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Part A  
The Social Doctrine of the Roman Catholic Church  

Chapter I – Themes in Roman Catholic social thought  

1. Economic life, morality and social justice  

We will start our analysis with a general examination of the view of the Roman Catholic Church (RCC) of the meaning of wealth and economics in general, and consequently its interpretation of the possible links between morals and economics. After these general lines we will better prepared to analyse and reflect upon the social doctrine of the Roman Catholic Church and subsequently the content of Caritas in veritate (Caritas).  

What will be presented is a general introduction on social justice, morals and economics; business and private initiatives; and the role of economic institutions according to the Roman Catholic (RC) social doctrine. These will be the key issues treated here, always referring to their interpretation in the social teaching of the Roman Catholic Church. Also some conceptions, such as the role of private property in the social teaching will be introduced. In this part the key reference will be the Compendium of the social doctrine of the Church (Compendium). Indeed, these are general topics which will recur when analysing more in detail the Compendium.  

My intention in this opening section is to establish in the mind of the reader an intellectual framework in which it might be easier to inscribe and describe the specific approach of the Compendium and the basic standpoints of Caritas.  

2. The Bible and the theologians of the early church on social justice and the administration of wealth  

The RC social thought usually legitimizes itself by tracing its roots to the Old Testament as the initial source of religious ideas about economic life. After this, the Gospel is called upon to underline the social role of economics. In other words, social thought claims to draw principles and inspiration from the Bible. Studying examples of references to the Bible as from the Compendium may help us to familiarize with such a methodology frequently adopted in it.  

With respect to the concentration of wealth, the Old Testament view about the rich and the poor is presented by the Compendium as a preparation for Jesus’ message about material inequality. As the Compendium underlines, the principles present in the Old Testament express a perspective on richness and poorness that Jesus will complete with the ‘light of his revelation’. In presenting us this perspective the Compendium claims to be faithful to the essential direction of the Scriptures and, at the same time, to give a reading of those same principles in an all-embracing view including all the social aspects. In other words, the RC social teaching claims that  

3 See Pontifical Council for Justice and Peace, Compendium of the Social Doctrine of the
the economic message of the ancient covenant is brought to completeness in the new alliance. By referring to Jesus’ words, social thought develops a punctual analysis from a traditional Christian perspective, which intends to give coordinates also referring to the contemporary world condition. That is why, in a later chapter, I will give some elements about the contemporary economic situation, in order to assess the meaning of the social teaching of the Roman Catholic Church in the contemporary economic setting.

The first thing I want to describe is the RC reading of the Bible, as found in the interpretation given by the *Compendium*, that allows a two-sided interpretation of wealth. From one side, the abundance of material goods is considered a blessing. It is seen as a good thing for living a better life. From the other side, richness and material goods are condemned, but only in regard of their bad use and not in an absolute sense. The *Compendium* indeed presents a list of Biblical passages where material injustices, usury and other forms of exploitation are seen as evil, especially when directed towards the poorest.4 With this latter approach the *Compendium* underlines the attention and care that God wants to reserve for the poor people and the responsibility that rich persons have towards them:

The prophetic tradition condemns fraud, usury, exploitation and gross injustice, especially when directed against the poor (see *Is 58: 3 - 11; Jer 7: 4 - 7; Hos 4: 1 - 2; Am 2: 6 - 7; Mic 2: 1 - 2*). This tradition, however, although looking upon the poverty of the oppressed, the weak and the indigent as an evil, also sees in the condition of poverty a symbol of the human situation before God, from whom comes every good as a gift to be administered and shared. [...] Poverty takes on the status of a moral value when it becomes an attitude of humble availability and openness to God, of trust in him. This attitude makes it possible for people to recognize the relativity of economic goods and to treat them as divine gifts to be administered and shared, because God is the first owner of all goods.5

The first part of this quote refers to material poverty, as to say the insufficiency of means of sustaining for the daily life. While the second part mainly refers to a condition of being poor before God, which is present throughout the Roman Catholic Church’s social teaching.6 This latter ideal regards all people apart from their economic means, and their spiritual relation with the divine as thought of by the RCC. Notwithstanding the theological relevance of this latter kind of ‘poorness’, in this study when we will address the issue of poverty, or issues related to it, we will mainly refer to the first sort of poverty, material poverty.

When somebody is blessed with material richness, he/she is also endowed of the particular responsibility for the way it is used. Here social thought gives us a statement concerning the re-presentation of Jesus’ words in the parable of the rich man (*Lk 16: 19 – 31*), concerning the sense of poverty in opposition to careless richness.

Social teaching develops this theme with reference to the New Testament. According to the *Compendium* Jesus gives meaning and sense to the eschatological

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4 See *Compendium*, 323.
5 *Compendium*, 323 – 324.
words that God has for the poor ones. In social thought’s conception, the Christian duty lies in building the ‘Kingdom’. The Christian mission regards the concrete construction of a social order in which attention for the least in society is the first social task. Within social teaching, any individual effort to help the poor is relevant because each time an individual acts towards improving the conditions for the poor we see the kingdom of God actually present in this world. Each Christian is called to contribute personally to social justice through everyday working activities. Furthermore, one should try to establish new socio-economic rules for a fair living. Alongside the responsibility we have for those who are close to us, we are implicitly considered to be accountable as well for others in the world that we do not know. As we will soon see, this is also the meaning of the connection of morals to economics.

This being said, it remains the fact that according to social thought economic activity is a tool for the primary end of fulfilling God’s call towards his reign. The Compendium presents this point as the RC interpretation of the Gospel. And here is how the RCC sees the true added value of Jesus’ words to Old Testament laws:

In the light of Revelation, economic activity is to be considered and undertaken as a grateful response to the vocation which God holds out for each person. [...] Good administration of the gifts received, and of material goods also, is a work of justice towards oneself and towards others. What has been received should be used properly, preserved and increased, as suggested by the parable of the talents (see Mt 25: 14 - 30; Lk 19: 12 - 27). Economic activity and material progress must be placed at the service of man and society.

The passage above proposes to understand the role of who possess something as an administrative role. The administration of material wealth should be pursued with social justice as its objective. Such stewardship means to act both for individual development and for the progress of society. We will come across these criteria again when facing the principle of the common good and the principle of the universal destination of goods.

Besides the Old Testament and the Gospel, another relevant source that the RC social thought addresses is the thinking of the ‘Fathers of the church’, especially those of the first centuries of Christianity. These are major persons who contributed to the stabilization of dogmas and doctrines through their reading of Biblical passages. Generally speaking, for the RC tradition a substantial reference and a practical list of those considered ‘Fathers’ can be the work of J.P. Migne that both concerns the Latin and Greek Fathers, the Patrologia graeca and Patrologia latina. Indeed, also the Compendium quotes those texts with the reference from the Migne’s volumes. Within the Compendium they are called more generally ‘Church writers’.

7 See Compendium, 325.

8 In the Compendium we find this concept expressed in this way: ‘If economic activity is to have a moral character, it must be directed to all men and to all peoples. […] If, to some degree, everyone is responsible for everyone else, then each person also has the duty to commit himself to the economic development of all (see JOHN PAUL II, Sollicitudo Rei Socialis. 32, AAS 80, 1988. 556 – 557). This is a duty in solidarity and in justice, but it is also the best way to bring economic progress to all of humanity.’ Compendium, 333.

9 Compendium, 326.

10 See also the first part of G. FROSINI, Il pensiero sociale dei padri. Brescia: Queriniana, 1996.
We have to remember that the social teaching of the Fathers of the church is something that has been extrapolated from their whole pastoral teaching. It was not a teaching on ‘social’ things in the strict technical sense we may use today. In their writings the moral level is central. Thus, problems like, for instance, the distribution of wealth or the relationship between state and church, were often addressed, but not with the technical specificity we see today.\footnote{See R. CHARLES, \textit{Christian social witness and teaching. The Catholic tradition from Genesis to Centesimus annus.} Leominster, MA: Gracewing, 1998. 75; P. DE LAUBIER, \textit{La pensée sociale de l’Eglise catholique. Un idéal historique de Léon XIII à Jean Paul II.} Fribourg: Éditions Universitaires, 1986. Prologue.}

Some of the Fathers are considered to demonstrate that the first concern of a Christian should not be directed so much towards a specific institutional or ideological framework of society. Rather, social thought wants to touch the individual’s personal conscience, as each citizen is called to contribute to the sharing of goods. Obviously, it is possible that an institutional framework may help people in reaching their purposes, but in the end persons always make institutions, public or private. That is what the \textit{Compendium} still sees as a focal point. Indeed, it seems that in focussing on these words from the Fathers the \textit{Compendium} emphasizes the priority of individual responsibility as the right track for treating very similar topics today, such as the distribution of wealth in the world.

In this view what is central is the struggle of the individual against egoistic tensions. In contrast to what is considered any sort of irrational accumulation of material wealth, the individual is called to promote the realization of the common good by using private possessions in the service of a larger community. It might be worthwhile to read the following passage because it shows a sort of continuity between past problems and the social teaching of today:

\begin{quote}
Goods, even when legitimately owned, always have a universal destination; any type of improper accumulation is immoral, because it openly contradicts the universal destination assigned to all goods by the Creator. Christian salvation is an integral liberation of man, which means being freed not only from need but also in respect to possessions. ‘For the love of money is the root of all evils; it is through this craving that some have wandered away from the faith’ (1 Tim 6: 10). The Fathers of the Church insist more on the need for the conversion and transformation of the consciences of believers than on the need to change the social and political structures of their day. They call on those who work in the economic sphere and who possess goods to consider themselves administrators of the goods that God has entrusted to them. \textit{Riches fulfil their function of service to man when they are destined to produce benefits for others and for society.} (see \textit{The Shepherd of Hermas}, Liber Tertium, Allegory. I, PG 2, 954.) ‘How could we ever do good to our neighbour’, asks St. Clement of Alexandria, ‘if none of us possessed anything?’ (\textit{CLEMENT OF ALEXANDRIA, What Rich Man Will Be Saved?} 13, PG 9, 618). In the perspective of St. John Chrysostom, riches belong to some people so that they can gain merit by sharing them with others (see \textit{SAINT JOHN CHRYSTOSOM, Homiliae XXI de Status ad Populum Antiochenum Habitaee.} 2, 6 - 8, PG 49, 41 - 46). Wealth is a good that comes from God and is to be used by its owner and made to circulate so that even the needy may enjoy it. Evil is seen in the immoderate attachment to riches and the desire to hoard. St. Basil the Great invites the wealthy to open the doors of their storehouses and he exorts them: ‘A great torrent rushes, in thousands of
channels, through the fertile land: thus, by a thousand different paths, make your riches reach the homes of the poor' (SAINT BASIL THE GREAT, *Homilia in Illud Luceae, Destructum Horrea Mea*. 5, PG 31, 271). Wealth, explains Saint Basil, is like water that issues forth from the fountain: the greater the frequency with which it is drawn, the purer it is, while it becomes foul if the fountain remains unused (see *ibid.*). The rich man - Saint Gregory the Great will later say - is only an administrator of what he possesses; giving what is required to the needy is a task that is to be performed with humility because the goods do not belong to the one who distributes them. He who retains riches only for himself is not innocent; giving to those in need means paying a debt (see SAINT GREGORY THE GREAT, *Regula Pastoralis*. 3, 21, PL 77, 87. Title of § 21: *Quomodo admonendi qui aliena non appetunt, sed sua retinent; et qui sua tribuentes, aliena tamen rapiunt*).  

This long quote summarizes one of the most relevant interpretations of the Sacred Scriptures in the social thought of the Roman Catholic Church. From the beginning there is a particular statement that will be a basic assumption also in the further analysis of social teaching: private property should be used for general welfare. This is the result of the reading of the Bible in the texts of the Fathers of the church as selected by the editors of the *Compendium*.

What we have read above can raise some questions about the treatment of private property in the social teaching of the RCC. We will see later, more specifically, that private property is recognised as a natural right since the social encyclical *Rerum novarum*, but that this does not give the respect for private property a higher status than the principle of the universal destination of goods. Each individual is called to participate in the realization of a shared wealth. Sharing private possessions is a higher value than its personal use. Social thought develops a doctrine according to which the use of something is more important than the possession of something. Thus, in the perspective of Roman Catholic social thought, possessing is merely propaedeutical to its final use, which is sharing. In this discourse, a word used in the *Compendium* is indeed ‘administrator’. Persons who possess goods should see themselves not as mere possessors but as administrators of those goods. This is the way they can detach themselves from greedy possession and operate for the common good. In relation to this we will have an indication that the right to private property is under discussion, notwithstanding the fact that it is defined as a natural right of the human being.

3. Morals and economic life

The *Compendium* considers Pius XI’s *Quadragesimo anno* and the pastoral constitution of Vatican II *Gaudium et spes*, as official documents of the RCC that serve to see the Catholic point of view on the relationship of morals and economics. Some developments regarding this relationship will be present in almost each of the following chapters of this study, as this is one of the most frequent topics in social teaching.

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12 *Compendium*, 328 – 329.
13 See *Compendium*, 330 – 331.
It is in the public debate about business ethics, as it is usually referred to today, that we see the dominant understanding of economic behaviour as standing in relation to something else, namely morality. In such secular discourse, morality is frequently treated as totally different from economics and external to it. RC social thought agrees to a certain extent: we can distinguish certain principles, both in morals and economics, and see how these are justified in relation to their specific grounds. Nevertheless, as the Compendium points out as well, to distinguish something is not the same as to separate it.

According to Roman Catholic Church’s social thought, as will be seen in the following quotations, morality and economy are interwoven human activities. More precisely, social teaching states that the ultimate end of economic activity belongs to the moral order. In this regard, the ultimate end of economics is something that regards its activity, but does not totally belong to the field of economic science. Philosophically speaking, we could say that the role of morals according to social thought is something that transcends the economic order. In this perspective, economics uniquely does have the task, which is not final, of producing wealth, distributing it and consuming it.

In other words, we should find ways to administrate scarce resources in a profitable way but profit cannot be the ultimate end, for if this would be the ultimate end, economics would have an end in itself. In Roman Catholic Church’s social thought, profit is considered an indicator of the quality of economic actions, but it does not exhaust the end of economics. Hence, in social thought’s perspective, scientists in economics should accept a certain degree of openness in their object of study for something that does not entirely belong to their intellectual order.

The position of the RCC also involves the entrepreneur as an economic actor. The entrepreneur should be aware of a specific role within society in mediating wealth. RC social teaching sees the entrepreneur as a partner in the production of wealth, but also as a part of the distribution of wealth when workers are employed. Exactly here, in regards to the workers should primarily appear the moral concern of any economic activity:

The social doctrine of the Church recognizes the proper role of profit as the first indicator that a business is functioning well: ‘when a firm makes a profit, this means that productive factors have been properly employed.’ (JOHN PAUL II, Centesimus Annus. 35 AAS 83, 1991. 837). But this does not cloud her awareness of the fact that a business may show a profit while not properly serving society. (see Catechism of the Catholic Church. 2424). For example, ‘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.’ (Centesimus, 35). This is what happens when businesses are part of social and cultural systems marked by the exploitation of people, tending to avoid the obligations of social justice and to violate the rights of workers. […] A business enterprise must be a community of solidarity (Centesimus, 43), that is not closed within its own company interests. It must move in the direction of a ‘social ecology’ (Centesimus, 38) of work and contribute to the common good also by protecting the natural environment.  

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14 Compendium, 340.
Social teaching sees profit as an important indicator of the economic health of any economic enterprise. Profit provides evidence that an enterprise is functioning properly. Making profits means to reach a level of economic independence that is desirable for any company. However, looking for profits is not considered an absolute aim, as one may also evaluate the contribution of an economic actor to the common good. According to the *Compendium* to have profits, even huge profits, does not mean that the general behaviour of the enterprise is desirable. The RCC states that it is unworthy to reach profits if they frustrate other elements, for instance the protection of the environment or the working conditions. Thus, not only profit is relevant but also how that profit is reached.

Social teaching speaks of a ‘community of solidarity’ referring to an enterprise. This solidarity should be intended both at the internal level, namely allowing the solidarity among workers, and the solidarity with those who are not immediately connected to the company. We will return to this solidarity with that which is outside a company in later chapters. This external solidarity includes ecological issues and the general well-being of people. As far as it is possible now, this may be understood as a practical particular exemplification of the relation between business and morals.

But the *Compendium*, while defining what economy is about, namely that process of producing, distributing and consuming goods, also gives us the opportunity to have a more general overview of that relationship according to social thought. In saying that all actions with economic relevance should be directed towards the social well-being of people, social teaching sets its basic assumption for proposing its view of the intrinsic link between morals and economics:

*The relation between morality and economics is necessary, indeed intrinsic: economic activity and moral behaviour are intimately joined one to the other. The necessary distinction between morality and the economy does not entail the separation of these two spheres but, on the contrary, an important reciprocity. […]. This is so because the purpose of the economy is not found in the economy itself, but rather in its being destined to humanity and society (Catechism, 2426). The economy, in fact, whether on a scientific or practical level, has not been entrusted with the purpose of fulfilling man or of bringing about proper human coexistence. Its task, rather, is partial: the production, distribution and consumption of material goods and services.¹⁵*

In the perspective proposed in the *Compendium*, morality represents the possibility for the fulfilment of the economic action. The true end of economics is a moral end. Economy when taken by itself, according to social teaching, runs the risk of subduing human persons to the task of producing profit as if that were the definitive end. In such a case the economic actors would not be operating at the service of human being, as social doctrines intends. In contrast to the focus on profit in itself, economy should be directed according to the priorities of the common good in society. Setting such an end for economic actions, includes within the economic perspective awareness that all the activities embraced in it, such as production, distribution and consumption, are not ends, but means to be used for service of humanity.

¹⁵ *Compendium*, 331.
By emphasizing the greater end of economic actions, social teaching opposes a certain materialistic perspective. This view, translated in economic terms, would propose that the true satisfaction of human beings as exclusively, or at least primarily, comes from material goods and richness. This opposition to a materialist attitude is indeed always present, albeit sometimes implicitly, in most of the critical lines of the *Compendium*. In this sense, the Roman Catholic Church states how leaving the economy to work independent from any ethical concern would end in the oppression of persons by their material needs instead of freeing them, because the possession of goods and the accumulation of capital would be the only ultimate economic ends accepted.\(^{16}\)

What is criticized, in the social teaching is the consumerist society in which development and growth are closely related, if not identified, with rates of production and consumption. This is what social teaching strongly addresses as a problematic issue. Thus, we may say that, in this perspective, the quality of the economic action measured by strictly technical tools should never be separated by the concern on the quality of that economic activity at the level of the well-being of people.

We come in the end to see exactly how the *Compendium* expresses the relation of morals and economics. Namely, there must be a moral concern behind each economic activity, from how a good is produced to the motivation lying at the basis of his consumption:

The moral dimension of the economy shows that economic efficiency and the promotion of human development in solidarity are not two separate or alternative aims but one indivisible goal. Morality, which is a necessary part of economic life, is neither opposed to it nor neutral: if it is inspired by justice and solidarity, it represents a factor of social efficiency within the economy itself. The production of goods is a duty to be undertaken in an efficient manner, otherwise resources are wasted. On the other hand, it would not be acceptable to achieve economic growth at the expense of human beings, entire populations or social groups, condemning them to indigence. [...] Development [...] cannot be reduced to a mere process of accumulating goods and services. On the contrary, accumulation by itself, even were it for the common good, is not a sufficient condition for bringing about authentic human happiness. In this sense, the Church’s social Magisterium warns against the treachery hidden within a development that is only quantitative, for the ‘excessive’ availability of every kind of material goods for the benefit of certain social groups, easily makes people slaves of ‘possession’ and of immediate gratification [...]. This is the so-called civilization of ‘consumption’ or ‘consumerism’ (*Sollicitudo*, 28).\(^{17}\)

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\(^{16}\) A passage from *Centesimus annus*, social encyclical of John Paul II, can clarify this better: ‘[...] economic freedom is only one element of human freedom. When it becomes autonomous, when man is seen more as a producer or consumer of goods than as a subject who produces and consumes in order to live, then economic freedom loses its necessary relationship to the human person and ends up by alienating and oppressing him.’ *Centesimus*, 39.

\(^{17}\) *Compendium*, 332, 334. Indeed, very different modern and contemporary scholars searched for these decisive concepts and searched for the meaning of happiness in industrial and post-industrial societies. Among the many, it may be seen probably the same idea behind social thought’s conception and Erich Fromm’s work on ‘to have or to be’.
According to the Roman Catholic social thought each economic actor within the economic system has social and moral responsibility for his actions. Since consumption is the main activity of the consumer, consumers have a moral responsibility in going against a consumerist mentality. The fact that consumers in a consumerist society might lack a degree of self-awareness, or risk to consider themselves only as consumers has been underlined also in the sociological perspective of Zygmunt Bauman.\(^{18}\)

In Roman Catholic social thought the consumer, as an economic actor, is always considered a person and thus a moral agent. Consumerism, on the other side, would reduce the whole person to the mere role of buyer without any moral concern. Consumers when behaving responsibly, have the concrete possibility to influence and direct economic processes in new ways of sustainable development. In such a view, acting responsibly is not reduced to a particular choice of an ethically branded product in the supermarket, albeit this is a contribution too. More in depth, the social doctrine of the RCC calls for a different mentality that might cause a radical shift in our attitude towards the way we act in any economic context. This approach to the economic actions implies that persons try to evaluate and take into account the different results given by the economic options that are in front of them. This is how the *Compendium* expresses the concept of making our economic choices in order to achieve a moral demand for social justice:

*Purchasing power must be used in the context of the moral demands of justice and solidarity, and in that of precise social responsibilities. One must never forget ‘the duty of charity […]’, that is, the duty to give from one’s ‘abundance’, and sometimes even out of one’s needs, in order to provide what is essential for the life of a poor person’ (*Centesimus*, 36). This responsibility gives to consumers the possibility, thanks to the wider circulation of information, of directing the behaviour of producers, through preferences - individual and collective - given to the products of certain companies rather than to those of others, taking into account not only the price and quality of what is being purchased but also the presence of correct working conditions in the company as well as the level of protection of the natural environment in which it operates.\(^{19}\)

Thus, in the perspective of the *Compendium* the economic power of consumers starts with choosing what to do with their money.

In this case, the efforts of social teaching are directed towards the objective of shaking people’s awareness. Social teaching points out that even the individual consumer can play a decisive role for a more fair economy. There is the chance that in their actions as consumers, individuals can do something important for global issues. Consumers, individually or collectively, have this possibility when the choice between two products takes into account also characteristics other than price and quality. The evaluation of a good, in this sense, should include for instance also the working conditions and environmental sustainability in the production process.

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\(^{19}\) *Compendium*, 359.
There is then a struggle against what appears to the RCC to be something that is a wide-spread and strong mentality. This is one that pervades every corner of our society and deals with the instant gratification given by material goods. To go in the opposite direction means to renounce to something present for having another sort of gratification later in time. And, moreover, there is a call for that feeling of fraternity that would open our attitudes to be sensitive also towards problematic issues that are sometimes very far, geographically speaking, from us. In the view of social teaching, this awareness is nothing but implemented by the huge amount of information that we can have thanks to the technological developments. In other words, a responsible consumer is one who makes choices on the basis of the information available, with the objective of purchasing in a sustainable way. A responsible consumer, as social thought describes it, would not buy a product only on the basis of the amount of money saved.

4. Institutions in economy and their role

Though the responsibility of individual persons is primary, social thought does regard the role and functions of three main economic institutional entities: market, state and intermediate bodies. The presence of these institutions relates to the scarcity of resources in front of the huge number of potential users or consumers. The strategy adopted to solve this problem refers to the economizing principle, which calls for the most rational possible use of scarce resources through the creation of and the use of institutions. As the Compendium understands them, economic institutions are made principally to fulfil this principle. Their reason to be is to work in favour of the best possible ways in producing and distributing resources, means and final goods.

These institutions might appear in concrete reality more or less mixed or separated; this may depend from many factors not merely economical but also traditional, cultural or political. Social teaching individuates these institutions in their most common forms of market, state and intermediate bodies. The following analysis places these entities in the framework of Roman Catholic social thought. Though the three will be treated in separate sections upon the view of RC social thought to realize the economizing principle there is the need to have a fruitful interaction between these three.

4.1. The market

Social thought brings us arguments for the utility of a free-market in society. The free-market is probably the best mechanism if we want to trade things. This characteristic is identified in the Roman Catholic Church’s social teaching with the capacity to satisfy individual personal needs while making possible the encounter of different interests in the same environment through contractual agreements. Simplifying, money and goods are exchanged by different persons that are looking for something owned by another. In this sense, in the perspective of social teaching, the market is the best tool for letting interests of diverse people coincide.  

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20 See Compendium, 346.
21 In the Compendium it is indeed stated that: ‘There are good reasons to hold that, in many
This view of the free market appears to be widely shared among economists, sociologists and experts in political philosophy. To evaluate positively the free market is common to those who support liberal economic settings. At the same time, even among those pushing for a regulated market, the free market is not denied its utility. It can be reasonably said that the free market has recognized a role that, *ceteris paribus*, no other economic institution can play.

The RCC recognizes the value of trading in a free market, but social teaching tries to not ignore problems related with an eventual lack of regulation of market’s mechanisms.\(^\text{22}\) We may understand the meaning of the free market as understood in social teaching in the following terms: it is necessary to have in society a free institution that guarantees that the interests of different people meet, but there is the need also to guarantee that the laws of economic profit are not overwhelming human moral laws within the market environment. This latter guarantee should be furnished by other external institutions. In brief, according to social thought, even within a free market environment human rights come before economic interests. This can be considered a specification and application of what said in the previous section about morals and economics.

Thus, the appreciation of the free market needs at the same time more consideration of its proper limits to counterbalance an eventual unlimited force of the market. The market works, according to social thought, only when its role is clear and defined, only when competition is allowed and encouraged through regulation. In social thought’s view, if competition is really a decisive element in the functioning of the market there is the need to guarantee that there is competition.\(^\text{23}\)

The competition among different actors is considered one of the fundamental pillars for the functioning of the free market. Without any legal framework a free market has the risk that the strongest dominates over the weakest. Moreover, we can find in social thought a clear statement against what can be called a ‘totalitarian expression’ of the market. Social teaching is concerned about ‘idolatry’, an absolutization of market practices. Social thought points out that the consequences of allowing an exaggerated expansion of the market mentality based on the supremacy of profits and material gain would be hazardous. Profit-based mechanisms in the market might become the ultimate criterion of evaluation in any case. In other words, within an unconstrained free market literally everything can become part of market transactions; every thing can become a good and consequently be traded according to market laws. In the end, as a worst case scenario, also human beings can be partially or entirely considered goods and profit can be made upon them:

\[\text{The Church’s social doctrine, while recognizing the market as an irreplaceable instrument for regulating the inner workings of the economic system, points out the need for it to be firmly rooted in its ethical objectives, which ensure and at}\]

\[\text{circumstances, ‘the free market is the most efficient instrument for utilizing resources and effectively responding to needs’ (Centesimus, 34).’ Compendium, 347.}\]

\[\text{See Compendium, 350.}\]

\[\text{A number of concrete measures is also listed in the Compendium: ‘A truly competitive market is an effective instrument for attaining important objectives of justice: moderating the excessive profits of individual businesses, responding to consumers’ demands, bringing about a more efficient use and conservation of resources, rewarding entrepreneurship and innovation, making information available so that it is really possible to compare and purchase products in an atmosphere of healthy competition.’ Compendium, 347.}\]
the same time suitably circumscribe the space within which it can operate autonomously (see PAUL VI, Octogesima Adveniens, 41, AAS 63, 1971. 429 - 430). The idea that the market alone can be entrusted with the task of supplying every category of goods cannot be shared, because such an idea is based on a reductionist vision of the person and society (Centesimus, 34). Faced with the concrete ‘risk of an ‘idolatry’ of the market’, the Church’s social doctrine underlines its limits, which are easily seen in its proven inability to satisfy important human needs, which require goods that ‘by their nature are not and cannot be mere commodities’ (Centesimus, 40; see Catechism, 2425), goods that cannot be bought and sold according to the rule of the ‘exchange of equivalents’ and the logic of contracts, which are typical of the market.

In analysing these points, we can observe two main issues. The first regards the market’s inner laws. It is stressed how in this purely economic environment we need some regulating principle that for reasons of counter-balance should not belong to the same market. Control over market practices, might be more effective if it is external.

The second point argues that, in any case, certain things cannot become tradable goods and cannot be subdued to the market’s mechanisms. Social teaching points out that when the market is seen as the leading economic institution, outside of which there is no chance for economic development, then we observe that in the eyes of its most tough advocates the market becomes the economic God. We might try to figure out which can be these goods that in social thought’s view cannot be traded according to the logic of the equivalents. Probably an assumption like this will be less implicit when reading more in detail certain passages of Caritas or the Compendium later on. It should emerge how for the RCC a certain degree of free-giving practices, guided by the logic of the gift, is an expression of the fraternal love among human beings. This sort of logic, the logic of the gift, may not be suitable in an environment where the only logic accepted is that of the equivalents. This appears to be, in the end, the decisive elements for which social teaching preaches openness to the actors in the market for ‘other’ ways of exchange.

Thus, in this view, the market and its specific mechanisms are important, but not absolutely important. Roman Catholic Church’s perspective sees the market as a relevant institution in satisfying certain material needs, but it also claims that there are some human needs that could never be fulfilled through the market. This is due to the fact that social thought recognizes that certain things that human beings need are not commodities. Commodities are probably the only thing that can be traded with the market’s practices and laws. This can be seen as a limit, but also a helpful definition of the specific identity of the market.

4.2. The state

Regarding the state’s activity in the economic field there are mainly two principles that will be treated more in depth later on. The first is the subsidiarity principle, which affirms that the state should not interfere when private actors are exerting their economic freedom within a legal framework. According to this principle public

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24 Compendium, 349.
institutions should be a *subsidium*, namely a helping hand when private institutions or individuals are not able to satisfy their necessities alone.

Second, there is what social teaching calls the solidarity principle. The state has to intervene directly, according to social thought’s solidarity principle, when public institutions have to protect the weakest economic actors, preventing situations such as private monopolies or oligarchies.

To be efficient, these principles need to be applied with a certain balance. If the state were to leave full autonomy to private subjects, in a lax application of the principle of subsidiarity, a sort of local egoism could be implemented. There is the risk that private actors without any institutional regulations will try to dominate public institutions and forget the end of the common good. While, on the other side, a too intense application of the solidarity principle can easily degenerate into a state focused too much on public assistance. Namely a state in which services and goods that could be easily and better offered by private agents are monopolized by state’s activity. The state, in other words, should act respectfully of private interests with, at the same time, a vigilant consideration about the economic destiny of all the actors involved, particularly the disadvantaged ones.

In this regard, the *Compendium* proposes a difficult balance between, on one side, encouraging private initiatives through institutional structures and, on the other side, an effective, balanced and rational intervention directed to the always present end of the general well-being of people.\(^{25}\) Keeping in mind the inter-connected activity of these two principles, we have now to say that the state’s role, according to social thought, is also accomplished when it simply furnishes those determinant guarantees, as stability in monetary exchange and efficient public services, without which it would be impossible even to think of an economic environment. More concretely, according to social thought, the state’s role in the economic field:

> [\[\ldots\] is that of determining an appropriate juridical framework for regulating economic affairs, in order to safeguard ‘the prerequisites of a free economy, which presumes a certain equality between the parties, such that one party would not be so powerful as practically to reduce the other to subservience’ (*Centesimus*, 15). Economic activity, above all in a free market context, cannot be conducted in an institutional, juridical or political vacuum. ‘On the contrary, it presupposes sure guarantees of individual freedom and private property, as well as a stable currency and efficient public services’ (*Centesimus*, 48; see *Catechism*, 2431). [\[\ldots\] There exist certain sectors in which the market, making use of the mechanisms at its disposal, is not able to guarantee an equitable distribution of the goods and services that are essential for the human growth of citizens. In such cases the complementarities of State and market are needed more than ever.\(^{26}\)]

It is interesting to notice how in this passage it is written that a ‘certain equality between the parties’ is ‘prerequisite of a free economy’. When economic actors are not encountering any juridical barrier there is a concrete risk that someone else could

\(^{25}\) See *Compendium*, 351, 354. In the worst case: ‘ [\[\ldots\] the State becomes detrimental to society: a direct intervention that is too extensive ends up depriving citizens of responsibility and creates excessive growth in public agencies guided more by bureaucratic logic than by the goal of satisfying the needs of the person (see *Centesimus*, 48)’. *Compendium*, 354.

\(^{26}\) *Compendium*, 352 – 353.
be practically crushed. And, in social teaching’s view, the measures adopted by the state to prevent such things should not be seen as a limitation of freedom for someone, but as a protection of the weakest.

In the Roman Catholic Church’s economic teaching, equality and freedom are two core terms for understanding the interaction between state and market. The focal point in social thought is that a proper and fair regulation by the state would not mean less freedom in the market environment. We rather we should find a market functioning alongside the state in co-operation. This view is due to the fact that social teaching sees the end of an economic setting not in the market’s success in allocating goods, nor in the state’s ability in tracking economic transactions, but in the well-being of people. In this sense the state guarantees a legal framework to the market in which economic actors can freely operate. Moreover, the state is seen as the institutional actor that guarantees for all the economic actors certain things, for instance private property and public services.

Social teaching sees the market and the state as two elements that balance each other within the same economic setting.

4.3. The intermediate bodies

With the expression ‘intermediate bodies’ social teaching refers to the whole range of civil organizations between the state and the market. These bodies represent alternative ways for satisfying civil needs and for accomplishing the objective of the common good according to social thought. This is probably due to the greater capacity of civil organizations to detect particular social needs. According to the perspective proposed by the Compendium, state and market may ignore certain human necessities, or fail to satisfy them, due to their bureaucratic devices and also because in such cases they would be dealing with particularly delicate categories of goods that can only be used in collective ways.

We observe that often associations of private citizens do not pursue profit as their main end, but they rely on a moral choice to serve society, for example in the case of NGOs. As this is their main characteristic it is obvious that within the market mentality they would sometimes encounter practical barriers. That is why the state should compensate and help such organizations in their development. Such organizations could give a contribution to general welfare in filling some gaps left by policies that are thought to be exclusively market oriented. In this way certain operative costs of the bureaucratic apparatus can be saved or diminished:

The social-economic system must be marked by the twofold presence of public and private activity, including private non-profit activity. […] The use of certain categories of goods, collective goods and goods meant for common utilization, cannot be dependent on mechanisms of the market (see Centesimus, 40), nor does their use fall under the exclusive competence of the State. […] Civil society, organized into its intermediate groups, is capable of contributing to the attainment of the common good by placing itself in a relationship of collaboration and effective complementarities with respect to the State and the market. It thus encourages the development of a fitting economic democracy. In this context, State intervention should be characterized by a genuine solidarity, which as such must never be separated from subsidiarity.  

27 Compendium, 356.
According to social thought, we do not necessarily have to face a conflict between intermediate groups and the presence of the market or the state. What is needed is cooperation among them. In the position stressed by RC social thought, the market, due to its proper way of functioning, cannot serve society in relation to the use of certain collective goods; then, the state is not the exclusive or absolute owner of such collective goods and the dimension of its bureaucratic apparatus could slow down the process of making these goods shareable. Therefore, particular goods that usually belong to the natural environment, such as water or land might be better preserved and used when at the service of the whole citizenry. In addition to this, social teaching sees that for such goods the co-operation between civil bodies, market and state represents the expression of the subsidiarity and solidarity principles. We are going to see later in detail these two principles. We can say that the expression of these principles is put in practice in leaving open for the intermediate bodies an institutional space for pursuing their own objectives.

5. The ‘new things’ in the economic world

With the expression ‘res novae’, new things, contemporary social teaching refers primarily to globalization and its consequences in the social context. Indeed, we might argue that globalization with all its corollary topics, heavily sets the agenda of the RC social teaching of today. One thing to take into account is, of course, that such a phenomenon takes place with the strong support of progress in information technologies and the evolution and development of means of transport, making various part of the world the world permanently connected. Furthermore, the world of today is so much interwoven that modifications in one part of the globe have influences in an area that is geographically far away. In a sociological perspective, according to Anthony Giddens, globalization is defined as:

 […] the intensification of worldwide social relations which link distant localities in such way that local happenings are shaped by events occurring many miles away and vice versa.28

We should keep this definition in mind, because each time there is a reference to globalization, this may represent a synthetic and practical indication of what we are referring to. The Compendium, indeed, starts summarizing elements present in globalization. Thus it is recognized the integration of national economics, especially through the means of the financial economy.29

From a socio-economic perspective, social thought defines globalization as a process of integration regarding the entire range of economic aspects in different national economies. At the micro-economic level, the actors expand their horizons to global perspectives, which means that geographical positions are no more determinant for buying and selling goods or services. This process implies a generalized liberalization of trades and financial tools. In this regard, social teaching speaks also of a global economy more and more relying on financial means than on real economy. Distances in world trade are cut, thanks both to financial means and

29 See Compendium, 361.
technological development; the improvement in international transportation of goods has helped to diminish their price.

The *Compendium* acknowledges the central role of the financial economy in letting this process of approaching and exchanging among countries grow. Financial institutions have been the main intermediate subjects in the global expansion of economy, and as a result today we observe how transactions in financial markets surpass those in the real economy. All these processes have been influencing and implementing each other reciprocally, in such a way that the general process of globalization has enormously widened its influence, in the sense that, according to social teaching, today no national state can ignore the effects of globalization and cannot avoid a dialogue with financial investors.\(^3^0\) Behind this sort of globalization of the opportunities, social thought sees that there is also the other face of the coin. If financial means have helped capital’s mobility, they have increased thereby the auto-referential character of this type of market institution. Namely, in the interpretation given by social teaching, there is a concrete risk for an unbalanced deregulation of the financial tools:

In light of the extreme imbalance that characterizes the international financial system, the overall picture appears more disconcerting still: the processes of deregulation of financial markets and innovation tend to be consolidated only in certain parts of the world. This is a source of serious ethical concern, since the countries excluded from these processes do not enjoy the benefits brought about but are still exposed to the eventual negative consequences that financial instability can cause for their real economic systems, above all if they are weak or suffering from delayed development (see JOHN PAUL II, *Address to the Pontifical Academy of Social Sciences* 25 April 1997, 6, *L’Osservatore Romano*, English ed., 14 May 1997, p. 5). [...] It is therefore indispensable to introduce a normative and regulatory framework that will protect the stability of the system in all its intricate expressions, foster competition among intermediaries and ensure the greatest transparency to the benefit of investors.\(^3^1\)

In other words, social thought is concerned that financial capital might be detached from the real economy, and instead of working at the service of economic development, a few operators could gain control of enormous capital. Furthermore, speculation might become an automated praxis and irresponsible investors are able to cause abnormal damages even to economies of entire countries. As there is no uniform global regulation of financial processes, the *Compendium* points out, the world of finance runs the risk of being divided into zones according to the financial regulation present in each. Within this perspective, this situation will implement inequalities and under-development.

As we will see more in detail when analysing the content of *Caritas*, a reform in the world financial system, with uniform rules and a stable independent world authority, is something that social thought seeks as a possible solution for such problems. The wish of reformation for the global financial system has been specifically addressed more recently by a dedicated document developed by the Pontifical Council for Justice and Peace. The Council proposes the creation of a global authority able to fill the normative gaps that partially feed the contemporary

\(^{30}\) See *Compendium*, 361 – 362.

\(^{31}\) *Compendium*, 369.
economic crisis.\textsuperscript{32} The aim of the \textit{Compendium}, the document from \textit{Justitia et Pax}, and \textit{Caritas}\textsuperscript{33} is for a legal framework able to guarantee the transparency of the markets.\textsuperscript{34}

What has been said until now about the globalization process is in the view of the RCC, two-sided. From one side, globalization can be seen as a huge opportunity for development, because of the global attitude that the market has now gained. But, at the same time, it is also possible that a few economic actors take advantage of their privileged positions, gaining all, or the large part of, the material benefits of this process and consequently excluding a large majority of people from these opportunities. In the opinion expressed by the \textit{Compendium}, this can happen because industrialised countries start from an advantageous position compared to developing countries. Moreover, social teaching recognizes three other factors that bring inequality among the world’s countries. First, developing countries often are too weak to influence the decision-making processes in the international organization’s agreements. Second, they experience corruption as ordinary in their politics, and this can be said also about some industrialised states. Third, they are missing fundamental institutions at all levels of their bureaucratic system.\textsuperscript{35}

Social teaching also includes the idea that for having the fruits of globalization better distributed among world populations, there is the need of having among those same peoples equal starting points in learning and education. It might not be enough to liberalise trades and goods, when in developing countries are missing freedoms related to citizenship, as freedom of speech or freedom to association. Alongside this, in social teaching’s standpoint, advantaged countries should act according to principles that I will later present, above all the principles of solidarity and the principle of the common good. As we will see, these should orient economic decisions of countries. Otherwise, this is the point, the result of globalization would not be a worldwide-shared development, a globalization of opportunities, but a global process of enrichment only for a few, a globalization of disadvantages.

\section*{6. The place of economy}

An important concern that social teaching puts forward is the re-evaluation of the position of economic life in our social life. Indicators of the economic success, such as profit making and cost reduction, are too often identified with happiness. The view that social thought criticizes assumes that the central role we attribute now to economy reflects a generalized perspective that takes for granted a life style exclusively concerned with material questions. According to the social teaching of the RCC, part of the solution lies in introducing, or re-introducing, in social life ethical positions and religious perceptions concerning

\textsuperscript{32} See \textsc{Pontifical Council for Justice and Peace}, \textit{Towards reforming the financial and monetary systems in the context of global public authority}. Vatican City, 2011.

\textsuperscript{33} See \textit{Caritas}, 47, 65.


\textsuperscript{35} See \textit{Compendium}, 362.
the economic life of human beings. In the end, this is the main reason why social teaching is here.

Social thought does not acknowledge that economy alone truly represents the centre of human social life even if it represents a substantial part. For instance, the Compendium tries to show that while we put material and economic activities as the most relevant ends in our social life, we are building a society worried exclusively about two things: production and consumption, both of goods and services. A similar analysis has been offered by many scholars and thinkers; in the twentieth century, and particularly in the sixties and seventies of that century, many criticized the society of consumption. Among these, Erich Fromm emphasized the psychological risks of a society based on consumption. It is not our intention to analyse singularly the thought of such thinkers, their points of contact and differences, but it might be relevant to remember in this context their contribution to the criticism of the capitalist and market-oriented society of their times. It might not appear so unexpected that there is such a parallel between social teaching and some secular standpoints. From the Second Vatican Council (1962 – 1965) came the express request for an open look at developments in fields like psychology and sociology.36

In the next chapter there will be occasion to be more precise about the consequences of a consumerist society on the people, according to social thought. For now we can say that, according to social teaching, we might become inhumane, precisely because we lose our religious and ethical dimension. According to this view, we are no longer able to discern the proper relevance and hierarchy among things like economy, ethics and religion. This happens, for instance when economic activity, intended as production and consumption, is considered the most important end of the social life. In this perspective, social teaching argues that we will experience alienation and lack of sense. And albeit we are potentially extremely successful in producing material wealth, we could be drastically limited in finding our happiness exactly in that material abundance:

For the Church’s social doctrine, the economy ‘is only one aspect and one dimension of the whole of human activity. If economic life is absolutized, if the production and consumption of goods become the centre of social life and society’s only value, not subject to any other value, the reason is to be found not so much in the economic system itself as in the fact that the entire socio-cultural system, by ignoring the ethical and religious dimension, has been weakened, and ends up limiting itself to the production of goods and services alone’ (Centesimus, 39). The life of man, just like the social life of the community, must not be reduced to its materialistic dimension, even if material goods are extremely necessary both for mere survival and for improving the quality of life. […] Thus a great deal of educational and cultural work is urgently needed, including the education of consumers in the responsible use of their power of choice, the formation of a strong sense of responsibility among producers and among people in the mass media in particular, as well as the necessary intervention by public authorities’ (Centesimus, 36).37

36 For instance: ‘In pastoral care, sufficient use must be made not only of theological principles, but also of the findings of the secular sciences, especially of psychology and sociology, so that the faithful may be brought to a more adequate and mature life of faith.’ SECOND VATICAN ECUMENICAL COUNCIL, Gaudium et spes. 62. AAS 58. 1966.
37 Compendium, 375 – 376.
Sometimes, in the opinion of the RCC, we underestimate certain problems, and probably we could also speak of a moral emergency when, too often, we ignore that part of our material richness is possible due to the poverty of other people. Nevertheless, this unbalanced situation is not, according to social thought, a natural and unavoidable consequence of human existence. There is a concrete possibility for making economic choices that would change the course of the history of poverty in the world.

For instance, Roman Catholic social thought proposes to us that our age needs a new compass that can also indicate ways for using properly our ability to create wealth as a presupposition for sharing it. Regarding this, the Roman Catholic Church believes that people can be taught to use their material means and capacities for higher and more important ends, ethical and religious ones in particular, than for profit or instant individual gratification.

Regarding education, some secular thinkers seem to point to the same path. Martha Nussbaum believes that contemporary societies need to re-consider the role of the humanities in the educational process. Once that the utility and necessity of technical studies is acknowledged, it is equally necessary not to forget the role of the human sciences in shaping the ethos of citizens of the world.38

Social teaching seems to accept the possibility of a radical change of social and economic arrangements, but this requires the participation of a variety of socio-economic actors and also presupposes a radical shift in educational and mass media. According to Roman Catholic social doctrine, we cannot charge the responsibility of such a huge change of mentality exclusively to one sphere, whether the public or the private sphere. The point is that each person, considering himself or herself part of the world family, should find himself on his way to sharing. Upon this view, again, each person can play a role in the socio-economic process, both as a consumer with the ‘power of choice’, and as a producer with ‘responsibility’, and as a citizen in relation to regulation.

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