

For a Catholic Vision of the Economy

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“Seek first his kingdom and his righteousness, and all these things will be yours as well” (Matt. 6:33). Therefore: “Do not be anxious about tomorrow, for tomorrow will be anxious for itself. Let the day’s own troubles be sufficient for the day.” These are the words of the Lord that should illuminate the Christian vision. These words, however, are not a maxim of piety. They are, rather, an ethical imperative for Christians and a law of human reality. When, instead, we look for mere economic good above all else, not only do we not obtain it, but often we can also lose the kingdom of God.

The reflections that I will propose in this article will attempt to bring out that fact. They will seek, that is to say, to demonstrate that the Gospel and the social doctrine of the Roman Catholic Church, expressed so well by Saint Thomas Aquinas and by successive popes, contain those essential principles of human life and the achievement of its good, which no economy, if it wants to be a good economy, can forget.

Today the human world is living in a condition characterized by economic tension. Yet, the economy is not the ultimate end of man, as though it were some kind of god. In fact, the economy exists *for* man, of whom, in part, it is the creation, like, for example, money, which is based on metallic value and paper notes. The purpose of the economy, therefore, is to serve man: not, however, man as created by the extravagant imagination of a philosopher, but real and concrete man, who was created by God in His image. If this truth—which, in reality, is a question of common sense—is forgotten, we expose ourselves to the risk of inventing program after program that may be apparently wonderful but which, in reality, have negative consequences for actual men.

This is what very often happens in the case of modern economic ideas, and many theories advanced by economists, which, on the surface, indeed, appear to be truly majestic constructions. However, what is their real value if, instead of serving human society as a whole, they instead sacrifice it to the advantage of a minority?

The Catholic Economy

It may be affirmed that a Catholic economy is an economy founded on the virtue that Saint Thomas Aquinas and Aristotle called *liberality*. This virtue teaches and governs the correct use of the goods of this world that have been given to us for our maintenance.¹ As Saint Augustine says: “It belongs to virtue to use well the things that we can use ill.”² We can use well or ill not only the things that are within us, such as the powers and the passions of the soul but also external goods; that is, to say the goods of this world that are granted to us to maintain our lives. Given, in addition, that the goods outside us and everything that men possess on the earth, and over which they exercise a dominion, can be termed *money*, the virtue that governs the correct use of goods and the money that represents them is also called *liberality*.

Is it perhaps the case that artificial and natural wealth should be produced and accumulated without any purpose? Without doubt the answer to this question is no. They are things that are intended to serve man; they are for the use of man, and, let us employ the term, they are for *consumption* by man. It is clear that the question today is not only to offer man a quantity of sufficient goods but also to meet a demand for quality: the quality of the goods that are produced and consumed; the quality of the services that are used; and the quality of the environment and of life in general. These are goods and not merely things, according to whether they serve or can serve man. It is clear at this level of analysis that the purpose of the economy cannot amount solely to the accumulation of material goods.

Thus, the whole of the economic process, because of the requirements of the economy itself, has to be directed toward consumption: hence, the dual failing of a purely capitalist economy that consumes for production and produces for profit. Finance governs production, and production governs consumption. And what is the purpose of the consumption of goods? Or, rather, to what end should the overall economic process be directed? There can be no doubt on this matter: to satisfy the needs of the physical life of man and the quality of that life. And, given that this does not have a different purpose to man himself and that the integrity of the physical life is indispensable in ensur-

ing the spiritual life of the human being—which culminates in the act of love for God—the whole of the economy must be at the service of man so that he can serve God.

In his *Summa Contra Gentiles*, Saint Thomas Aquinas expounded the place of economic activity with reference to a hierarchy of values: “In fact, all other human operations seem to be ordered to this one, as to an end; that is, to the contemplation of truth. For, there is needed for the perfection of contemplation a soundness of body, to which all the products of art that are necessary for life are directed. Also required are freedom from the disturbances of the passions—which is achieved through the moral virtues and prudence—and freedom from external disorders, to which the whole program of government in civil life is directed. And so, if they are rightly considered, all human functions may be seen to subserve the contemplation of truth.”³

The activity that man engages in to satisfy his need for material goods to achieve his overall completion is called *the economy*. Economic behavior is, thus, rational, always and only when it works in favor of the essential directions of man. Hence, economic activity may be defined as *the totality of the actions by which man uses material goods to satisfy his life needs in order to meet his cultural needs*.

The Economy: The Ethics of the Virtues of Liberality and Magnificence

From what has been argued hitherto, it emerges that the economy involves ethical virtue whose specific object is the procuring of material goods that are useful for the human being. Thus, the economy is that part of practical wisdom or prudence as, indeed, Saint Thomas Aquinas teaches,⁴ whose object is the right ordering of human actions intended to procure one’s own maintenance or that of one’s family, nation, or society.

Given that in the theological situation of the law of grace in which we live there cannot be perfect virtue—according to the teaching of the Angelic Doctor—without the ordering of everything to God, who is loved above all things, prudence, or practical wisdom and, thus, the economy, must be subordinated to charity, which is the most excellent of all the virtues and, without which, virtue cannot be complete.⁵

From this it follows that “economic laws that are not merely physical laws, such as those of mechanics or chemistry, are laws of moral action that involve moral values. Justice, liberality, and upright love for one’s neighbor are an essential part of economic reality. The oppression of the poor and wealth seen

as an end in itself are not only forbidden by individual morality but are also economically bad actions that go against the very purpose of the economy, given that this purpose is a human purpose.”⁶ Beginning with a similar conviction, namely, that the mainspring of economic activity is not only the Renaissance and modern version of profit or gain, and that the basic problem of post-industrial society is not only that of choosing the most suitable instruments for the achievement of a specific purpose but also that of choosing between alternative ends (that is, between ideals and divergent values), a set of contemporary scholars, among whom the economic philosopher A. K. Sen and the recent winner of the Nobel prize, J. Stiglitz, occupy a position of prominence, lay emphasis today on the need for an ethical reconsideration of economics to ensure that scholars accept responsibility for the overall character of human problems within a horizon that aims at concrete man.

To avoid the reduction of anthropological complexity to a single economic reality, John Stuart Mill asserted that “the economist who is only an economist is not a good economist.” As a result, the justification for economic realities and values must be sought for in the requirements pertaining to human action. Thus, it is morality or, rather, the intrinsic morality of the economy that is the precondition for an economy to have beneficial effects for human beings.

The Common Use of Goods

Man comes into the world, and he finds himself faced with an infinity of external goods. “The birds of the sky and the fish of the sea that pass along the paths of the ocean.” For whom do these goods exist and why do they exist? “Thou hast put all things under his feet,” answers the Psalmist.⁷ Thus, everything is at the service of man; everything is offered so that man can use what there is to eat, clothe himself, create a dwelling place, build cities, and enjoy human pleasure in family life.

Everything, therefore, is for human beings. But *which* human beings? Those who belong to a specific race, nation, city, social station, continent, or part of the world? Of course, the answer to this question is no. All men and thus, also, the most humble of human beings, have the right to use (and I say “use” and specifically not “possess”) what they need for a dignified life for themselves and for their families. *Nobody may be driven out or excluded.* Thus, an economic system that does not ensure, perfectly, that all families have what is necessary for a human existence is an unjust regime. For this reason, Saint Thomas Aquinas, following Aristotle, concludes that external goods

have been entrusted to the use of man because he is a being endowed with reason. He writes: “External things can be considered ... as regards their use, and in this way, man has a natural dominion over external things, because, by his reason and will, he is able to use them for his own profit, as they were made on his account: ‘For the imperfect is always for the sake of the perfect.’”⁸ This article has even been interpreted to mean that private property should be understood as a supreme fundamental, natural, and personal right, and that every individual should be seen as having this right. It has also been held this is an early formulation of Article 17 of the Declaration of Human Rights of the United Nations, an article that recognizes that every man has a right to property.

Saint Thomas certainly has a universalistic and cosmic point of departure, according to which, man and nature are recognized as mutually connected. Hence, he raises the question of the character of man’s relationship with nature around him and thus, the power that the Creator has given to man over nature. Saint Thomas argues that man has been chosen as the lord of the world on the basis of his rational nature so that he may use it for the ends that correspond to his nature. He thus writes: “God has sovereign dominion over all things: And He, according to His providence, directed certain things to the sustenance of man’s body. For this reason, man has a natural dominion over things, as regards the power to make use of them.”⁹ Saint Thomas therefore supports the fundamental requirement of the Christian tradition that argues that material goods must be available to man, to the whole of mankind.

The reason for this is clear: Every man has the right to live in a family and he thus has the right to the means that ensure that he can have a familial human existence, because all these means are external, which means that every man has the right to the goods that ensure his subsistence and the subsistence of his family. It should be observed here that reference is made to the minimum of what a human being must use. This minimum is the human subsistence of the family—the term *human* is employed, and thus, something more than what is needed to eat and be clothed is intended. One is certainly dealing here with permanent, human well-being. The human being can be poor; that is to say, he can be without superfluous wealth, but he should never be acutely poor. God does not want acute poverty for any man.

Thus, a system that places man in acute poverty is an unjust system that is not blessed by the Almighty. It is indeed for this reason that the Church has condemned Marxism and unchecked capitalism. Both these systems, because of what they are in essential terms, place man permanently in a state of acute poverty. Capitalism does this because it concentrates the ownership and the

use of goods in the hands of a few fortunate multimillionaires and leaves those who are most condemned to live (I would say “die”) on a precarious and risky wage. Marxist socialism does the same because, in an analogous way, it concentrates property in the hands of the State with the result that the great masses are frequently deprived of its use.

For this reason, Saint Thomas, in the same question that establishes the common use of external goods, affirms and demonstrates the need for private property. Asking himself “Whether it is lawful for a man (*aliquis*) to possess a thing as his own?” he provides the following answer:

Two things are competent to man in respect of exterior things. One is the power to procure and dispense them, and in this regard it is lawful for man to possess property. Moreover, this is necessary to human life for three reasons. First, because every man is more careful to procure what is for himself alone than that which is common to many or to all: Since each one would shirk the labor and leave to another that which concerns the community, as happens where there is a great number of servants. Second, because human affairs are conducted in more orderly fashion if each man is charged with taking care of some particular thing himself, whereas there would be confusion if everyone had to look after any, one thing indeterminately. Third, because a more peaceful state is ensured to man if each one is contented with his own. Hence, it is to be observed that quarrels arise more frequently where there is no division of the things possessed. The second thing that is competent to man with regard to external things is their use. In this respect, man ought to possess external things, not as his own but as common, so that, to wit, he is ready to communicate them to others in their need. Hence, the apostle says (1 Tim. 6:17–18): “Charge the rich of this world to give easily, to communicate to others, et cetera.”¹⁰

Private Property

To solve the problem, Saint Thomas makes a distinction between “procuring” and “administering,” on the one hand, and “using,” on the other. With regard to the first part of this distinction (purchase, administration, disposal) he sees the practical need for a private system: first, as a spur to diligence and thus, to obtain an increase in the productivity of work; second, to achieve better administration and administration without confusion; that is to say, to ensure the productivity of capital and to identify responsible people; and third, to produce social peace given that disagreements are avoided through legislative constraints. As one can see, Saint Thomas is near to Aristotle’s doctrine on

property. This was markedly different from Plato's communion of goods, which, for Aristotle, did not correspond to the behavior of man. Such behavior meant that such communion could only arise because of a legal constraint.¹¹

From the point of view of the second part of the distinction (use), all goods, even those that are in private hands, retain their primary common destination, namely, *to serve all men*.

However, in the view of Saint Thomas, this universal destination does not, in the least, cancel the right of the owner to dispose of his goods. A person who possesses something legitimately as his own conserves the right to it: "He can use his property as he wishes."¹² On the owner is imposed only the major obligation to help a person in need, whoever he may be: "Hence whatever certain people have in superabundance is due, by natural law, to the purpose of succoring the poor."¹³ This duty is to be traced back to the universal destination of earthly goods. The obligation becomes more incumbent the more that the other person has fallen into a state of need.¹⁴ However, a universal rule does not exist that establishes how the need of another person should be assessed—judgment on the matter is entrusted to practical wisdom or prudence, which is the fundamental virtue of economics.¹⁵

Indeed, since many people are in need and it is not possible to come to the aid of them all with the same personal assets, the administration of goods in coming to the aid of those who are in need is left to each individual's free will. However, "if the need be so manifest and urgent, that it is evident that the present need must be remedied by whatever means be at hand (for instance, when a person is in some imminent danger and there is no other possible remedy), then it is lawful for a man to succor his own need by means of another's property, by taking it either openly or secretly: nor is this, properly speaking, theft or robbery,¹⁶ because that which he takes for the support of his life becomes his own property by reason of that need."¹⁷ "In cases of need, all things are common property."¹⁸ In this sense, therefore, the owner loses his right to those goods of which he is the debtor, because of a moral duty to his neighbor who is in a state of extreme need.

The Moral Justification for Capital

One can assert that capital is justified in a Catholic vision of the economy as the exercise of the Christian virtue that Saint Thomas calls "magnanimity." To recall his writings correctly, for Saint Thomas, private property has a social function; a common destination of goods; that is to say, a common use, as the

Angelic Doctor puts it. In virtue of this common destination of goods: “Whatever certain people have in superabundance is due, by natural law, to the purpose of succoring the poor. For this reason, Ambrose says, and his words are embodied in the *Decretals* (Dist. xlvi, can. Sicut ii): ‘It is the hungry man’s bread that you withhold, the naked man’s cloak that you store away, the money that you bury in the earth is the price of the poor man’s ransom and freedom’.”¹⁹

Is it, therefore, necessary to renounce the superfluous or that which remains once the needs and the dignity of our position have been met, and to give this to the poor? This is not something that is specifically necessary. Here, then, is the point: One can invest this money in business undertakings that provide work and bread to those in need. This is the doctrine that Pope Pius XI taught in his great social encyclical when he wrote: “Expending larger incomes so that opportunity for gainful work may be abundant, provided, however, that this work is applied to producing really useful goods, ought to be considered, as We deduce from the principles of the Angelic Doctor (cf. Saint Thomas, *S.Th.*, II-II, q. 134), an outstanding exemplification of the virtue of magnificence and one particularly suited to the needs of the times.”²⁰

As Saint Thomas explains, the virtue of magnificence directs the upright use of large sums of money, in the same way that liberality directs the use of money in general, albeit at times in small quantities. “Hence, the need for two virtues, concerned about money and its use; namely, liberality, which regards the use of money in general, and magnificence, which regards that which is great in the use of money.”²¹ It should be noted that the person who accumulates superfluous money and withdraws it from common use commits the sin of avarice. Hence, the economic concept of capital is justified by the exercise of the Christian virtue of magnificence.

But what, in fact, is capital? It is a reserve of useful and surplus services withdrawn from immediate use to cater for needs (of the poor) in order to obtain greater utility to meet further such needs. Or, in other words, capital is the employment of the means of production produced to obtain returns, whereas investments are potential capital, which could remain dead. It is, therefore, accumulated wealth invested in a business undertaking to produce further wealth, and in this way the community is benefited. Capital as such seeks first of all to benefit the community, the poor, because it is the inversion of superfluous capital, which by natural law should be given for the maintenance of the poor. It is thus the maintenance of the poor, which gives an ethical meaning to capital. In this way, man can and must acknowledge an ethical purpose in the formation and employment of capital. In doing this, he has the

duty, in every situation, to evaluate the useful services that he must and can engage in, and this also, and above all else, as regards the factors of production and work.

Work

Who or what creates new material wealth? Naturally: the work of man. The initiative of a man of business who, with his intelligence and his persevering will, his wisdom or practical reason, finds the most effective and rapid way to produce certain kinds of goods or services. The work of employees or workers forms a part of this initiative, and they, subject to the direction of the businessman, produce new wealth. Thus, the production of wealth is a specific effect of work. The capital invested in the means of production (machines, buildings, and so forth) is a potential instrument, which would die without the effective implementation brought about by labor. Labor is thus superior to capital in the same way that the principal cause is superior to the instrument or, to speak in Aristotelian terms, in the way that the act is superior to the potential. In the creation of a book, the activity of the author precedes and is superior to, the activity of the computer and the printer. Capital, therefore, certainly has its rights, but its rights take second place to labor.

Capital should nourish labor—*not vice versa*. This is the teaching of Saint Thomas when he says: “He that entrusts his money to a merchant or craftsman so as to form a kind of society, does not transfer the ownership of his money to them, for it remains his, so that at his risk the merchant speculates with it, or the craftsman uses it for his craft, and consequently he may lawfully demand as something belonging to him, part of the profits derived from his money.”²² Hence, it follows, on the one hand, in opposition to Marxist doctrine, that capital has a right to part of the benefits, and thus the benefit in itself is not a usurpation of the labor of the worker or of the businessman, as the overly simplistic theory of surplus value argues. It also follows, on the other hand, in opposition to the flagrant injustice of unchecked capitalism, that the rights of capital are subsequent to the rights of labor. Capitalism has the tendency to invert the rights of labor and capital, suffocating labor in its greedy claws.²³

The Business Firm

Labor comes first, and capital comes second. Both are associated in a business firm, but there is the labor of the businessman and there is also the labor of the worker or employee. The first is labor of practical wisdom, of the practice of prudence that puts together intelligence and will. The man of business, therefore, engages in risk.

What counterweight will balance the risks of the businessman? Capital also risks, and what counterweight will balance it? The employee, in different fashion, does not risk. Because his condition of being a man without capital does not allow him to look forward to the gains of the firm and thus to live on the returns—which are, in addition, of a rather problematic character—he has to work for a daily wage that guarantees his subsistence and the subsistence of his family, as will be observed when the question of wages is addressed next.

The Gain of the Business Firm

First of all, we may ask ourselves the following question: Must the business firm, or, rather, the association of labor and capital, allocate the gain to itself? The answer is yes because both capital and labor risk their own inputs, which must receive a just reward. If there were no expectation of gain, how many people would risk their goods? Who would venture into undertakings of this character? The risk justifies the gain as, indeed, Saint Thomas saw. He thought that the gain from money invested in a business undertaking is right, although he also said that interest on loaned money is wrong.

To appreciate the value of this explanation, and so that it can be understood, I will reproduce here the complete text, and in particular the part where Saint Thomas formulates the difficulties to be encountered when the question is raised as to whether it is licit to require a return on loaned money. Aquinas suggests the following difficulty: “Further, the lender, by transferring his ownership of a sum of money removes the money farther from himself than he who entrusts it to a merchant or craftsman. Now it is lawful to receive interest for money entrusted to a merchant or craftsman. Therefore, it is also lawful to receive interest for money loaned...”²⁴

The answer provided by Saint Thomas is as follows: “He who lends money transfers the ownership of the money to the borrower. Hence, the borrower holds the money at his own risk and is bound to pay it all back: Wherefore, the lender must not exact more. On the other hand, he that entrusts his money to a merchant or craftsman so as to form a kind of society, does not transfer

the ownership of his money to them, for it remains his, so that at his risk the merchant speculates with it, or the craftsman uses it for his craft, and consequently he may lawfully demand as something belonging to him, part of the profits derived from his money.”²⁵ Thus, the risk of the firm justifies a just gain. However, can this gain be the prime motivation behind the firm?

Profit Must Not Be the Prime Motivation

Saint Thomas Aquinas addressed himself to the issue of the ethical evaluation of profit and the desire for such profit in discussing the question of whether in business the sale price can be higher than the production price.²⁶ He speaks on this occasion about two kinds of exchange. The first is the exchange involved in bartering for the necessities of life: Here everyone thinks of obtaining an increase in quality of life (maintenance) for themselves or for their families, and chooses a good that will be of more use to them than the article that is given in exchange. In this context, Saint Thomas argues, no profit arises in the commercial sense. He finds the fact that the goods that are exchanged are of equal value, completely normal.

Things are different in the case of commerce—here profit has nothing to do with the meaning of life. Although gain as such is neither morally good nor bad, in this case it serves the wish for unlimited possession. In this instance, the desire for gain must be condemned, but by this it is not said that gain as such can be condemned—if an honest end is pursued, whether the maintenance of the family (*ad domus suae sustentationem*) or help for the poor (*ad subveniendum indigentibus*) or the progress of the public community (*propter publicam utilitatem*), then profit is not its real and true end. Gain could, rather, be perceived as a reward for work (*premium sui laboris*).

From this doctrine of the Angelic Doctor, one deduces that gain cannot be the motivation of a capitalist business undertaking. Profit must be expected because capital is risked, but one must not search for gain as pure gain. There must be honest motivations that justify the investment of money in a business undertaking, such as, for example, benefiting society through a new, useful product, or providing the unemployed with employment, or even the provision of maintenance to employers and employees. Specifically, the idea that profit can and must serve the national community (in our terminology, the global economy) is the ethical justification for the profit that is gained individually but not sought for as such. The businessman, the creative pioneer of progress (J. Schumpeter), is at the service of the global community and needs profit to be able to give himself this goal, but he should never seek profit for

its own sake. Naturally enough, he seeks profit for his business undertaking, but this should not be defined as being a selfish desire because he does not seek it as an end in itself but as a salary for his work; that is to say, he understands it as a reward for his service and his individual responsibility (*lucrum licitum est, non quasi finem, sed quasi stipendium laboris*).

In the same way, the ethical justification of the market economy is not based upon a selfish concept of individual self-interest but always understands it as providing a reward for personal services, risks, and responsibilities (this may be affirmed in opposition to the view of liberal supporters of the market economy whose justification of individual self-interest is at the same time also justification of selfishness and gain for gain's sake).

The businessman's desire for profit—understood in all its breadth—should not be merely the desire to make a profit. It must be located, on the contrary, in a well-based ethical terrain because of the service that it has to render to the global community. Capital thus recovers its specific function of spreading goods within the community and does not, as happens today in an economy based upon mere gain, pull goods out of the community to accumulate them in the hands of a minority who enjoys their exclusive use!²⁷

The Distribution of the Profits of a Business Firm

How should profit be distributed? In an economy in which private property has an orienting sense (speaking in the sense of commutative justice), profit belongs by its nature to the owner of the business firm, naturally enough once all the obligations to the employees and the various consumers have been met. Given that the success of the business firm is also the work of the employees, where the payment agreed upon does not correspond to the effective service a sharing in the profits can be envisaged.

Money

The need to take part in a global economic society, rather than having to take something of equal value when a good is sold, or receiving a service of equal value when a service is offered, can be met only through a means of exchange that is acknowledged throughout the economic cooperative effort as a bearer of value. This means of exchange is called “money.”

Before State entities gave value to a banknote, the person who received a certain sum of money in exchange for a good wanted to find in the material

composition of the means of exchange the value contained in the good that had been sold. He thus expected payment in a kind of money that in addition to its symbolic function also had a real value so that bartering could be continued. Metals that were universally valued in society, such as gold and silver, could perform this task very well.

Nowadays, money, with the exception of gold coins, no longer has any intrinsic value; that is to say, material value. It has only the representative function of a claim to a certain part of the overall economic income. Saint Thomas emphasized the functional character of money when he said that it was invented by men as an easily transportable means of exchange for which a suitable metal is chosen.²⁸

Trading in Money

To summarize, money has only a mere nominal value; it represents wealth. It is not made for a system of trade where there are no commodities or goods, but as soon as money is introduced, observed Aristotle in the first socio-economic analysis that we have on the subject, people came forward who traded in money itself, aiming for profit for profit's sake.²⁹ These were the money changers and their art was called *nummularia*. Saint Thomas called this art *artificial money* and its specific function was the artificial production of profit through trading in money itself (*camporia*). Aristotle argued that such chrematistics based upon gaining wealth through the exchange of money is shameful because it seeks the gaining of wealth for the person who practices it and not the mere use of goods: "For it is not in accordance with nature but involves men's taking things from one another. As this is so, usury is most reasonably hated, because its gain comes from money itself and not from that, for the sake of which, money was invented."³⁰

To think that money is wealth is foolishness, observed Aristotle, because something whose value depended upon the will of men could not be real wealth. Given that the dignity and the usefulness of money depends upon the will of the social community itself, which can, when it wants, eliminate its value and replace that value by another, money is not real wealth. And there again somebody can have an abundant amount of money but die from hunger, as is narrated in the tale of King Midas who had an insatiable desire for money and asked the gods to ensure that everything he touched would turn to gold. He died of hunger as a result, because all his food was transformed into the yellow metal.

This demonstrates that finance or *pecuniativa* do not have an end in themselves, as though they were the supreme thing that have to be aspired to and obeyed. The real wealth of a nation is not to be calculated on the basis of the gold or money that is deposited in banks. Real wealth, instead, is primarily all the work—both intellectual and practical—of human beings. Then there are the natural or artificial forms of wealth, the products—that is to say, of the earth, industry, or services, because only these can counter poverty or supply the quantity of goods required for a virtuous life.

Therefore, the head of a family or a prudent politician acquire and accumulate these forms of wealth, which are so useful to the domestic and political community, since without the necessities of life the government of the home or of the city is not possible.³¹ However, as Aristotle and Saint Thomas demonstrate, in the human being there is an instinct which, if not governed by virtue (and in particular by liberality and magnanimity), drags men down into the vice of greed.³² An economic system that seeks the unlimited growth of gain through the search for profit for profit's sake by means of mere trade in money, without commodities and production, could be defined in the same terms as those employed by Saint Thomas to condemn every shop that aims for profit as an end in itself: "Considered in itself, it satisfies the greed for gain, which knows no limit and tends to infinity."³³

As John Paul II more recently wrote in his encyclical *Evangelium Vitae*: "We are confronted by an even larger reality, which can be described as a veritable *structure of sin*. This reality is characterized by the emergence of a culture that denies solidarity and in many cases takes the form of a veritable 'culture of death'."³⁴

Credit

Money understood in such terms cannot be left idle. If it is not invested, interest does not accrue. If credit is not asked for, credit is offered, is stimulated, and is counseled. *Money has to grow*. Consumer credit, which occupies an enormous space in the modern economy, can, in fact, have dangerous effects on individual domestic economies. Because of the growing desire for gain on the part of individuals and families as well, banks and shops (employing advertising that is at times of a morally debatable character) have an easy life in presenting not very transparent offers of credit to people who do not have savings to permit them the rapid purchase of consumer goods.

People who take out a loan are not in the least aware of the added price that is placed on the bill. Apart from guarantees, according to the contract agree-

ment, interest levels and the capital repayment costs are linked to payment by the wage or salary derived from work so that when there is a default, the interest and capital payments can be directly obtained from the employer. The building or the acquisition of a home can thus force the person who receives credit to sell off land when the interest rates rise to a level that is exorbitant for his income. In this way, money passes from the hands of the worker to the hands of the bank.

International Debt

This deplorable situation of trading in money, which is distant from the virtue of magnificence, is even more evident in the case of borrowing by the State. This is because the State, when it takes out a loan, on the whole does not invest such money in productive works. It invests it, rather, in consumable or, to express it better, destructible, works. In general, governments resort to the public debt to finance their expenditure plans when it is not possible or practicable to increase taxation. It subsequently becomes necessary to pay off the capital and meet the interest payments. Money is loaned by people who have money, who, in turn, increase their wealth through the interest charged on credit.

Now, given that the State does not produce, it becomes necessary to take a part of what the producers produce to pay those who provide finance. Thus, the burden of the loan falls on the producer or worker, whether of the brain or the hand, but always on the producer. When the bank that provides the loan is the same agent that lays down the risk rating of the nation to which it gives that loan, a minimum interest rate is initiated that progressively increases to a rate equivalent to usury because the bank constantly raises the risk rating of the debtor country and thus, increases the interest rates that have to be paid. Thus, the resort to taking out debts does not act to strengthen the productive structures of the economy because the money that is employed to service the debt is taken from the producers. Money thereby passes from the hands of the producers to the hands of the nonproducers, and in the case of loans contracted abroad, from the hands of the producers to the hands of international nonproducers. This is not an imagined process—unfortunately, this is a daily reality.

On the one hand, we see an ever-smaller quantity of financiers who have concentrated an enormous mountain of money in their own hands; and on the other hand, we see nations, industries, businesses, and private property loaded down with debt, working (or seeking to work) to meet the enormous demands on them that were previously agreed upon. Whom do they work for?—for

financiers who feed as far as our grandchildren (from generation to generation) on the sweat of labor because of their merely “speculative” work.

When we come to pure “speculation,” the stock exchange is the most risky place there is and, thus, the place that is most vulnerable to the accusation of engaging in bad speculation. Here, we are dealing with speculating on the foreseeable future; that is to say, economic development in the foreseeable short- and long-terms. By no means a few people, for their own gain, seek to manipulate the movement of prices through buying and selling in an astute way, or even seek to achieve political goals by engaging in currency speculation. When a share increases in value and the stock exchange operator picks up the telephone or uses the computer to buy such a share at the price quoted on another stock exchange so as to sell it on his stock exchange at a higher price, in ethical terms this is pure individualistic speculation directed toward profit for profit’s sake.

Indeed, from this situation and similar situations, one can easily understand the danger of currency speculation for the global economy; in fact, speculative maneuvers of this kind have destabilized the entire economies of individual nations. And this is further evidence of the fact that mere trading in money without real goods (or without a real direct relationship with production) cannot be justified in ethical terms, and above all else, that social and economic ethics cannot be separated from individual ethics.

Globalization: Money As an Instrument of Exchange and Production and Not of Profit

Indeed, it is clear that in the transfer year after year of wealth and money from poor or very poor countries to rich or very rich countries there is something that is anomalous and immoral. Many countries, in order to service their debt, have to give up a disproportionate amount of the income that they generate from exports. This leaves very little with which to improve the condition of their poor citizens. The burden of debt obstructs development and education and thus, makes a reduction of poverty and, in so many cases, acute poverty, impossible in practice. Without a cancellation of these debts, which has so often been called for by the Holy Father,³⁵ the prospects for these countries are dim.

The debate that should take place today is based upon the following question: What should be the terms of global capitalism? It is clear that money is necessary, however, as an instrument of exchange that places products in circulation and helps production, above all else in relation to those peoples who,

for the first time, are entering the global system. It is also certainly the case that there is no need for money or capital aimed at pure profit carrying with it a “right” to usury. Probably a country should not be obliged to pay levels of fifteen percent or more on its national debt. Just as there is a “fair wage” so, also, should there be a “fair interest rate.”³⁶

I observe at this point that in the Republic of Italy there are State anti-usury laws that are applied to bank interest rates. Could this principle not be extended to the international context? Why should a country pay an interest rate of eighteen percent or more on a high public debt when it cannot sell its agricultural produce on Western-protected markets that often have their own such internally subsidized products? Such are the chief pincers that inhibit the development of nonindustrialized countries: On the one hand, they have to pay a high interest rate on their debts; on the other hand, they cannot sell their products.

Larry Summers, a leading official of the American Treasury department expresses this idea well: “The problem is what *kind* of global capitalism. We do not want a global capitalism that places capital above any other interest and that involves every country in a fierce race in which governments are unable to ensure the rights of workers and fair taxation, and protect the environment.”³⁷ Countries that have, by this route, gained so many benefits from a world economy based upon profit should look back and remember the “solutions” that they identified for the last major upheavals in the world economy.

The International Monetary Fund, for example, was created on the basis of the ideas of Keynes to provide countries in difficulty with the liquidity required to finance expenditure and production and thus avoid recession. Instead, as the Nobel prize winner J. Stiglitz has observed with increasing force, the policies imposed by the international organizations that are dependent upon the profit-seeking interests of the lenders of finance have worsened economic contraction through the employment of excessively restrictive fiscal policies. As he himself writes: “The decisions that are taken by the IMF or the World Bank are not directed so much to maintain the strength of the economy as, rather, to prevent nonpayments to Western banks. No solidarity at all has been shown toward people who have found themselves without work or who have given rise to social revolts, thereby distancing their country even more from a possible recovery.”³⁸

This Nobel prize winner in economics concludes:

We should perhaps ask ourselves whether the children of our children will not look back at contemporary economic relations with the same sense of consternation and moral scandal with which we look back to the colonial

experience. The events of Seattle and Washington, together with conversations with young people all over the world, lead one to think that we should perhaps expect similar reactions in the near future: Already, today, young people question the moral legitimacy of such policies. The defenders of these policies argue that there are no alternatives, that there is only one approach. In this they are mistaken, but if there is an approach that is better than any others, the countries that have managed to grow and at the same time to reduce poverty, bear witness to the thesis that the approach is not that prescribed by the international institutions, with their low level of concern about democratic, fair, and sustainable development.³⁹

Other Moral Questions

There are other moral questions connected with trading in money on which the recent Nobel prize winner in economics, J. Stiglitz, has focused: the moral responsibility of lenders, for example. Let us take as an instance the loans given to Mobutu during his years of greatest splendor. Those who gave these loans knew about his corruption. They knew that the money they were handing over to him would not make its way to his people. These were loans intended to guarantee Western companies their continued exploitation of the rich natural resources of his country.

Why should the population of the Congo, who played no part in the choice of Mobutu as their leader, have to pay back the money that he obtained and then wasted? So, there are the corrupt, but there are also the corrupters! Along these lines, one could recite a long list of immoral actions, the daughters of greed—a capital vice because it gives rise, in the view of Saint Gregory, to many other sins such as betrayal, fraud, deceit, perjury, misplaced anxiety, violence, and hard-heartedness.⁴⁰ But there, again, time passes....

Conclusion

I end with the first letter of Saint Paul to his beloved disciple Timothy: “There is great gain in godliness with contentment; for we brought nothing into the world, and we cannot take anything out of the world; but if we have food and clothing, with these we shall be content. But those who desire to be rich fall into temptation, into a snare, into many senseless and hurtful desires that plunge men into ruin and destruction. For the love of money is the root of all evils; it is through this craving that some have wandered away from the faith

and pierced their hearts with many pangs” (1 Tim. 6:6–10). To many commentators, this text appears to have an ascetic value and not an economic value; indeed, it may seem destructive in relation to the economy itself. However, this is not the case. It is a preeminently economic text, and even more a text of Christian economics. The last verse specifically explains the antieconomic character of an economy governed by greed: “It draws men away from faith,” that is to say, from a Christian life, and submerges the body and soul in worries that are of a purely economic character (the first error).⁴¹ In addition, “It torments him with great pangs,” because it does not provide him with economic good—on the contrary, it enslaves him, as is demonstrated by unregulated capitalism (the second error).

The very well-being of the economy, therefore, requires, to the extent that this is possible, the removal of profit for the sake of profit, and a movement that checks and regulates all those activities that by their inner propensity aim for profit, such as, in particular, finance.⁴²

This career of the economy according to the infinite desire for profit by finance will, to some people, not seem exorbitant. What does it matter, they say, if the economy is driven by profit when, in essential terms, the economy is so well-based? What does it matter, they say, above all else, if we have such immense abundance never paralleled before in history? Perhaps, they say, this does indeed involve a moral upheaval, but in economic terms we have an achievement that has never before been attained by mankind. The modern economy is simply great!

It is well-known that the doctrine of the Catholic Church does not accept this divorce from values. One cannot have an economy that does not respect the hierarchy of human values. It may seem great, but if it is immoral, it has at root a destructive force that can annihilate man and the economy itself. If it is immoral, it is also antieconomic. The horrible, deplorable, and very grave acts of terrorism of September 11, 2001, must make us think and react with renewed virtue and especially with the virtues of liberality, magnificence, solidarity, and participation.⁴³

For this reason, in contrast to some pagan authors who justify profit and exalt big business, deeming small-scale industry and work unworthy of free men, the Fathers of the Church, following Saint Paul, began to rehabilitate work, beginning with manual work. The great Latin-African intellectual, Saint Augustine, wrote that if spiritual work had not required so much of his time he would have liked to imitate Saint Paul (who worked making tents), engaged in “a work as innocent as it is honest, to do with goods of everyday use, like those that come from smiths and cobblers, or like labor of the field.”⁴⁴ The

Benedictine Fathers civilized Europe with their motto “*Ora et labora*,” which referred principally to manual work.

Christianity, therefore, here achieved a fundamental transformation in ideas by beginning with the whole of the contents of the Gospel message and, above all, with the fact that Christ who, being God, became similar to us in all respects, dedicated most of the years of his life on earth to manual work in a carpenter’s workshop. This fact in itself is the most eloquent “Gospel of work” and shows how the foundation for determining the value of human work is not primarily capital that produces but the fact that the person who performs it is a person created by God and recreated in the grace of Christ, at least potentially.⁴⁵ In ending his great encyclical on work, John Paul II writes: “Let the Christian who listens to the word of the living God, uniting work with prayer, know the place that his work has not only in *earthly progress* but also in *the development of the Kingdom of God*, to which we are all called through the power of the Holy Spirit and through the word of the Gospel.”⁴⁶

We can affirm that the Catholic vision of the economy revolves around this; namely, that work experienced in charity and prayer, in line with the virtues of liberality and magnificence, not only achieves economic advance but, above all, is worthy of supernatural grace for those who engage in it and also communicates grace to those people who do not place obstacles in its way. In this way it makes both the earthly economy and the celestial economy grow.

Notes

1. *S.Th.*, II-II, 117. Aristotle deals with this in *Nicomachean Ethics* (1119b). For Saint Thomas, “It does not belong to a liberal man so to give away his riches that nothing is left for his own support, nor the wherewithal to perform those acts of virtue whereby happiness is acquired” (Ibid., 1 ad 2). It is a middle way between prodigality (excess) and avarice (defect). It involves “taking out one’s own money to give it to other people.”
2. *De lib. Arb.* 2, 19.
3. *Summa Contra Gentiles*, III, 37.
4. *S.Th.*, II-II, 51, 3.
5. “No virtue rules universally above the other virtues except charity, which is the mother of all virtues; this is due to its own object, the highest good” (*II Sent.*, 38, 1, 2 ad 5).

6. J. Maritain, *Religione et Culture* (Paris: 1949), 46.
7. Psalm 8:7.
8. *S.Th.*, II-II, 66, 1.
9. *Ibid.*, ad 1.
10. *S.Th.*, II-II, 66, 2.
11. *Polit.* II, 5, 1263 b 39–1264 a 1.
12. *Quaest. quodlib.*, 6, 12.
13. *S.Th.*, II-II, 66, 7.
14. *Quaest quodlib.*, 6, 12 ad 1.
15. *Ibid.*, ad 2.
16. *S.Th.*, II-II, 66, 7.
17. *Ibid.*, ad 2.
18. *Ibid.*, sed contra.
19. *Ibid.*, 7. For Saint Ambrose, *Decreto*, a. 2, ob. 3. In the same sense, Saint Thomas quotes the *Homily on Luke* (XII, 18) of Saint Basil: “And the bread of the hungry that you retain, the cloak of the naked that you keep, the money of the poor that you possess; thus you do as many wrongs as you could give” (*De Malo*, 13, 2 ad 4).
20. Pius XI, *Quadragesimo Anno*, n. 51.
21. *S.Th.* II-II, 134, 3 ad 1.
22. *S.Th.*, II-II, 78, 2 ad 5.
23. John Paul II has emphasized this concept in our times: “This principle directly concerns the process of production: In this process, labor is always a primary *efficient cause*, while capital, the whole collection of means of production, remains a mere *instrument* or instrumental cause. This principle is an evident truth that emerges from the whole of man’s historical experience” (*Laborem Exercens*, n. 12).
24. *S.Th.*, II-II, 78, 2 ob. 5.
25. *Ibid.*, ad 5.
26. “A tradesman is one whose business consists in the exchange of things. According to the Philosopher (*Polit.* i, 3, 1257 a 19), exchange of things is twofold; one, natural as it were, and necessary, whereby one commodity is exchanged for another, or money taken in exchange for a commodity, in order to satisfy the needs of life. Suchlike trading, properly speaking, does not belong to tradesmen but rather to

housekeepers or civil servants who have to provide the household or the State with the necessities of life. The other kind of exchange is either that of money for money, or of any commodity for money, not on account of the necessities of life but for profit, and this kind of exchange, properly speaking, regards tradesmen, according to the Philosopher (*Polit.* i, 3, 1257 a 19). The former kind of exchange is commendable because it supplies a natural need; but the latter is justly deserving of blame, because, considered in itself, it satisfies the greed for gain, which knows no limit and tends to infinity. Hence, trading, considered in itself, has a certain debasement attaching thereto, insofar as, by its very nature, it does not imply a virtuous or necessary end. Nevertheless, gain that is the end of trading, though not implying, by its nature, anything virtuous or necessary, does not, in itself, connote anything sinful or contrary to virtue: wherefore nothing prevents gain from being directed to some necessary or even virtuous end, and thus, trading becomes lawful. Thus, for instance, a man may intend the moderate gain that he seeks to acquire by trading for the upkeep of his household, or for the assistance of the needy; or again, a man may take to trade for some public advantage, for instance, lest his country lack the necessities of life, and seek gain, not as an end but as payment for his labor" (*S.Th.*, II-II, 77, 4).

27. John Paul II expresses the following view of profit: "The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding needs have been duly satisfied. But profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people—who make up the firm's most valuable asset—to be humiliated and their dignity offended. Besides being morally inadmissible, this will eventually have negative repercussions on the firm's economic efficiency. In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society. Profit is a regulator in the life of a business, but it is not the only one; *other human and moral factors* must also be considered which, in the long term, are at least as equally important for the life of the business" (*Centesimus Annus*, n. 35).
28. *In Pol. Arist.*, lib. I, lect. 7, n. 6. In fact, money is not found in nature but was introduced by experience and art: "*Denarii enim non sunt adinventi a natura, sed per quamdam experientiam et artem sunt introducti*" (*In Pol. Arist.*, lib. I, lect. 7, n. 1).
29. "So when currency had been now invented as an outcome of the necessary interchange of goods, there came into existence the other form of wealth-getting, trade (*kaphlikóß*), which, at first, no doubt, went on in a simple form but later became more highly organized as experience discovered the sources and methods of

- exchange that would cause most profit” (*Politica*, I, 9, 1257 b). Saint Thomas comments: “*Postquam iam facti sunt denarii ex praedicta commutatione quae est ex necessitate facta propter res necessarias ex remotis locis habendas, subintroducta est species commutationis pecuniariae secundum quam denarii pro denariis commutantur: et haec vocatur campsonia, qua scilicet utuntur campsones denariorum. Et hoc quidem primo factum est simpliciter et quasi a casu; puta quod ex aliquibus terris in alias aliqui denarios transferentes carius eos expenderunt quam acceperint: unde postea per experientiam factum est artificiale, ut homo scilicet consideret de quo loco denarii transmutati et quomodo possint facere maximum lucrum; et hoc pertinet ad artem campsoniam*” (*In Pol. Arist.*, lib. I, lect. 7, n. 7).
30. *Politica*, I, 10, 1258 b.
 31. *In Pol. Arist.*, lib. I, lect. 8, n. 10.
 32. For Saint Thomas, avarice “is an immoderate love of having possessions, ‘covetousness’ has been amplified to denote all immoderate desire for having anything whatever (*S.Th.*, II-II, 118, 2), and a ‘disordered love for money’” (*In I Timothy*, 6, 10, Turin, 1953, 259, n. 251).
 33. *S.Th.*, II-II, 77, 4.
 34. John Paul II, *Evangelium Vitae*, n. 12.
 35. It is useful here to quote the incisive appeal of the last social encyclical: “At present the positive efforts that have been made along these lines are being affected by the still largely unsolved problem of the foreign debt of the poorer countries. The principle that debts must be paid is certainly just. However, it is not right to demand or expect payment when the effect would be the imposition of political choices leading to hunger and despair for entire peoples. It cannot be expected that the debts that have been contracted should be paid at the price of unbearable sacrifices. In such cases it is necessary to find—as, in fact, is partly happening—ways to lighten, defer, or even cancel the debt, compatible with the fundamental right of peoples to subsistence and progress” (*Centesimus Annus*, n. 35).
 36. A first, pertinent, courageous, and penetrating approach to the subject, which fills in a gap in contemporary reflection and perhaps in social doctrine, can be found in E. Malinvaud, *Que doit—on entendre par de justes finances? Clarifications préliminaires à un consensus sur l'éthique financière* (Banca d'Italia, 22 March 2002). It seems to me that his conclusion is especially important: “*De même qu'il s'imposait à la fin du XIXème siècle et au XXème d'établir et d'implanter une éthique du travail et de l'emploi adaptée à la société moderne, de même il s'impose au début du XXIème siècle de revivifier l'éthique financière. Tant a changé dans le monde de la finance qu'il convient sans doute de tout repenser ab initio*” (*Ibid.*, at the end). Equally illuminating is his proposal—presented after an acute

analysis of various forms of economic contracts—of an analogical notion of what is right and fair for finance, a notion that has a point of reference in the Catholic doctrine of the fair wage expounded by Leo XIII in *Rerum Novarum* (1891), n. 34.

37. L. H. Summers, Speech Given at the Economic Strategy Institute, Washington, D.C., 6 May 1998.
38. J. Stiglitz, “Il Nobel Stiglitz: un’ economia solo privata è un’ utopia,” *Avvenire*, 31 January 2002, Agorà, 21.
39. J. Stiglitz, “Etica, politica economica e paesi in via di sviluppo,” in *Globalizzazione: nuove ricchezze e nuove povertà*, ed. L. Ornaghi (Milan: Vita e Pensiero, 2001), 141. As John Paul II has observed: “The *highly industrialized countries*, and even more the businesses that direct on a large scale the means of industrial production (the companies referred to as multinational or transnational), fix the highest possible prices for their products, while trying at the same time to fix the lowest possible prices for raw materials or semi-manufactured goods. This is one of the causes of an ever-increasing disproportion between national incomes. The gap between most of the richest countries and the poorer ones is not diminishing or being stabilized but is increasing more and more, to the detriment, obviously, of the poor countries. Evidently, this must have an effect on local labor policy and on the worker’s situation in the economically disadvantaged societies” (*Laborem Exercens*, n. 17).
40. Saint Gregory the Great, *Moral Commentary on Job*, 31, 45.
41. “Avarice makes the soul that it has corrupted so heavy that it cannot be raised to wish the highest goods” (Saint Gregory the Great, *Moral Commentary on Job*, 14, 53). Saint Thomas explains in a very convincing way, in the same way that all of his ethics are convincing, which indeed take account of the needs and desires of the human and earthly condition, that “Avarice is said to be incurable because of the condition of the subject, because human life is constantly exposed to lack; but every lack encourages avarice: For this reason, indeed, temporal goods are searched for so that remedy is provided to the lack of the present life” (*De Malo*, 13, 2 ad 8).
42. The *Catechism of the Catholic Church* also restates the need for a proper reorganization of the world economy and of the financial institutions, expressing itself as follows: “*Direct aid* is an appropriate response to immediate, extraordinary needs, caused by natural catastrophes, epidemics, and the like. But it does not suffice to repair the grave damage resulting from destitution or to provide a lasting solution to a country’s needs. It is also necessary to *reform* international economic and financial *institutions* so that they will better promote equitable relationships with less-advanced countries. The efforts of poor countries working for growth and liberation must be supported” (n. 2440).

43. As John Paul II says in his last social encyclical: “Stronger nations must offer weaker ones opportunities for taking their place in international life, and the latter must learn how to use these opportunities by making the necessary efforts and sacrifices and by ensuring political and economic stability, the certainty of better prospects for the future, the improvement of workers’ skills, and the training of competent business leaders who are conscious of their responsibilities” (*Centesimus Annus*, n. 35).
44. *City of God*, bk. 33, chap. 4.
45. Vatican Council II states that the absolute primacy of the person is required to create a healthy economy: “The fundamental finality of this production is not the mere increase of products nor profit or control but, rather, the service of man, and indeed of the whole man with regard for the full range of his material needs and the demands of his intellectual, moral, spiritual, and religious life; this applies to every man whatsoever and to every group of men, of every race and of every part of the world” (*Gaudium et Spes*, n. 64).
46. *Laborem Exercens*, at the end. In his encyclical *Centesimus Annus*, John Paul II described the positive and negative aspects of the modern business economy (nn. 32–33) and the dangers that the most advanced economies can bring with them (nn. 36–38). Lastly, he writes on the new phenomenon of the “globalization of the economy” (n. 58).