable. Using human reason as his proximate yardstick, he examines and evaluates economic activities and institutions simply with respect to their economic correctness, which is to say, in terms of their significance for the material welfare of the nation. Therefore, economics stands by itself as an autonomous discipline, along with moral science. Both disciplines have a lot to learn from each other. However, that is not the same as saying that economics can cut itself off from the moral law, or even abstract from it. What violates the moral law will never, under any circumstances, be proven by reason to be correct. What is immoral can never end up being economically correct. Therefore, ethics

serves as a test of the propriety of economic theses and as a kind of beacon-light for economic research. Anyone who disregards this beacon-light will end up ship-wrecked in the vast, rocky sea of error.

Now let us investigate in greater detail the relationship between ethics and economics.

1. Any investigation of causes in economics will be incomplete if it does not take the enormous importance of their ethical dimensions into account. We know from experience that the overall material welfare of a nation is definitely conditioned by the practical application of the moral law – in other words – by the extent to which morality applies to national and economic life. It may well be that when we are dealing exclusively with man's relationship to material things, as in matters having to do with technology and the like, the "purely economic" point of view can prevail. However relationships of person to person, of citizen to state, of nation to nation, even when these are typical economic relationships, are not exclusively matters of economic utility. It is scarcely possible to contest the fact, especially in terms of the economic point of view, that there will be an enormous difference between a society where justice, honesty, and charity find practical application, and one in which what prevails is the most brutal kind of self-seeking. Erwin Nasse wrote to me, a short time before he died: I am evermore convinced that a deepening and realization of the norms which speak to the human conscience are far more important for economic progress than are public institutions. Of the three regulating factors in economic life: the state, occupational organizations, and the conscience of each individual, this outstanding economist assigned first place to the human conscience. We may even say that so far as the other two factors are concerned, if the political and social order are not established on the basis of the consciences of the citizens, then the economic order too will lack any kind of secure foundation.

2. The economist may not contradict the requirements of the divine moral law when he is speaking as an economist. Such a contradiction would not only deny the universal application of the laws of morality as well as their application in the area of economic life, it would also disregard the proper relationship between purely temporal goals and the principal goals of human existence. Besides,

it would strip economics of its nature as a genuinely cultural science. The economist cannot conceive of his formal object – the material economic welfare of the nation – in any other manner than in terms of its interrelationship with the general human and social culture. Therefore, when he concerns himself with the way in which people participate in the world of material goods, he must not lose sight of the inherent unity that binds together all of human culture, by failing to take into account also goods of a higher order, of the more exalted aims which people have in life, of the full dignity of man, as well as of the integral prosperity of individuals, of families, and of all of the people in the state. In other words, he cannot seek to pursue and advance economic progress at the expense of the progress of genuine human and national culture, and of the national welfare in its totality. In order to drive home this point, we may speak of a "law" or "principle of cultural unity" as a kind of rational principle expressing the inherent relationship and cohesiveness among the various higher and lower spheres of human and social existence and activity. Any kind of economics, therefore, which does not end up denying that cultural unity cannot avoid arriving at its own principles by the logically inevitable process of structuring its object in conformity with the moral order and in terms of its subordination to the moral law. So in developing its doctrines, which are of such vast importance for the practical behavior of statesmen and also of citizens, it must not fail to accord proper respect and recognition to the sovereign authority of the highest of all laws which applies everywhere.

3. Since it is a social science, economics derives the concepts that are needed to construct a system from social philosophy. We mean by a system the correct representation of the unity and purpose of economics with regard to its relationship to the purpose of political society. Now ethics lifts this purpose to the level of moral obligation, and provides it with the kind of stability which it would not have if it remained a purely scientific postulate. This situation, along with a deeper appreciation of the unity of human culture, protects the economist, who thinks in a consistent manner, against the radical, dispirited rejection of the human and social considerations which are a part of ethics, when he observes what goes on in economic life and

formulates his understanding of it. It also safeguards him against the kind of exaggeration of absolute material maximization in the production and accumulation of wealth, which is so prevalent today. It also enables him to weigh properly the relative optimal choices with due regard for the total human person, the whole nation, the entire state, and all of humanity. In this way one is also able to better appreciate the fact that economic life is carried on not only *for* people, but also *with* people, and that material development is to be accomplished not by wasting people – not, in other words, by the very cruel weeding-out process which implies the destruction of the weak – nor by sacrificing higher cultural achievements. Following this course, a "social" perspective is also developed in arriving at rules with respect to economic policy as, for example, in matters relating to the middle class; and the problem of bringing conflicting interests into harmony with the higher interests of the political and human community will be essentially facilitated. There will no longer be any doubt that the material welfare of the nation will be conditioned by justice in the way prices, incomes, and wealth distribution are arrived at – something which ethics requires. Finally, in this way we will come to recognize what respect the economist ought to have for practical religiosity and morality. To be sure, he operates in accord with his own formal object. He tests economic actions on the basis of *what ought to be* in economics, i.e., solely with reference to the task of the national economy, and not according to the moral aspect or with regard to the ultimate goal of human life. However, he does not deny or lose sight of the importance and validity which matters belonging to a higher order of things have for his field. He respects these and takes care not to violate them.

18. It was the unfortunate fate of the economic science that the first attempts to treat economic problems systematically were made at a time when the knowledge of earlier centuries had, to a large extent, lost its influence. In the highest realm of culture, that of religion, the individualistic principle of free interpretation had become prevalent. Eventually, everyone selected from Sacred Scripture, as from a menu, what suited him and seemed right and proper for him. Philosophy also broke away from the tradition of past

centuries. Every scholar set out to develop his own system. Eventually the notion of a professor, which Brentano is supposed to have come up with, came to apply: *a Professor is a person who is of another opinion*. Legal thought also fell prey to individualism. The state was supposed to have evolved from a social contract. While the Christian era clung to the conviction that faith and reason can never contradict each other, the kind of rationalism which now prevailed was no longer willing to accept revelation as a guarantee of truth. *Knowledge derived from reason* rose up proudly above faith and in opposition to it. All religious knowledge was subjected to the test of human reason.

Small wonder that in such an ambience economics also suffered greatly from the lack of any firm, solidly based, metaphysical and ethical *Weltanschauung,* in other words, from the lack of a healthy philosophy. Any higher measure of value was missing in the more and more widespread naturalistic and materialistic worldview. What took the place of the free, thinking, human person and morally responsible behavior was the natural mechanism whose purpose was determined on a utilitarian basis. Indeed, what emerged was a lifestyle that was geared to "self-preservation and development on the basis of a maximum of pleasure and a minimum of pain."[94] The mechanical view of human nature as opposed to the theological view, the positivistic limitation of our knowledge to empirical and positive facts, the notion of geological evolution, the struggle for survival and the survival of the fittest as a principle of progress, the rejection of any objective validity in true and moral values, the materialistic interpretation of history with its economic explanation of historic development, and the false idealism of Hegelian philosophy, of Kantianism and the more recent criticism – briefly, everything which was designed to lead the human intellect astray and to lead to more or less untenable research into philosophical systems and "systemlets" – all of that hinders and confuses the development of the economic science until our own day. From its very beginnings, the systematic development of economics fell victim to the individualistic-rationalistic principle.

Thus, the "natural order" as understood by the Physiocrats called for a condition where every individual, when afforded the fullest freedom and realization of all of his abilities and the right

to exploit without restriction whatever resources actual, concrete circumstances placed at his disposal, could apply fully his "natural" right to private property and to acquire property according to his own interests within society. Francois Quesnay said that the surest, most exact and advantageous internal and foreign trade was one which allowed full freedom of competition: *La concurrence libre est immense!* By pursuing what is in his own interest everyone will "automatically" be led to follow the course which will also be of the greatest benefit to the entire community. Therefore, let the state stop meddling in economic life! *Laissez faire, telle devrait être le devise de toute puissance publique, depuis que le monde est civile*† – is the way Vincent de Gournay expressed it. And Turgot saw in such individualistic doctrines nothing less than "the maxims of healthy human reason." Occasional inferences in the Physiocratic system to the effect that one ought not to harm anyone were but feeble reminders of Christian ethics, but they were of merely decorative significance.

Adam Smith was not a materialist. He associated with the Physiocrats and the Encyclopaedists, and he adopted some of their views, but not all. One detects in him a naturalistic deist. Smith's approach was very much colored by the skepticism and empiricist thinking of David Hume which was hostile to metaphysics. Smith's *Theory of Moral Sentiments* attempts to present a descriptive, empirical brand of ethics. In it, he tells us that nature guides man directly, for the most part, by our original and native instincts, which God gave us to lead us to the great "ultimate destiny of nature" – human happiness. In economic life it is the selfish instinct – the selfish passions – which prevail. To our objection that the unleashing of self-interest could easily lead to excluding the great masses from sharing in earthly goods. Adam Smith would reply that this is not so. On the contrary, it is precisely the selfish instincts, to the extent that we allow them to operate without interference, which will assure the best distribution of goods. That optimistic view of Smith stems from his naturalistic-deistic *Weltanschauung:* God has arranged the immeasurable entirety of the world in such a way that the greatest possible sum of happiness will be attained by the free operation of natural forces. That neces-

† "*Laissez-faire,* that ought to have been the watchword of all public authority ever since the world became civilized."

sarily leads to a situation where social and, in particular, state intervention in economic life is rejected as unhealthy. Even the wisdom of the greatest statesmen is no match for the infinite wisdom of God as expressed in instinctive natural urges. Briefly, the free pursuit of self-interest – unrestrained, individual, economic self-determination – constitutes the only secure basis for the material prosperity of nations. That is the underlying theme of the *Theory of Moral Sentiments,* and it also predominates in Smith's *Wealth of Nations*. There we find that time and again the "natural course of events" is juxtaposed to the limitation of freedom by social forces like the state and other corporate bodies. Exceptions may occur. The state may not be able to remain completely passive in economic life. However, that does not alter the guiding principle underlying the individualistic view that "the self-interest of individuals is the surest compass on the sea of economic life" (J. Wolf).

It is possible to find in Adam Smith's writings some nice statements about justice, the common good, and the like. Such occasional expressions may in fact provide evidence of honorable intentions. Far be it from us to draw into question the personal motives of Smith. But that does not alter the fact that his economic doctrines, despite what other merits they may have, stem from a false individualistic principle and even from a distorted and warped view of the individual. It is the kind of individual who would allow himself to be guided solely by his instinctive self-interest without regard to factors which do, in fact, serve as our guides: reason and conscience. And it is the kind of individual who would insist on complete freedom to behave in this manner. To be sure, Adam Smith did not proclaim the complete independence of economics from any kind of ethics. However, he did, as a matter of fact, emancipate it from any kind of reasonable and Christian ethics. In place of that he provided it with a foundation which was based on his empirical moral philosophy and which was therefore scientifically worthless and totally flawed, and replete with dangers for the subsequent development of the economic science.

We find Smith's theories carried out to their logical, extreme, materialistic conclusions especially in Manchester liberalism, and in the doctrine which proposes that "natural laws" govern economic life. It is a fact that the selfish instincts are simply natural forces.

Therefore it was not difficult to fall into the trap of regarding their performance as a "natural-law" kind of operation. The man who is presented to us in the form of an arbitrarily contrived *homo economicus* is inherently unfree, since he is driven by instincts reflecting the operation of the natural law in himself, whereas he is nevertheless supposed to remain free from and unrestrained by any external social and political powers. Now inasmuch as such a viewpoint is irreconcilable with one which regards man as a free, rational being, it is also lacking in any kind of correct appreciation of social living or of the moral obligations which are a part of social living. Economic "laws" can, in fact, only derive from an integral concept of man and of society. But an appreciation of that necessarily leads us back to the spiritual and moral spheres.

It has been reassuring to find materialistic economists who could still point out that economics "abstracts" from ethics only *in theory*. *In practice,* one could still function "morally." That is an interesting "abstraction"; as if one could deal with man and "abstract" him from his head. And just where would any room be left for ethics if instincts operating as "natural laws" governed people's activities?

In the raiment of Darwinistic sociology, the individualistic notion of freedom occurs subsequently in Herbert Spencer's work. The idea of a continuous evolution of the world prevails in Spencer's philosophy. This includes the proposition that the efficient are assured of the gains which come to them because of their greater efficiency, whereas the inefficient will not be spared from the consequences of their lack of efficiency at the expense of the more efficient. It is the basic laws of biology, namely, competition and selection, which prevail even in the governance of people; and that includes the area of economic life. The problem is not how to protect and strengthen the weak, but how to assure the victory of the strong and the annihilation of the weak – an undisguised philosophy of brute force! But that is the inevitable cost of progress. If the state moves in and interferes with this process on behalf of the weaker persons, so as to restrict the freedom of those who are economically more efficient, it will be violating the biological "laws" of nature. The universal industrialization of the world is the only legitimate goal of this evolutionary-biological and positivistic *Weltanschauung.* If overall economic

development thereby happens to come into conflict with the laws of traditional Christian morality, that is of no more concern than it was to those economists who put economic activity completely under the governance of the "natural law" operating through instincts. What we need is "laws," because all sciences have "laws"; – but spare us from the moral law! Relate to natural science, to biology and, more recently, also to psychology; but whatever you do have nothing to do with Christian ethics and the science of morality! "A little more ethical sauce" as Sidgwick[95] put it so tastefully, might be permissible, but don't allow moral principles to exert any decisive influence. That is because morality, as others like to infer, is an "alien element"; it is like mildew for economics. In other words, it loses its value and its validity inasmuch as it too is caught up in the evolutionary process and becomes a changing thing which is to be included among those things which are already the result of the ongoing struggle for existence.

Instead of treating freedom – the great watchword of the past century – as the problem, and as the social *telos,* and instead of asking how social and economic relationships ought to be regulated so that all citizens, not only the powerful, will be really free, freedom became the motto also of the German school of free enterprise. In fact individualistic freedom became its universal guiding principle for securing the interests of the individual, in exactly the same way as it was understood in English and French liberal economics. One had only to allow individuals to exercise their natural liberty and to pursue their self-interest without restraint. Then nations would maximize their welfare. This was not freedom in the state but freedom from the state. In principle it came close to representing the absolute independence of the economizing individual, even though such independence could not actually be realized in practice anywhere or at any time. However, there was an insistence on free enterprise on all sides, to the exclusion of occupational organizations or compulsory corporate bodies. There were demands for free labor contracts, for freedom to run one's business without any restraints, and for universal free-entry, meaning that everyone could work and live where he wished. There was also to be freedom to own property, including land ownership. And all property was to be fluid, meaning that all restrictions of its sale, on inheritance, on dividing it up, and

on mortgaging real property were to be done away with and avoided in the future. Let there be free competition in production and in buying and selling in the market, in the operation of supply and demand, and in price formation; and let us have freedom of contract in charging interest as well as in financial market transactions, in the operation of stock companies, syndicates, etc. That is economic "organization" as understood by those who advocate individualistic liberalism. In the process, the economizing person will be stripped of his role as a citizen – to use Hermann Roesler's expression. And what is more, he will no longer be either a moral or a morally responsible person endowed with reason.

Now it is precisely at the present time that we again hear the clamor for economic freedom. There is much chafing against the pressure of compulsory state measures in the economy especially among businessmen, just as mercantilistic privileges were once regarded as a scourge among certain merchants. We too call for greater freedom in economic life in the future. However, we should not allow this economy, when it becomes more free, to become again the old free-enterprise economy. We must not allow ourselves to be tossed about from one extreme to the other. *Order*, not freedom, is the highest principle and the best guarantee also of the right degree of freedom. Because of the great importance of this question, we would like to make some additional observations.

19. The "system" which is based on the theory of free enterprise in both its older and more recent formulation has been called simply the "system of free competition." And an attempt was then made to establish this free competition as the regulating principle of production and of exchange. The whole "system" relies on three factors, each of which is itself in need of regulation. And even if all three are taken together, they still do not add up to a "regulating principle." The three factors are: self-interest, freedom, and competition. Do we still need proof that self-interest, meaning the instinctive drive, does, in fact, require regulation? And that the kind of freedom implied by *laissez faire* all too often ends up being diametrically opposed to order and regulation? The third factor, competition, can in fact operate constructively if it is a kind of regulated rivalry which strives to succeed by providing quality, and by offering good and reasonably

priced merchandise. However, competition is still not a "principle" but only a fact, an event, a kind of conduct which itself needs regulation. And if such regulation is lacking, "free competition" – and note well that we mean by that *absolute, free competition* – will become a hazard for the national economy. The middle class will be suppressed by it. Workers who compete with each other will become the victims of wage-slavery; and the employers themselves will have to seek shelter in cartels. The consumers, however, will end up being offered products on the market which are harmful to their health, lacking in aesthetic value, shoddy, and superficial. Given the reign of such absolute free competition, who will worry about morality if he can succeed in earning an extra dollar by selling, for example, immoral literature, filthy pictures, and contraceptive devices? Ask any theatre operator who shows smut why he does so, and he will reply that competition forces him to do so.

No, actually "free competition," as this is understood in the framework of the free enterprise system, is not a "regulating principle" for the national economy. Even though we are being told time and again that free competition forces prices down to the level of costs of production, we lose sight of the fact that absolute free competition is not needed to achieve that. Furthermore, in a well-regulated economy, there are other and better methods which also offer a guarantee that the products will be genuine and of good quality. Moreover, not only is the system of free competition, of and by itself, lacking a regulating principle, but it also deprives economic life of *bona fide* regulating factors. The national economic organism, as understood in terms of the theory of individualistic free enterprise, has only one single organ, one single rallying point: the market. All other liaisons are only arrangements which individuals devise so that everyone can shift for himself to extract benefits from the market. The fact that everyone has the same urge to make profit and that they all operate in accord with the same natural conditioning factors and do basically the same thing represents a kind of concurrence in what they do. But it still does not add up to communal activity. In fact, no community actually emerges in the market. What you have here is only calculation and disputation. The national economic "community" as such is merely a market association. As we have indicated, it

does not have an institution in common other than the market itself. Nor does it have to safeguard anything aside from free access to the market, because everything in the market is the private property of some individual.

In this schema, the freedom of each individual to secure his own well-being according to his abilities is also the best way to promote the general welfare, which is merely the sum of the welfare of all individuals combined. Everyone knows how to promote his own welfare better than others know this; and each person also understands this better than he understands anything else. In the craving for unrestricted enjoyment of what one has acquired, and in the fear of being deprived of it, each person has the strongest possible incentive to apply his energies and his resources in the most effective manner possible. To weaken those drives or to diminish that need would make it impossible for people to accomplish all that they are culturally capable of accomplishing. Therefore, it seems, freedom and spontaneity add up to being the only regulating principles for the nation's economic household. So reads the gospel of free enterprise economics according to the words of the founder of the "German Free Trade Party," Prince-Smith. There is no room left for regulative activity by occupational corporate orders; and the state is only there to prevent infringements on the freedom of those who are engaged in free enterprise. It has only one task, as Prince-Smith says: to provide security.

If we proceed to eliminate all ideal ethical values and powers, and if we install in their place the purely natural instinct of self-love as the guiding force in the economy, and if we go one step further and demand complete freedom for this guiding force in the quest by individuals for profit, then we should not be surprised by the consequences. A system which proceeds from false premises – as the free enterprise system does – and which is self-contradictory, can only lead to absurd consequences when it goes into operation. And what are these absurd consequences? They may be summed up into two words: *capitalism* and *socialism*.

XI. Capitalism and Socialism

20. We have already made mention of the "capitalistic spirit" and "capitalism" in another context. However we must return to the subject at this point because of its importance. The much discussed "new direction" of the post-World War I period will depend in its form and in its outcome largely on the position which is taken as regards "capitalism" in theory and in practice.

As Sombart indicated in his *Modern Capitalism* and in his book about *The Jews and Economic Life,*[96] the economic interests of man also occupied a pivotal position during the Christian Middle Ages. Goods were produced and traded so that the consumers could satisfy their needs well and copiously with the requisite consumer good, but in a manner which also permitted producers and businessmen to earn a good and adequate income (a standard of living which is in accord with one's station in life); and all of this was meant to conform to a pattern established by tradition. During this period the unrestricted and unlimited quest for profit was regarded as inadmissible and "un-Christian," since the spirit of the old Thomistic economic philosophy still operated, at least officially, to rein in the passions. "Since you alone have possession of a commodity, you are entitled to seek an honorable profit; but you should also do this in a Christian manner so that you will not offend against your own conscience or suffer harm to your immortal soul." Here, as in all of the vagaries of economic life, the religious or moral laws always continued to be a principal consideration. As yet, no thought was given to isolating economic life from the overall religious-moral ambience. Every individual transaction was still directly related to the highest ethical point of reference: the will of God, which was still universally recognized as being totally opposed to the Mammonistic viewpoint. In other words, all of Christian economic life was still tempered in the old-fashioned way by ethics.

During the modern era, a change took place, and a more individualistic system of economics moved into the foreground. As

Ashley[97] said, it was to a large extent individual self-interest which led to the collapse of the regulated economic order. The spirit of self-seeking which emerged in the 16th century with such unique impact – regardless of what explanation anyone may propose for its sudden appearance with such special intensity and vehemence at that time – must almost be regarded as the manifestation of a new economic force. The idea of acquisition now became the dominant principle. But as Sombart pointed out, the following trends emerged from the unharnessed operation of the notion of profit-making: first of all, there was the tendency to seek profit without any limit. The objective was no longer severely circumscribed either in terms of quantity or quality by the needs of a person or of a number of persons. No matter how large profits may become, no one would be prepared to say: that is enough. Along with that came the motivation to enlarge one's business and to expand one's market opportunities. Secondly, there came also the trend to unconditional profit-making. The primacy of business interests was proclaimed around the world. Once profit-making becomes unconditional, things are important only to the extent that they can be made to serve economic needs. At this point, man comes to be regarded merely as a factor of production. Life becomes just one vast business operation. Heaven and earth are reduced to being an enormous factory, and everyone who lives off of it and is a part of it is registered as if in some giant ledger book according to his monetary value. All ideals which are oriented toward the human person and all endeavors which are geared to human welfare are eradicated. What counts now is the fullest possible development of the business mechanism. What is purely a means becomes the absolute goal. The lowest possible prices, the most commercial activity possible, the ultimate in technology, the greatest riches imaginable – these were lumped together into a fuzzy notion of progress. And progress was all that remained as the ultimate goal of human endeavor. *Fiat quaestus et pereat mundus*.† Third, there is the tendency to unscrupulous, unrestrained acquisition. Only one idea is decisive in the choice of means: their suitability for unconditional profit-seeking. Fourth, there is the tendency to the kind of free enterprise that is unimpeded by any regulation by authorities higher up. The capitalistic

† "Strive for profit and let the world be damned."

entrepreneur opposes any restraints and limitations on his activities. When he calls for economic freedom for all, he does so only because otherwise he cannot expect economic freedom for himself. He feels that he is strong enough to do battle with his rivals in the market place, and for those who are definitely weaker than he, he proposes free competition.

Is it not the kind of economic system which Sombart is describing here that now prevails on both sides of the Atlantic?

The friends of "capitalism" would not fail to make a case on its behalf along the following lines: it aroused ambition and productive energy, and it provided the opportunity for a number of vigorous forces to find application, which would have not done so without free enterprise and under antiquated guild restrictions. Capitalist production occasioned more and cheaper goods produced with far greater speed. Capitalism increased the wealth of the nation and elevated the standard of living of workers, even if this improvement did not proceed at the same pace as the increase of the level of luxury among the upper ten thousand. It made possible a situation where the 27 million persons presented to our nation since 1870 by Germany's mothers were not lost to us by emigration. Without capitalism we could not have lasted during the World War, etc.

No one is denying all of that, and what opponent of capitalism who expects to be taken seriously would propose that the old guild system should be restored? Who would wish to stand in the way of the on-rush of new energies and the healthy increase of individual efficiency by opposing the advance of technology for the sake of holding on to tradition? That did happen at one time under the auspices of the guilds, but no reasonable person would propose that now. Nor would anyone seriously suggest that any kind of regulation and any sort of moral uplifting of economic life is inextricably associated with ancient guild forms and structures. Whatever industry may have accomplished in modern times that may be deemed as progress must be preserved by all means. The future should not be deprived of that. Only the detriments and the harm caused by modern development have to be eliminated. But these are precisely the things which we have in mind when we use the expressions: *capitalistic spirit* and *capitalism*.

In the area of socialistic dogma, the notion "capitalism" suggests the idea of a partisan-political slogan: and such dogma is directed against private ownership of the means of production. The earlier bourgeois economics of Germany, and even more so that which prevailed in foreign countries, used to reject the concept of *capitalism* out of hand, either out of mere neglect or because some were critically opposed to it. However, the newer generation of economists, including Catholic scholars, have recognized the usefulness of the concept, even though they still deal with it in a circumspect manner and often use quotation marks when they speak of it.

21. Now how does economics in more recent times understand the concept of *capitalism,* and what do Catholic scholars mean by the *capitalistic system?*

Philippovich characterizes[98] "capitalistic production" in terms of the following: a) the way in which it subordinates production to the pursuit of monetary gain, both in the way it is organized and in the way it operates; b) the preponderance of the power which comes from possessing wealth used as a means of organizing production and for leading individual productive enterprises to triumph over weaker competitors, even though the leader of a particular enterprise may not be personally more efficient; c) the dependence of workers on the owners of capital, and the reduction of hired workers to the level of means of production, where their working efforts are used simply to make the entrepreneurs rich; d) the distribution of the results of production or of its value, stemming from this kind of power structure in such a manner that, after the workers have received their predetermined wages, all surplus value goes to the entrepreneur inasmuch as it is ascribed to the wealth or capital which he has invested in production. Those are the peculiarities of this kind of productive organization, and they are inherently associated with a purely pecuniary evaluation of property and of the productive results which flow from it. For Philippovich, therefore, capitalism signifies the sum total of phenomena in the economic order where production is organized in the prescribed capitalistic manner.

According to Lexis,[99] *capitalism* is broader in its ramifications than simply the capitalistic mode of production. For him, capitalistic production signifies production in a large-scale enterprise which is

organized on the basis of monetary calculations. Thus, *capitalism* refers to the large-scale entrepreneurial system based on the ownership of money and operating on the basis of financial power. In earlier times there were masters and workers too, but they considered themselves to be members of the same species, whereas now capital emerges as a power which controls production and as set apart from the world of workers. Therefore it controls their fortunes like some kind of transcendental power, even though the semblance of a free contract may still persist.

Sombart[100] perceived *capitalism* to be the particular kind of economic system which has certain hallmarks. It is a commercial form of organization which, as a general rule, involves two different groups of people: the owners of the means of production who also happen to be in charge of production and who reign as the economic subjects; and then there are the propertyless wage earners (who are economic objects). These two groups are associated on the basis of the bonds of the marketplace, and the whole operation is governed by the principle of profit and run according to a purely economic rationale. Sombart took pains to refrain from including his own value judgment of capitalism in stating his definition. However, no one who takes the time to study Sombart's far-reaching investigations of it will be left with any doubts about his views. Perhaps such persons may even regard his work just as highly for these value judgments as for the worth of his empirical research.

Flügler,[101] along with Kleinwächter, sees in *capitalism* dominance based on the ownership of money. But he goes further and emphasizes the connection between capitalism and economic liberalism. For Flügler, the focal point of those principles is to be found in the fact that every possible motive other than egotism is excluded from economic life. Thus, the capitalistic mode of production from the point of view of economics is one where pure egotism operates as the driving force in the monetary exchange process and in large scale entrepreneurial activity. Aside from this, the way in which the individual segregates all ethical considerations constitutes the main characteristic of the capitalistic mode of production and of capitalism generally. I will only be able to comprehend the behavior of those who own capital towards their workers if I am prepared to accept that. What is more, the attitude of capital toward the state and

toward the masses of the people will only be intelligible in terms of this viewpoint.

Gustav Ruhland[102] goes further by saying that we must not pretend that capital is to be understood as being made up of the accumulated products of labor, which serve the purpose of producing economic goods. Capital is either a small or a large quantity of goods which serves the purpose of accumulating profit. Capitalists are usurers in the broadest sense of the word. We understand usury in the same sense as Franz Schaub does, as any contractual expropriation of what is clearly surplus value. So, in our time, we use the word capitalism to mean a social system where usury operates with more or less complete freedom. The concept, capitalism, signifies a quest for gain that is totally uninhibited. Capitalism, therefore, means economic dominion by capitalists and it must be understood as a historic category.

For our part, we do not wish to settle for a merely historic interpretation. One only has to have some appreciation of human nature to understand that whenever moral bonds are relaxed and where external social restrictions are inadequate, a basic and genuinely emancipated quest for gain has to emerge and bring with it the most reprehensible excesses. Perhaps the bitter experiences of the present World War are providing us with a far better appreciation of that than endless theoretical disputations would make possible.

No good purpose would be served by delving into the way yet more scholars understand the concept *capitalism*. Instead, let us sum up the conceptual notions which keep recurring. Doing so leads us to the conclusion that: capitalism is an economic ambience which is marked essentially by the prevalence of money capital and the interests of those who control it, and which is based on the principles of free enterprise and individualistic economism. To put it more concisely: *capitalism means control over economic life in the name of the unrestricted and unlimited acquisitive interests of those who own capital*.

The expression *capitalism* was already understood in this way by older generations of Catholic social philosophers and by those involved in formulating social policies. To cite just one example, Julius v. Costa-Rossetti[103] had this to say: the dramatic spread of the capitalistic mode of production due to the progress in inventions and the introduction of free enterprise, along with the total emancipa-

tion of money capital and the development of the credit system, led to the dominance of real and money capital becoming a widespread and firmly established fact. Capital became the source of power concentrated in the hands of a few, and these came to dominate the whole economies of nations. But Franz Walter[104] redirected attention to the relationship between the owners of capital and labor when he said: "By capitalism, we mean the economic system where capital, as opposed to the other factor, human labor, becomes the dominant factor in production as well as in the way the income derived from production is distributed." By contrast, in the older Christian view of things, personal labor was the principal means of earning income, whereas in the capitalist era it is the ownership of material wealth or of money; in other words, *capital*. For that reason, the bitter antagonism between the "capitalist" and the worker is also "an essentially capitalistic phenomenon."[105]

So now, to sum up briefly: what constitutes the essence of capitalism is not the mere abundant use of so-called "capital" (meaning the produced means of production) in the process of production; nor is it simply the application of modern technology in production and exchange. And it is also not the organization of large-scale enterprise in terms of detailed financial accounts, or the rationalization of the economy in a planned, orderly, scientific manner. Nor does the private ownership of the means of production or their management by the owners add up to capitalism. Instead, *capitalism is a type of economic structure which stemmed from individualistic freedom to pursue gain, and the principle of individualistic economism prevails in it in such a way as to serve predominantly the interests of those who own capital, especially money capital*. It is not the working human person who is lord of the world on the basis of his work, but the owning person by virtue of what he owns. The objective is not to provide goods and services, but to acquire profit without limit. Now we find, even in the capitalistic era, outstanding and thoroughly fair-minded entrepreneurs who strive to go ahead solely on the basis of their efficiency and the value of their services. However, what predominates is the chrematistic, materialistic preoccupation of the profit-seeking businessman. That, by and large, is the normal state of affairs in capitalistic economic life. National economic concerns take a back seat to private economic considerations. To provide the people of the nation with external

goods is not an End but rather a Means in capitalistic economics. The concept of profitability, the mercantile, capitalistic spirit that is oriented to the ways and means of making money, these become the governing principles in all aspects of economic life: production, exchange, and income distribution. The commercial end-purpose of enterprise prevails and enjoys virtually unrestricted freedom in the national economy. Everything serves the interest of those who own capital, and this gradually comes to mean financial capital.

The capital of banks, which is eventually concentrated in a few banks, ultimately subjects industry to itself via the "controlling" interest of financial enterprises. An increasing proportion of the national wealth is transformed into the value of the securities markets, where it is drawn into the hodge-podge of market speculation. The seductiveness of speculative gain gradually encroaches and displaces honorable, honest, and persistent work. The banks then furnish cheap credit to speculators, whereas honest labor has to pay for its sound, productive credit in the form of higher rates of interest. Gradually the urge to get rich quickly and without much effort spreads in ever-widening circles, along with the desire to afford luxuries and the pleasures which come with riches. Nothing is studied with greater interest than the latest stock market reports. And that eventually leads to crises. Rudolf v. Ihering[106] summed up his impressions after observing the market crisis in 1873 as follows: the devastation caused by privately owned stock corporations is worse than if fire and flood, crop failure, earthquakes, war, and enemy occupation had combined to destroy our economic well-being. The money which people lost in that calamity did not however, ascend to heaven; it disappeared instead in certain pockets – and "pockets," according to Moritz-Jokai, are contemporary man's most sensitive organ.

Moral considerations retreat into the background when such things are going on. Ofenheim remarked to a judge who questioned him about the immoral aspects of certain of his actions, that one does not build railroads with morality. Albert Schäffle handed down to us a saying by one of the Rothschilds to the effect that it is impossible to become a millionaire without brushing one's sleeve against the jailhouse door! "Make money, my son, if possible honestly! But if that is not possible – by all means, make money!" That is the rule of life which a dying businessman passed on to his son, as related in a

magazine of American humor. Kladderadatsch saw in the expression "to rehabilitate financially," which is now being proposed so widely by large banks, an irregular verb which can be conjugated as follows: rehabilitate – you steal; he swindles; we cheat; you pilfer; they declare bankruptcy.[107]

Where this kind of capitalism operates without restraint, everything eventually becomes a saleable commodity: the press, art, science, personal honor, and dignity. The freedom to extract usury leads to increasing indebtedness throughout the nation, and that is so also among what are not necessarily the worst kinds of people. The independent middle class is wiped out. The interests of commerce and industry, of banks and markets become the dominant ones. What is more, even the state is expected to serve the money-making interests of those who are in possession and control of property.

Furthermore, the wealth which accumulates in the hands of the few does not pacify their greed. The more people get, the more they want, and the more unscrupulous and reckless they become: reckless in dealing with those who use up their vital energies as salaried workers and wage earners in the service of capitalistic entrepreneurs; reckless toward competitors whose downfall adds to their profit – profit which in all too many instances is extracted by all kinds of unfair tactics; reckless toward the consumers who, instead of being provided with good merchandise at fair prices, are victimized into serving the exclusive interests of producers and merchants; reckless toward one's own nation, one's own state, whose most vital interests are then forced to take second place behind the internationalism of big capital. If the politics of the state are governed by capitalistic interest, that will naturally lead to self-serving, capitalistic commercial treaties. The need to "protect our national labor force" is championed not in accord with what the general welfare requires, but solely in terms of what serves private interests. Colonial policy also takes on a capitalistic coloration. It is not culture, but that which serves to increase profits which plays the leading role. Imperialistic world politics employs war as a means to achieve economic gain. Driven by unquenchable avarice, the commercial nations seek world domination. In his work, *Zur Entwicklungsgeschichte der deutschen Grossbanken (A History of the Development of the Great German Banks),* Riesser pointed out wisely that the political outposts are established

on a financial foundation. Old Field Marshal Moltke wrote, in his preface to the national proclamation prior to the Franco-Prussian War, that the great battles of modern times have flared up against the wishes and will of the governed. The market has gained a degree of influence which enables it to put armed might in the field to support its interests. Mexico and Egypt have had foreign armies inflicted on them in order to liquidate the claims of big financiers. In answer to the question as to what caused the great World War, a simple man in field grey, who was not a socialist, replied to his friend: you may wish to come up with all kinds of reasons for this bloodiest of all wars. I know only one reason for it: capitalism. Actually, this World War is a trade war, and it is only in terms of this peculiarity that one can explain the gruesome way in which it is being conducted, the horrible hatred among nations, the brutal will to destroy – all of which can only emanate from hearts from which all Christian moral sensitivity has been eradicated.

Can anyone be surprised if there is widespread deterioration of public and private morality throughout our national life in this swampland of depraved economic conduct, and by the fact that a frightening degradation of all civic virtues has taken place? And can anyone be surprised when even that original Christian concept of a League of Nations, which Benedict XV once suggested to the nations,[108] now threatens to become a source of bitter contention?

Understood in the true Christian sense, the League of Nations would leave to each nation its full right to pursue its national economic development. Now, however, the League of Nations is designed to serve as a capitalistic economic league for segregation and strangling instead of for reconciliation; for brutal hatred instead of unifying peace; for national egotism instead of Christian humanism, justice, and charity. Suppression of the economic life of others, the exclusion of the kind of competition which arises from foreign efficiency and industriousness whenever that becomes inconvenient, the establishment of a monopoly of raw materials by excluding other nations from any direct access to indispensable sources of raw materials, the denial of any share in colonial possessions even though the world has enough for all – that represents the program of a so-called League of Nations which has been stripped of all moral dignity. What we are left with then is the elimination of the chance for living-

space for present and future generations, and denying millions of inhabitants of large nations the chance to provide decent livelihood for themselves. That is some kind of splendid peace, which calls for the continuation of economic warfare; and that is some kind of League of Nations where the laws of Christianity are silenced in the face of unbounded greed!

Before the War, Germany was itself already falling victim to an ever-increasing capitalistic kind of development, along with the exaggerated industrial development which took place since the War of 1870, during the previous century. Its future and its salvation depend on abandoning, after the War, the path which has already led to the downfall of many nations. We have to rid ourselves of the concept of individualistic economic liberty, of profit- and pleasure-seeking materialism; and we have to return to Christianity and see to it that Christian morality once again prevails also in economic life.

22. Earlier we mentioned two absurd consequences of the individualistic, free enterprise system. The first of these consequences is the one we came to know as *capitalism*. The second is *socialism*. We have only to take note of the developmental laws of the capitalistic era as these are perceived in Marxian theory (the law of concentration, and the law of the progressive impoverishment of the masses, etc.) to recognize that socialism envisions itself as the historic sequel and the evolutionary outcome of capitalistic free enterprise.

After the individualistic principle has permeated all of the higher levels of our culture, it bankrupts even the very lowest levels of material and economic culture. In fact, it does so especially among the broad masses in a manner that is most obvious and noticeable. In their desperation the poor people cry out: socialism, communism, anarchism! Yet socialism is an extreme, just as individualism is; and it is unable to provide a remedy.

We have no intention of dwelling on the fact that socialism destroys what is a powerful psychological incentive for economic activity, inasmuch as it rules out even the legitimate striving for gain. But let us pause to consider the notion of equality. For the so-called "critical utopian socialism," equality was its primary demand. Marxian socialism saw in equality the necessary outcome of historic development. Both were wrong. People are equal only in a metaphysical

sense – as *animalia rationalia* – and by physical definition, since they all consist of body and soul. In their actual concrete form, all people are very different. And it was, in fact, nature itself which introduced this diversity. Therefore, we are dealing with a kind of diversity which cannot be eliminated. Any attempt to abolish artificially individual differences in what people do and in what they own would turn them into slaves. Where man can no longer exercise his individual uniqueness, and where he can no longer enjoy the fruits of his individual differences in an individual manner, all freedom ceases to be. Thus, freedom and equality are mutually exclusive. But the Christian perspective, which holds that all men in human society are entitled to enjoy their equal rights, is correct in the sense that they enjoy equal status as children of the eternal Father and as brothers of Jesus Christ in the supernatural order. That is the *Magna Charta* of the human race, as Hettinger expressed so eloquently in his *Apologie des Christentums*. In a socialistic society there is just one master. In the political and economic order: namely, society. But isn't it extremely hard to be bound absolutely to one master if this master happens to be a tyrant? And actually, there is often nothing more brutal than domination by a majority in a democratic society. This has been demonstrated recently with all of its bloody excesses by the Russian Bolsheviks. Also, when it comes to distributing the fruits of production in a socialistic society, how is this to be accomplished to the satisfaction of all? In the preliminary stage, according to Marx, everyone will get according to his work. How will this add up to equality in the long run, since the efforts of various people produce varied results, based as they are on their differing personal capacities? In the remote future – also according to Marx – everyone will get according to his needs regardless of differences in performance. But that approach obviously conflicts directly with the sense of justice that is inherent in people. Who will put up with that in the long run?

The brief experience with government control over the economy, which was justified by the exigencies of the wartime emergency, was enough to cure right-thinking people of any further interest in socialist experimentation. That opinion has now been reinforced by the attempt in Russia to introduce socialism in practice. No, salvation in the future is not to be expected from socialism!

To be sure, not everything about socialism is wrong. It properly affirms the social bond that exists among people, in opposition to atomistic individualism. However, it then proceeds to carry that idea to an opposite extreme. If we go ahead and refer to the socialistic society of the future as an organism – even though true harmonization among its members is lacking – then we will end up with an organism which is like the physical organism of the animal body. In other words, man is a "comrade" in the same sense that a physical organism is merely a *member*. Actually, however, a man can never be merely a *member*. As we indicated earlier, man also has his own personal goals, rights, and obligations which society may protect but never do away with. Social life which conforms to human nature must, therefore, have the character of a moral organism, with full recognition of the autonomy and personal responsibility of each individual person. In other words, it is just as wrong for socialism to proceed in a one-sided manner in the name of "society" as it is for the opposing doctrine to arrive at its false mechanistic concept by proceeding in a lopsided manner on the basis of an imaginary atomistic individual.

"We have to rid ourselves of the concept of individualistic economic liberty, of profit- and pleasure-seeking materialism; and we have to return to Christianity and see to it that Christian morality once again prevails also in economic life."

XII. The Economics of the Future

23. Reasonable social theory does not proceed on the basis of the individual alone, or on the basis of society alone; and it is not based solely either on individual freedom or on social compulsion. It chooses as its point of departure an order of human and social life in which both the individual and society are assigned their proper place. As Karl von Vogelsang[109] said, if man proceeds on the basis of his own ego, therefore with the kind of free self-determination that is limited only by the equally unlimited self-determination exercised by others, what will inevitably emerge from this kind of naturalistic-subjectivistic operating principle will be the whole Hobbesian scenario about an egotism which serves as the exclusive source of all human incentive. The Rousseauistic contract theory, which proposes that the regulation of this savage struggle comes from a social contract resulting from the free-will determination of the parties involved in the struggle, also derives from this approach to society, along with the whole liberal system with its competitive struggle, its iron law of wages, the "freedom to work," free trade, and all the rest. If, on the other hand, we use as our starting point a personal God who created the world with a purpose in mind, and who, acting in his capacity as Creator, infused in the world laws which were to serve as the conditions for its operations, then man will appreciate his natural and rational subordination to such laws and recognize his obligation to cooperate in living up to them within the particular occupation in which he happens to perform his function in society. Therefore his thinking, and subsequently his actions, will be based on the objective, historic, Christian principle.

That is the way it is. And as Max Scheler reiterated in his *Krieg und Aufbau (War and Reconstruction)*, we have to start at the top, with the highest and ultimate sanction for every free community made up of beings which have a rational human nature. That is to say: God has to be our starting point. Even in the economic sphere

we cannot be content simply to allude to the Divine moral law every now and then. The will of God, the *lex aeterna*† – which establishes order in the world and which speaks to us through our human reason as well as through the Christian moral law – is the Law that must serve, along with the social philosophy and the social ethic that stem from it, as the guidepost in our endeavor to discover genuine economic knowledge, and in the process of constructing and developing economic theory.

By making such a suggestion we are undoubtedly placing ourselves in direct opposition to the newest trend in economics, which proposes that any consideration of a goal and every kind of value judgment must be excluded from the study of economics. If the proponents of this approach were content to say simply: we want to confine ourselves to trying to determine only *what is,* there would be no cause for complaint against such a self-limiting approach. There is no denying that much still remains to be done to discover all of the causal interrelationships in economics. As a rule, however, such persons go further and try to abolish completely the question of *what ought to be* from the body of the science. They then go on to reject any consideration of ends and any kind of value judgment, because such matters are declared to be unscientific. Furthermore, this leads to questions which relate to an overall *Weltanschauung* about which, they inform us, there is no unanimity of opinion, so that there could be no unanimity in economics. As if those who follow this line of thinking were united among themselves even insofar as their research in causes is concerned! No doubt, such economists are very sincere in supporting this approach. Also, the scientific achievements of leading personages among them is properly held in high regard. However, on the part of most of these scholars the rejection of the consideration of *ends* is influenced to a far greater degree by their own false philosophies than they themselves recognize. We shall avoid jumping directly to the conclusion that their failure to make a clear distinction between how the natural sciences and the social sciences function is traceable to a materialistic philosophy. That may be a factor among some who follow the new approach. However, this approach, which tries to exclude the consideration of *ends* and to restrict the notion of "scientific research" solely to questions of *what is,* can also be found

† "Eternal law."

in other areas. It is not even something new in the realm of scientifically untenable theories. We have only to recall the ancient as well as the new empiricism, and the mechanistic concept of the world as opposed to the teleological view of it. Or perhaps we are dealing here with a kind of philosophy which grew in French soil, with the old error of Comte's positivism and his natural-science approach to analyzing social phenomena. Furthermore we have even in our own day a Durkheim and a Levy-Bruehl, who both teach that science has no other task to perform except to know *what is,* and not *what ought to be*. It is on the basis of such thinking that the scientific character of moral philosophy and moral theology has come to be rejected.

It goes without saying that this is all wrong. In the natural sciences one deals only with *cause and effect*. However in the social sciences, which include economics, we are dealing in the final analysis with *means* and *results* evaluated in terms of the *intended objective*. The value judgment, telling us that one or the other means is good with regard to the intended objective, also proclaims scientific truth so long as it is based on knowledge which conforms to reason and experience. Now such truth is at the same time of practical importance for the actions of a person, and with regard to what he ultimately should want and ought to do. Thus, even the "practical science" by no means disregards the knowledge of *what is*. It informs us about the regular operation of habits, of laws, of human institutions and the like, in other words, about actual cause-and-effect relationships. However, man not only has the need to know, but also to act. It is for that purpose that practical science serves him inasmuch as it leaves intact the notion of goals. In fact, it renders valuable services in the process of arriving at freely chosen or necessary goals, since it provides principles and experiential knowledge to help us in selecting the proper means. In *speculativis scientiis non queritur nisi cognitio, in scientiis operatives finis est operatio*† – is the way St Thomas Aquinas expressed this. It is alright for the advocates of the new approach to want to render service by their research into *what is*. But when they try to exclude knowledge of *what ought to be* from the body of science, and when they limit themselves to ascertaining facts while being skeptical about or rejecting principles, then they stifle economic sci-

† "In the speculative sciences we seek only knowledge, but in the practical sciences the goal is action."

ence and abandon any chance of arriving at a satisfactory, systematic development of economics.

If economics has suffered greatly because of false philosophy, to the degree that economists are until now not even in agreement about what the object of their science is, then we may perhaps expect, from a gradual movement to make philosophy sound once again, a healing and strengthening influence on economics. The leading intellects in philosophy are today oriented in an anti-materialistic direction. We are witnessing an ever more widespread rejection of naturalism, of biologism, and of pure criticism, skepticism, and agnosticism. There is a renewed tendency to seek new directions toward idealism and to a metaphysically based *Weltanschauung.*[110] In the Southwest German School of Windelband and Rickert, they are now teaching that the idea of *what is good* stands above the idea of *what is,* and, furthermore, that all recognition of *what is* is conditioned by *what ought to be*. Dilthy regards economics as an intellectual science, and Stammler includes it among sciences dealing with ends, which he wants to juxtapose to the natural sciences; and Stolzmann produced a work about the *Purpose of Economics,* etc. At the moment, what we have in such efforts is a groping quest for what is true. However, if we find spreading in the most up-to-date philosophy of our time an appreciation for the domain of objectively true and moral values, much has already been accomplished. In the process, the wellspring of universally valid norms and value-judgments about how people live and with regard to human interaction is also being tapped.

In Christian philosophy we are already in possession of this firm foundation. It is a foundation which is all the more secure, because our view of the world and of life is rooted in a recognition of a personal God who is the ultimate source of all being and action, so that it alone provides us with a totally satisfactory scientific resolution of these matters.

24. Now let us briefly sum up the most important elements in a system of national economy that is tempered by ethics, in the light of what we have already presented and in terms of our approach.

Man is the lord of the world in accord with God's ordinance. This dominion is not for the purpose of satisfying man's pleasures but his needs, so that he can achieve his fulfillment in this life. Man

is the lord of the world by virtue of his work, and he does not work in a condition of individualistic isolation, but within the framework of society. Economizing persons are citizens of a state. They cannot deny their citizenship status even in their economic actions. That is so because their economic activity too is subordinate to the goal of political society, just as, on the other hand, this goal also embraces the welfare of all citizens. The direct attainment of their own welfare, as a rule, remains the task of individual persons and individual economizing units. However, they have to strive for and work out the achievement of their own welfare in such a manner that others are not frustrated in the legitimate pursuit of their own welfare, and also in a way that will not endanger the welfare of the entire community. In the place of egotistical self-interest and atomistic divisiveness there must be *a solidarity among members of the same political community.* At the same time, political society achieves its natural formation by the *solidaristic association of members of the same occupation* into vocational organizations which effectively represent the interests of their group. All of political society, all factors which are a part of the national economy and which are active in it – that is to say all individual resources and individual economic units, the various enterprises, whatever their particular legal form, the various economic and occupational organizations, the state and the community overall – all in their own way and in their proper spheres must cooperate toward fulfilling the purpose of the political society which constitutes the state, so as to make possible the attainment of the welfare of the national community organized into a political state. At the same time, universal human solidarity comes into play in all person-to-person relationships; and once again, along with it, eternal morality instead of some fickle material or political power must be fully operational.

The national economy is made up of a number of economizing individuals, but it is not a mere sum of individual economic units. It ends up being a *social unit,* but this does not mean that it becomes a mere band of people, as is the case in socialistic "society"; nor is it the kind of historically evolving state envisioned by state socialism, where the state becomes the subject and the controller of the whole economic process. The unity in the national economy grows out of the goal which all participants in the economic process have in common,

and out of their common subordination to the purpose of political society which imposes obligations on all. While it does not become a separate organism alongside the state, the national economy is a part of the organic structure of the political community organized as a state. It is a component part of the social life of that politically unified national community – the state. It derives its purpose from this community, and it also serves this community's purposes – the first and most important of these being the material one, which is the material dimension of the public welfare common to all of its members. In other words, the task of the national economy is to provide for the satisfaction of people's wants for material goods in keeping with the requirements of the public and general national welfare.

However, the satisfaction of these wants includes the production of goods along with price determination and income distribution, which are three distinct but nevertheless related components of the want-satisfying system. Up until now economics has generally put the economizing principle in first place among the various aspects of economic life which it analyzed. We do not deny the importance of economical procedure in production and consumption. However, the principle of economizing is not enough, if we take into account that the need to provide for the wants of a nation involves also the task of providing for the *welfare, culture,* and *progressive development* of a nation. That is the reason why we supplement the economic principle with other principles which are related to want satisfaction: namely, hygienic, aesthetic, and ethical considerations. We are not suggesting that we expect the economist to determine what is proper in terms of hygiene, aesthetics, and ethics. He has only to recognize that the requirements of hygiene, aesthetics and ethics are important for economics, and that they must be observed properly if we intend to do justice to the economic goal. Therefore, we have to regard as not only hygienically but also economically prudent the action of the Chinese, for example, who at one time took measures to prevent the import of opium; whereas England, in order to safeguard its mercantile profit, waged the Opium war. We have to recognize as economically as well as aesthetically worthwhile the efforts of the labor Federation to provide serviceable and decent housing for workers, since such housing is part and parcel of the overall national welfare. Furthermore, it is

a fact that we need quality labor in order to hold our own in world markets. Likewise, we are not abandoning the high ground of the economic science when we designated, for example, indecent fashions and the spread of immoral literature as economically harmful. Those who put private profit above all else[111] will undoubtedly not share our view on this matter. It is indeed possible to reap huge profits from such activities. However, anyone who believes that immorality constitutes a danger also to the material welfare of the nation in that it cripples and impairs our national vitality, and that the materials and energies devoted to turning out goods which satisfy immoral appetites could be used to better advantage for satisfying legitimate needs – such a person will understand why and how we insist on making room for the ethical principle along with the principles of want satisfaction.

It is scarcely necessary to point also to the great importance which the principle of *remuneration according to the value of services rendered* (the principle of equivalence) has in authentic economic analysis. It has that degree of importance because it is the controlling principle for the whole price-and-income-determination process, a principle which is at one and the same time an ethical and an economic one.

Individualistic economics has installed the principle of free competition as the regulative principle of the economic process. We have already seen how free competition is anything but a regulating principle, and that, once it has been installed as the dominant regulating principle, it strips the national economy that has been damaged by it of all regulative factors, both social and political. A system which is structured as a moral organism is not without a genuine regulating principle: namely, the material welfare as the national objective. Nor are social regulating factors lacking in it: occupational organizations and the public authority, which are obliged to intervene to the best of their abilities, just as the members of the various occupational groups and the citizens of the state are obliged to pay attention to the various agencies of society and to the state. All of the freedom which is compatible with the general welfare and which conforms to the national purpose remains intact, therefore, but not the wild freedom of the free enterprise system.

25. In opposing Freidrich Naumann[112] who wanted to confine the concept *capitalism* to a recent development in the positive economic order that was characterized by trusts and cartels, Sombart[113] noted that the whole tendency to combination was introducing an alien element into economic life. He felt that this trend will probably end up destroying capitalism, just as the movement toward bureaucratization, regulation, and eventual state control would do so. We too see in the regulation of production and distribution by cartels an element which is hostile to individualistic capitalism because it appears to us that cartelization will eventually lead to some vigorous action by governments to come in and control them. However, state intervention need by no means confine itself to regulation of cartels. Even as of now, the state has already been forced to develop a significant sphere of influence, not for suppressing private economic initiative, but to complement it and keep it in line. Otherwise state authorities would have failed in their obligation to preserve and safeguard the common good under present-day economic conditions. Add to that the ever-increasing importance of various organizations, including even vocational organizations, along with other autonomous associations like guilds and businessmen's associations. This development has by no means reached its crest. Yet, it appears that these kinds of organizations will provide important assistance to the state's own regulative operations by advising and cooperating with public authorities. Specifically, functions which stem from the very character of such organizations operating as regulative factors in the national economy have not yet attained their potential level of structural effectiveness. The movement away from capitalism and from the principle of individualism has already begun, therefore. What is more, nations will no longer wish to put up with the lopsided domination of their economics by the financial interests of those who happen to possess individual material and monetary wealth in great abundance.

In other words, the hour appears to have struck when the objective purpose of all economizing and of the national economy – the satisfying of the wants of people and of the nation – will claim its rightful place and priority, as against the traditional dominance of a one-sided, purely private quest for economic gain; when the

various kinds of work will gain proper recognition for the important functions they perform and for the obligations which their various statuses impose; when private economic activity will be seen as operating in the service of the whole society and in terms of its importance for satisfying the wants of all of the people; when quality in personal or material services and integrity and good judgment in producing and evaluating them are demanded, along with fairness in the pricing process, eliminating as much as possible all deception, dishonesty, and corruption; when profit will not be derived from a difference between the price of the product and its real value; and when the striving for riches which exceeds the limits imposed by the value of the services rendered and which extracts surplus value at the expense of the labor and material contributions of others and also at the expense of the welfare of others and of the whole community will once again be properly branded as usury. The principle of *remuneration according to value rendered,* which replaces the individualistic principle of absolute freedom to seek profits, will then once again provide for the right kind of return for honest private enterprise in society that is organized on the basis of division of labor. It will regulate commercial exchange and income distribution, replacing force and deception with justice. And all profiteering, all parasitical extraction of income, and all lucrative sinecures will be subjected to the kind of scorn and contempt which they richly deserve as irreconcilable with the national welfare.

Briefly, the individualistic capitalistic system is going to give way to *the social system of human work,* which today is already deeply rooted in the national consciousness. This system regards *human work* as the principal active cause of the material welfare of the nation; and it views nature as the principal passive cause operating under the guidance of man. It considers the produced means of production as merely the instrumental cause or condition in the process of producing goods. It looks for progress in satisfying the wants of the nation as coming first and foremost from the increasing productivity of labor that is performed in the service of the entire nation. The working human person, the personal economic and productive factor, is seen as essentially superior to the material means of production. It is in this position of primacy, in man's dignity as a

human person, in his position as the subject of economic activity, and with a view to his rights in general that the working person discovers his protection and self-esteem, especially when he is applying his energies in the service of someone else. Such a system of human work bolsters the will to work. It makes certain that everyone will get his proper remuneration according to the value of the service which he provides. It is a *social system* because, on the one hand, it provides the underlying basis for reconstructing society along organic lines and for establishing its structure on the basis of occupation. On the other hand, it is *social* because it is governed by the idea of a national and social community organized in the form of a political state; and it is *social* because it perceives the ultimate goal of the national economy as consisting not only in the accumulation of wealth in the hands of private individuals, but in the overall well-being of the entire nation. Furthermore, it is *social* because it upholds the harmonious binding together of the various branches of production and of the various levels of society which make up the population, while excluding every semblance of harsh class antagonism in the state and in the national economic working community. It will also stimulate an appreciation for a healthy conversion of the traditional master-servant relationship, which exists between employers and workers, into a form of solidarity community of labor and of the other interests involved. Finally, it will call into operation the social virtues of *justice and charity* in the relationships among citizens of the same states and of different nations. And it will honor the international division of labor without sacrificing the national welfare, and it will preserve peaceful competition among nations.

In the long run, the future does not belong to any kind of' command economy, whether that is simply a state-dominated one or a socialistic one. It belongs rather to the kind of free national economy where there will be independence for, and personal responsibility among, all of the economizing subjects. However, it will no longer be the individualistic, capitalistic economy of economic libertarianism, but a socialized[114] and regulated national economy which will be bonded together into an economic community by integrating individual economic units into the national economic unit, subordinating themselves to the overall economic purpose of the nation.

Still, all of this remains in the twilight zone of theory, as an abstract figment of the imagination, and as a kind of patchwork so long as the third regulating factor is missing. That one has to extend as a principle of order and in a normative manner to all of the relationships among citizens and their various organizations, to one another and to the political community, and also throughout the relationship which the state has toward its citizens and to lower social units within the state, and ultimately also to the structuring of international relations.

What is that third regulating factor which operates alongside and also beyond the state and the civil structure or organization? It is the *Christian conscience*, the *Christian sense of responsibility.* Let us not deceive ourselves. Capitalism, which has caused so much mischief and so much confusion within the modern states which represent Western European culture, and also in the relationships of nations to one another, is not merely some kind of economic concept. It is a matter of how people approach one another. It would be foolish to expect salvation from simply a new economic system if the nation and its people do not become morally better, if the materialistic, egotistical spirit at work in individuals, in corporations, in states, and among nations, is not replaced once again by a genuine Christian spirit, if we do not finally come to appreciate that there is no better foundation, even for the material welfare of nations, than Christianity when it is put into actual practice.

That is why I wish to conclude my presentation about ethics and the economy not merely as a theologian but also as an economist, with a grateful, unshakeable, and joyous acknowledgement of *Jesus Christ, the Son of the living God, who is not only the Savior of souls, but also of human society, of states, and of nations.*

Notes.

[1] *Die Pflicht im Wirtschaftsleben* (1900), 8f.

[2] *Schriften des Vereins für Sozialpolitik,* 88 (1900), 253f.

[3] *Die Arbeiterfrage und die christlich-ethischen Sozialprinzipien* (1895), 31f.

[4] *Christentum und Klassenkampf* (1906), 106, 108, 112, 115.

[5] *Soziale Frage und soziale Ordnung,* I (1904), 463.

[6] *Grundriss der allgemeinen Volkswirtschaftslehre,* I, 255ff.

[7] Translator's note: In his capacity as a Jesuit priest, Heinrich Pesch served for many years as chaplain in the Convent of the Good Shepherd in Berlin, which provided a refuge for unwed mothers and women who were fleeing from a life of prostitution.

[8] Translator's note: Pesch was referring to the Empress Zita, wife of the last reigning Habsburg monarch, Charles of Austria. Both led exemplary Christian lives. After their deposition, they were exiled to Madeira where Charles died on April 1, 1922. His body is incorrupt. He was declared "Venerable" by the Church on April 12, 2003, and the cause for his beatification is underway. The Empress Zita died on March 14, 1989, at the age of 97.

[9] *Grundlagen der Nationalökonomie,* I, Ch. 4, §76.

[10] "Der Neomalthusianismus," in *Zeitschrift für Sozialwissenchaft*, 6 (1903), 623ff.

[11] *Der Geburtenrückgang* (1912), 95.

[12] Cited by Krose, "Geburtenrückgang und Konfession," in Fassbender's *Des Deutschen Volkes Wille Zum Leben* (1917), 215f. Cf. also the contributions of Walter and Rademacher, and Hitze's *Geburtenrückgang und Sozialreform* (1917).

[13] *Handbuch der Sozialethik* (1916), 54.

[14] *Ibid*., 218ff.

[15] Klemens Bäumker, "Reichskanzler Graf Hertling als Staatsphilosoph," in *Zeitschrift der Wächter* (des Eichendorff-Bundes), 1918, Nr. 1.

[16] *Das Wesen der menschlichen Verbände* (1902), 34f.

[17] *Das gesellschaftliche System der menschlichen Wirtschaft,* I (1873), 101.

[18] *Elegantiae. Geschichte der vornehmen Welt im Altertum* (1913), 211f.

[19] "Der Luxus," *Zeitschrift für die ges. Staatswissenschaft, 55* (1899), 33.

[20] *In epist. 1 ad Cor.,* homil. 35, 4.

[21] *Handwörterbuch der Staatswissenschaften,* VI, 538.

[22] *Verhandl. des 20. Evangel. soz. Kongr.* (1909), 29.

[23] *Zeitschrift für Sozialwissenschaft,* 2 (1911), 386.

[24] Cf. St. Thomas, *in cap. 3 Isaiae ad fin.*

[25] *Wesen und Wertung des Luxus. Rektoratrede* (1914), 41. Cf. also Josef Beck, *Volkswirtschaft und Sittengesetz* (1908); Walter, *Sozialpolitik und Moral* (1899); also the article "Luxus" in *Staatslexikon der Görres Gesellschaft,* III (1910), 932ff.

[26] "Einfluss des technischen Fortschrittes auf die Productivität," in *Schriften des Vereins für Sozialpolitik,* CXXXII (1910), 424.

[27] H. Herkner, *Die Bedeutung der Arbeitsfreude* (1905).

[28] Cf. F. X. Eberle, *Arbeitsmotive im Lichte der christlichen Ethik* (1912).

[29] *Sozialethik* (1916), 59ff.

[30] *Christliche Nächstenliebe* (1894).

[31] Among others providing information about the Christian point of view during the early Christian era are F. X. Funk, "Clemens von Alexandrien über Familie und Eigentum," in *Kirchengeschichtliche Abhandlungen und Untersuchungen* (1899); J. Seipel, *Die Wirtschaftlichen Lehren der Kirchenväter* (1907); O. Schilling, *Reichtum und Eigentum* (1908) and *Die Staats- und Soziallehre des hl. Augustinus* (1910); J. Mausbach, *Die Ethik des hl. Augustinus* (1909).

[32] *Geist des römischen Rechts,* II (1854), 152, 242ff.

[33] *Historisch-politische Briefe* (1860), 242.

[34] For another point of view cf. Gierke, *Die soziale Aufgabe des Privatrechts* (1892), 21: "The right of property is, even in terms of the concept itself, not an absolute right.... Above all, the right to own land, of its nature, is more limited than the ownership of personal, movable property. It is counter-cultural to suppose that a person could own a piece of our planet in the same way that he could own an umbrella or a gold certificate." Cf. also Ihering, *loc. cit.,* I, 7: "There is no absolute ownership, without regard to the good of the community"; also the lecture by K. Prinz Hohenlohe, O.S.B., before the Law Society of Vienna, on "The concept of equity in law" (*Reichspost,* April 11, 1917).

[35] *Nationalökonomie als exakte Wissenschaft* (1908), 143.

[36] Cf. Funk, *Geschichte des kirchlichen Zinsverbotes* (1876); *Zins und Wucher* (1878); "Über die ökonomischen Anschauungen der mittelalterlichen Theologen," in *Zeitschrift für die ges. Staatswissenschaft, 25* (1869); Endemann, *Die nationalökonomischen Grundsätze der kanonistischen Lehre* (1863); *Studien in der romanisch-kanonistischen Wirtschafts- und Rechtslehre* (1874 to 1883); Lessel, *Die Entwicklungsgeschichte der kanonistisch-scolastischen Wucherlehre im 13 Jahrhundert* (1905); Schaub, *Der Kampf gegen den Zinswucher, ungerechten Preis und unlauteren Handel im Mittelalter. Von Karl d. Gr. bis Papst Alexander III* (1905).

[37] The new Code of Canon Law goes further now (can. 1543); *"Sed in praestatione rei fungibilis non est per se illicitum de lucro legali, pascisci, nisi constet ipsum esse immoderatum, aut etiam de lucro maiore, si iustus ac proportionatus titulus suffragetur."* Cf. also the penalties of can. 2354, §1. (Translator's note: Pesch refers to the Code of Canon Law promulgated in 1917.)

[38] *System der Volkswirtschaft,* I, 24. *Grundlagen* (1906), §53, 150f.

[39] Cf. the proposals of Bishop Pohaszka of the Weissenburg Diocese that the vast estates of the Church in Hungary be used for housing the victims of war.

[40] Cf. the lecture by Prince Hohenlohe, *op. cit.,* note 34.

[41] Translator's note: The expression "personal costs" used here probably refers to what some economists call "implicit costs," stemming from the application of the entrepreneur's own labor, his own capital, land, etc.

[42] *Kriegsrechenwirtschaft* (1916), 163f.

[43] Regarding labor union activities which go beyond those limits, cf. Adolf Weber, *Der Kampf zwischen Kapital und Arbeit* (1910); Theodor Brauer, *Gewerkschaft und Volkswirtschaft* (1912) and "Arbeiterbewegung und Industrie," in *Deutschland und der Katholizismus,* II (1918), 271ff.

[44] *Stimmen der Zeit,* 92 (1917), 152ff.

[45] Cf. B. Földes, "Zum Problem L. Stein-Karl Marx," in *Jahrbücher für Nationalökonomie und Statistik,* XLVII (1914), 289ff., XLVIII (1914), 820ff.; Georg Adler, "Die Anfänge der Marxschen Sozialtheorie," *Festgaben für Adolf Wagner* (1905), 76; Muckle, *Henri de S. Simon* (1908), 339; Granfeld, *L. von Stein und seine Gesellschaftslehre* (1910), 242f.; Sombart, *Sozialismus, etc.* (1908), 57; Hammacher, *Das philosophisch-ökonomische System des Marxismus* (1909), 63–67; Mehring, *Literarischer Nachlass,* I, 186. As regards the entire topic, see Cathrein, *Der Sozialismus* (1910), and our own publication *Der moderne Sozialismus* (1900).

[46] *De Naboth,* cap. 13, n. 56.

[47] *Die Christliche Nächstenliebe* (1864), 6.

[48] Franz Schaub, *Die katholische Caritas* (1909).

[49] *Christentum und Weltmoral* (1907), 32f.

[50] J. Herwegen, O.S.B., "Weltarbeit und klösterliches Ideal," in *Deutschland und der Katholizismus* (1918), 133ff.

[51] St. Thomas, II, ii, Q. 182, A. 2; Q .188, A. 6.

[52] Cf. Duhr, *Geschichte der deutschen Jesuiten* (1907), 570.

[53] *Die Soziallehren der christlichen Kirchen* (1912), 232ff., also, *Archiv für Sozialwissenschaft und Sozialpolitik,* 27 (1908), 55ff.

[54] St. Thomas, II, ii, Q. 184, A. 1, 3.

[55] St. Thomas, II, ii, Q. 184, A. 4.

[56] Cf. Mannes M. Rings, O.P., *Hochadel in der Arbeit* (1918).

[57] *Evangelium und Arbeit* (1898), 65f.

[58] Franz Keller, "Der moderne Kapitalismus," in *Deutschland und der Katholizismus,* II (1918), 345ff. Cf. also especially the writings of Max Scheler, *Aufsäzte und Abhandlungen* (1915), *Der Genius des Krieges* (1915), *Krieg und Aufbau* (1916), etc. According to Scheler, the monster which is destroying Europe is the spirit of capitalism and Mammonism.

[59] Alfred Winterstein, *Christliche Lehre vom Erdengut* (1898), 33f., 122ff., 130, 212ff., 244ff.

[60] 2 Cor. ix:8ff.

[61] Proverbs xxx:8.

[62] *Grundlagen der Nationalökonomie,* §21.

[63] Eisenhart, *loc. cit.,* 5f.

[64] *Ansichten der Volkswirtschaft,* I (1878), 86.

[65] *Das Wesen der Soziologie* (1907), 4f.

[66] *Die Woche* (December, 1907) on Foerster's *Sexualethik*. Cf. also Paulsen, *Ethik,* II, 280.

[67] Berlin, 1907.

[68] Cf. in its entirety, Franz Schaub, *Die Katholische Caritas und ihre Gegner* (1909).

[69] Cf., among others, Matthias Reichmann, *Der Zweck heiligt die Mittel* (1903), 29ff.

[70] Regarding the saying: "Let thine alms sweat into thine hands until thou knowest to whom thou art giving" (Didache 1, 6), cf. C.A. Kneller in *Zeitschrift für katholische Theologie,* XXVI (1902), 779f.

[71] *Christentum und Klassenkampf* (1908), 34f.

[72] Cf. Foerster, "Die pädagogische Unentbehrlichkeit der religiösen Moralbegründung," in *Hochland, 6. Jahrg.*, I, 37.

[73] Schaub, *loc. cit.,* deals with this in greater detail. We take the liberty of repeating Schaub's ideas briefly here once again.

[74] *Soziale Ethik* (1905), 214.

[75] Cf. Paul Kirschner, *Die Unzulänglichkeit des privat- und gemeinwirtschaftlichen Organisationprinzips in der Volkswirtschaft* (1908).

[76] *Tract. in 1 Ioan.* (4, 12–16) 8, 5 (Migne, *Patr. lat.* XXXV 2038).

[77] *Cours de l'economie politique* (1865), 403f.

[78] *Der Bourgeois* (1913), 303ff.

[79] *Der Bourgeois,* 318. Cf. also Karl Ilgner, *Die volkswirtschaftlichen Anschauungen Antonins von Florenz* (1904); Franz Keller, *Unternehmung und Mehrwert* (1912).

[80] *Der moderne Kapitalismus* (1917), II, 1, 36ff.

[81] *Des rapports de la morale et de l'economie politique* (1883), 148ff.

[82] *Des rapports de l'economie publique avec la morale et le droit* (Trad. St. Germain Leduc) (1863), 17ff.

[83] *Die Nationalökonomie als Wissenschaft,* 151f.

[84] *Geistliche Gedanken eines Nationalökonomen* (1896), 48. See also Hermann Roesler, *Vorlesungen der Volkswirtschaft* (1879), 36ff; Karl Knies, *Politische Oekonomie* (1883), 110ff., etc.

[85] *Grundlagen der Nationalökonomie,* §78.

[86] *Geschichte der Nationalökonomie* (1874), 1024.

[87] *Geistliche Gedanken,* 56, 57.

[88] *Zur Literaturgeschichte der Staats- und Sozialwissenschaften* (1888), 170f.

[89] *Grundriss der allgemeinen Volkswirtschaftslehre,* I (1908), 79f.

[90] *Ibid.,* I (1900), 55f.

[91] A statement by Paul v. Gizycki (*Aufwärts aus eigener Kraft* (1912), 254).

[92] "Sitte und Sittlichkeit," in *Archiv für Rechts- und Wirtschaftsphilosophie,* 8 (1915), 330. Also, by the same author, *Lehrbuch der Rechtsphilosophie* (1917), 266f.

[93] *Stimmen der Zeit,* 94 (1917), 266f.

[94] Baeumker, "Philosoph. Welt- und Lebensanschauung," in *Deutschland und der Katholizismus,* I (1918), 47ff.

[95] *The Scope and Method of Economic Science* (1885), 36.

[96] Cf. also Sombart's discussion of the "Capitalist Entrepreneur" in *Archiv für Sozialwissenschaft und Sozialpolitik,* 29 (1909), 689ff.

[97] *Englische Wirtschaftsgeschichte,* II (1896), 49.

[98] *Grundriss der politischen Ökonomie,* I (1909), 167.

[99] *Allgemeine Volkswirtschaftslehre* (1910), 7.

[100] *Moderner Kapitalismus,* I (1916), 319.

[101] "Zur Psychologie des Kapitalismus," in *Soziale Kultur,* 31 (1911), 88.

[102] *System der politischen Ökonomie,* III (1908), 302, 334, 339.

[103] *Allgemeine Grundlagen der Nationalökonomie* (1888), 128.

[104] Article "Kapital" in the *Staatslexikon,* III, 19.

[105] Cf. Liefmann, *Beteiligungs- und Finanzierungsgesellschaften* (1909), 20.

[106] *Zweck im Recht,* I, 223.

[107] Cf. Ruhland, *System,* III, 118ff., 154ff.

[108] Regarding the League of Nations, see the discussion of R. v. Nostitz-Rienecks in *Stimmen der Zeit,* 95 (1918), 439ff.; also G. J. Ebers in Meinertz-Sacher, *Deutschland und der Katholizismus,* II, 441ff.

[109] *Grundzüge einer christl. Gesellschafts- und Volkswirtschaftslehre,* aus dem Nachlasse Vogelsangs herausgeg. von Wiard Klopp (1894), 139.

[110] Cf. Baeumker, "Philosophische Welt-und Lebensanschauung," in Meinertz-Sacher, *Deutschland und der Katholizismus,* I (1918), 60ff.; also the delightfully optimistic treatment of the subject by B. Jansen, "Das gegenwärtige philosophische Deutschland," in *Stimmen der Zeit,* 95 (1918), 132ff; also "Das zunkfünftige philosophische Deutschland," *ibid.,* 268ff.

[111] Even Liefmann's *Grundsätze der Volkswirtschaftslehre,* I (1917), is merely more of the old individualistic-capitalistic ideology in new clothing, and the "psychic" approach which it represents does not progress beyond the old materialistic doctrine which sees individual life as guided by pleasure and pain calculations.

[112] *Süddeutsche Monatshefte*, 2. Jahrg., 6. Heft.

[113] "Der kapitalistische Unternehmer," *Archiv für Sozialwissenschaft und Sozialpolitik,* 29 (1909), 689ff.

[114] Cf. Mausbach, "Das soziale Prinzip und der Katholizismus," in Meinertz-Sacher, *Deutschland und der Katholizismus,* II (1918), 1ff.

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BY REV. FR. HEINRICH PESCH, S. J.

TRANSLATED BY DR. RUPERT EDERER

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Dr. Rupert Ederer was educated at St. Louis University, where he was associated with Pesch scholars Dr. Franz Mueller and Fr. Bernard Dempsey. He taught economics for over 40 years, retiring as Professor of Economics from SUNY College, Buffalo, N.Y. He has written or translated 15 books and nearly 200 articles on economic topics. He is the recognized living authority on Heinrich Pesch.

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