Economics rests on a set of premises that shape one’s understanding of economic affairs that in turn informs economic policy. William Waters identifies the four “hard-core” premises of conventional economics: (1) the self-regulating economy; (2) the self-interested, utility-maximizing individual; (3) certainty in economic affairs attainable through the power of reason; and (4) the equating of economic behavior and contractual behavior. A different economics emerges, Waters points out, when one begins from other premises such as: (1) institutions supplant the self-regulating economy; (2) the often-times rational, sometimes non-rational person substitutes for the individual; (3) the free and therefore unpredictable economic decision-making of human persons makes for uncertainty rather than certainty; (4) persons have inalienable rights that are far more fundamental than the rights assured through contracts [Waters, pp. 114-119]. What Waters is referencing as different is an economics that for most of the 1900s was called “solidarist.” Today, it is becoming known as “personalist economics” because all four premises relate to the human person including the first in that decision-making through institutions is really the Many persons acting as the One.

John Paul’s numerous writings on economic affairs perhaps are most significant for what they teach us about our premises. John Paul’s own philosophy of the human person in which acting is crucial [cf. The Acting Person] reinforces the four premises of personalist economics more so than the premises of the mainstream. In that sense, John Paul would reconstruct the way in which mainstream economists think about economic affairs.

The author is indebted to Arnold McKee for helpful comments on the original paper. Any remaining errors or omissions are entirely the author’s own.
John Paul’s views on economic systems have been construed much differently by various commentators some of whom, it seems, have been seeking approval for their own views in what he says rather than searching for the meaning that John Paul himself intends to convey. For instance, John Paul is labeled by many as favoring capitalism, and by others as supporting socialism. A few have been scrutinizing his statements in hopes of finding support for a “third-way” position. In what follows, John Paul is quoted directly and at considerable length in order to represent his views more accurately. The result is a paper with many more direct quotes than is customary in scholarly work but there is no other way to proceed and remain faithful to John Paul’s vision of the social economy. The references section contains a few citations to his published work that are not employed directly in this paper.

This paper originated in a collection of essays on the theme of John Paul II’s vision of the social economy that was published by the International Journal of Social Economics in fall 1998. This author is indebted to the contributors to that collection\(^1\) for many insights into John Paul’s vision. None are responsible for any of the author’s lapses. Eight general topics are covered in what follows: consumption, distribution, capital investment, work as such, leisure, labor, development, and the market economy versus the command economy.

**CONSUMPTION**

In mainstream economics the premise that wants are unlimited is universally affirmed. Indeed, every principles textbook begins with that premise which forcefully conditions mainstream thinking about consumer behavior. At the same time, the concept of need has been removed from

mainstream thinking as normative and therefore inherently arbitrary. Need counts for nothing. 
Wants, on the other hand, are everything.

Another centrally important premise, but one that is stated and affirmed more subtly, is that 
*having* is good and having much is better. Affluence, in other words, is a preferred state. Only two
constraints on affluence are recognized in mainstream thought: the negative impacts (1) on the
*natural* environment and (2) on *others* from one’s own consumption.

As to the first negative impact, John Paul recognizes the dangers to the natural environment
from consumption and identifies its root cause.

In his desire to have and to enjoy rather than to be and to grow, man consumes the
resources of the earth and his own life in an excessive and disordered way. At the
root of the senseless destruction of the natural environment lies an anthropological
error, which unfortunately is widespread in our day. Man, who discovers his capacity
to transform and in a certain sense create the world through his own work, forgets
that this is always based on God’s prior and original gift of the things that are. Man
thinks that he can make arbitrary use of the earth, subjecting it without restraint to his
will as though it did not have its own requisites and a prior God-given purpose,
which man can indeed develop but must not betray. Instead of carrying out his role
as a cooperator with God in the work of creation, man sets himself up in place of
God and thus ends up provoking a rebellion on the part of nature, which is more
tyrannized than governed by him [John Paul II 1991, § 37].

As to the second negative impact of consumption, that is on humans *per se*, John Paul’s
position is much further from conventional economic thinking than is his position regarding damage
to the natural environment. Conventional economics underscores the cost to one individual
attributable to the consumption of another as, for example, the loss of tranquility to one person from
another’s use of a snowmobile or chain saw, the injury to one’s personal health from another’s
automobile or lawnmower exhaust, the loss of one’s privacy due to the construction of another’s
multi-story residence next door, the loss of security to one’s small children from a neighbor’s new
swimming pool. John Paul, instead, sees other dangers in consumption: (1) the effective denial of the
principle of the universal destination of the material goods of the world by the affluent and
comfortable who do not respond adequately to the needs of the poor; and (2) the effect of excessive
consumption on the person of the consumer. As to the latter, he voices this warning:

A given culture reveals its overall understanding of life through the choices it makes
in production and consumption. It is here that the phenomenon of consumerism
arises. In singling out new needs and new means to meet them, one must be guided
by a comprehensive picture of man which respects all the dimensions of his being
and which subordinates his material and instinctive dimensions to his interior and
spiritual ones. If, on the contrary, a direct appeal is made to his instincts -- while
ignoring in various ways the reality of the person as intelligent and free -- then
consumer attitudes and lifestyles can be created which are objectively improper and
often damaging to his physical and spiritual health [John Paul II 1991, § 36].

By re-affirming the principle of the universal destination of the earth’s goods [see, for
instance, John Paul II 1991, § 6] that states that the material goods of this world are intended for the
use of all humankind and are not governed and protected absolutely in their use by the right of
private property, John Paul says in effect that “need” must be re-instituted in our economics.

... there are many human needs which find no place on the market. It is a strict duty
of justice and truth not to allow fundamental human needs to remain unsatisfied and
not to allow those burdened by such needs to perish. It is also necessary to help these
needy people to acquire expertise, to enter the circle of exchange and to develop their
skills in order to make the best use of their capacities and resources. Even prior to the
logic of a fair exchange of goods and the forms of justice appropriate to it, there
exists something which is due to man because he is man, by reason of his lofty
dignity. Inseparable from that required “something” is the possibility to survive and
at the same time to make an active contribution to the common good of humanity
[John Paul II 1991, § 34].

To John Paul, the material dimension of human existence matters much but is subordinate to the
spiritual dimension. Indeed, extravagant regard for one’s own material existence, that increasingly
characterizes contemporary western culture, “... consumes the resources of the earth and [one’s] own
life in an excessive and disordered way” [John Paul II 1991, § 37]. The danger is that consumption,
carried to an extreme, reduces the consumer to a mere material being. Instead of having more, which
modern economies celebrate and conventional economics tacitly affirms, John Paul urges men and women to be more, to develop the full potential of their personalities, to be a complete human person, and not just a self-absorbed individual.2

However, just as the well-to-do live apart from the poor, poverty is addressed apart from wants in mainstream economics. In principles textbooks, for example, the two topics are treated entirely separately, with little deliberation given to the fact that most of the world’s consumers are impoverished and are not free to indulge their wants, while only a minority of humans have their needs met and are at liberty to satisfy their wants. As Davis has stated: “... mainstream economic theory today ... denies needs can be distinguished from wants and indeed denies that the concept of need has any legitimate standing in economics whatsoever” [Davis, p. xvii].

Manifestly, both wants and needs proceed from human nature. As Danner states, following Mounier and in line with John Paul’s own thinking, humans are a union of the material and the spiritual, at once totally body and totally spirit. Unlike the rider and horse, the material and the spiritual are fully integrated and inseparable in human existence [Danner, p. 2].

In addition to such basic needs as food, shelter, clothing, health care, transportation, human materiality accounts for wants as well. If humans were not embodied, there would be no hands to drive the car that is prized, no body to drape the suit or gown that is desired, no palette that yearns for gourmet cooking, no reason to use cologne, rings, necklaces, cuff links, deodorant, and lipstick. Further without a body there would be no way to watch a horse race, enjoy a ballet, cheer the competitors in a swim meet, hear an orchestra or chorus perform, feel the surf breaking on a beach, hold the hand of a child taking his/her first steps.

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2 John Paul spoke of the difference between having and being in an earlier encyclical letter [see John Paul II 1987, § 28, wherein he calls attention to this difference as pointed out by Paul VI in Populorum Progressio].
We are more than the atomistic human individuals of conventional economics and contemporary Western culture, thoroughly absorbed in want satisfaction through material means. We are instead human persons, a unity of embodiment and self-awareness. We are, to borrow Danner penetrating expression, “materialized spirits” [Danner, p. 2]. Thus, in this life the needs and desires of the human spirit are met and satisfied only through our human materiality.

**DISTRIBUTION**

In a market economy the distribution of the world’s material goods is determined in principle by the contribution one makes toward the production of those goods: the greater the contribution, the greater the claim. When this contribution derives from control of natural resources and from control of human and physical capital that was acquired through one’s own labor or the unexploited labor of others and transferred according to the demands of economic justice, such control rests on the principle of private property that asserts that the thing belongs to the one who created it. This principle has been defended in the social encyclicals for more than one hundred years [see Leo XIII, for instance, § 10] and is seen by John Paul as necessary to the production of the material goods of this world.

... to be able through his work to make these resources bear fruit, man takes over ownership of the various riches of nature: those beneath the ground, those in the sea, on land, or in space. He takes all these things over by making them his workbench. He takes them over through work and for work [John Paul II 1981, § 12].

But how does one reconcile the principle of private property with the principle of the universal destination of the material goods of this world, or more practically, the right of private property and the right of all humankind to the material goods of this world? The right of private ownership, according to John Paul, is subordinate to the universal destination of material goods.

Furthermore, in the Church’s teaching, ownership has never been understood in a
way that could constitute grounds for social conflict in labor. ... property is acquired first of all through work in order that it may serve work. This concerns in a special way ownership of the means of production. Isolating these means as a separate property in order to set it up in the form of “capital” in opposition to “labor” – and even to practice exploitation of labor -- is contrary to the very nature of these means and their possession. They cannot be possessed against labor, they cannot even be possessed for possession’s sake, because the only legitimate title to their possession - - whether in the form of private ownership or in the form of public or collective ownership -- is that they should serve labor, and thus, by serving labor, that they should make possible the achievement of the first principles of this order, namely, the universal destination of goods and the right to common use of them [John Paul II 1981, § 14; emphasis in the original].

The right of private property is subordinate to the right of all humankind to the material goods of this world because ownership is a means whereas human use of the goods produced is a first-order end. Indeed ownership is justified by and can serve no other end. And, while the private firm must earn a profit to remain economically viable, it exists for the essential purpose of meeting the needs of those who formed it and of the whole of society [John Paul II 1991, § 35].

Although clearly affirming the right of private property, mainstream economics makes no argument whatsoever regarding the right of all humankind to the material goods of this world. John Paul’s position in this matter is grounded in the dignity of all human beings, in their right to life, and in their need for materials goods as the means to guarantee that right. As to their dignity and right to life, John Paul asserts the following.

The Church knows that this Gospel of life, which she has received from the Lord, has a profound and persuasive echo in the heart of every person -- believer and non-believer alike -- because it marvelously fulfills all the heart’s expectations while infinitely surpassing them. Even in the midst of difficulties and uncertainties, every person sincerely open to truth and goodness can, by the light of reason and the hidden action of grace, come to recognize in the natural law written in the heart the sacred value of human life from its very beginning until its end, and can affirm the right of very human being to have this primary good respected to the highest degree [John Paul II 1995, § 2].

Quoting from Gaudium et Spes in a context far broader than economic affairs, John Paul maintains
that the right of all humankind to the material goods of this world is grounded in the right to life that in turn is rooted in the incomparable value of every human person.

Whatever is opposed to life itself, such as any type of murder, genocide, abortion, euthanasia, or willful self-destruction, whatever violates the integrity of the human person, such as mutilation, torments inflicted on body or mind, attempts to coerce the will itself, whatever insults human dignity, such as subhuman living conditions, arbitrary imprisonment, deportation, slavery, prostitution, the selling of women and children; as well as disgraceful working conditions, where people are treated as mere instruments of gain rather than as free and responsible persons; all these things and others like them are infamies indeed. They poison human society, and they do more harm to those who practice them than to those who suffer from the injury. Moreover, they are a supreme dishonor to the Creator [Gaudium et Spes quoted directly in John Paul II 1995, § 3; emphasis added].

Simply put, the material goods of this world ultimately belong to all human beings because humans are materialized spirits whose very existence and well-being depend on certain material goods and every human life is precious beyond measure. When basic human material needs are not provisioned at least minimally, one may in the extreme take whatever is required because means are subordinate to the ends that they serve.³

**CAPITAL INVESTMENT**

Virtually without fail in the world of economics, and nearly always in the world of economic affairs, investment decisions are reduced to a purely financial matter: How to maximize the return on one’s invested monies? Such gain-seeking activities are taken as a natural extension of the self-interested economic agent, automatically regulated where required by the invisible hand of market forces, but never scrutinized by mainstream economists along any standard of ethically or culturally appropriate conduct, and rarely so by flesh-and-blood investors. “The common good is served by each one pursuing his/her own individual good.” Included here are decisions to invest in new or

³ See McKee [p. 493] for more on this issue.
existing enterprises, to acquire or sell off physical assets, to relocate facilities, and the like. Even when such decisions make for considerable hardship for workers, suppliers, customers, and others dependent on the company for their economic well-being, all that matters is shareholder value. The company exists for no other purpose. Indeed some have argued, including Nobel Laureate Milton Friedman [see Friedman, p. 133], that the company is duty-bound to serve no other purpose.

The payoff from shrewd investment decisions, of course, is financial gain, and the possibilities for future investments. Ultimately it is the promise of great wealth. The mainstream premise is that savings precede investment, and activate it. Great wealth, then, is both a reward for making the right decisions in the past and the stuff that supports economic growth and gain in the future. A Schumpeterian might object to that line of reasoning, arguing just the opposite: investment precedes savings, and savings are the result of successful entrepreneurial decisions. For our purposes herein, however, this disagreement is unimportant.

If investment in a particular region is insufficient to lift living standards above poverty, following the conventional wisdom, the return there must be too small to justify the risk. A standard remedy is for the public sector to put in place financial incentives such as tax credits, below-market interest rates, wage supplements for trainees, to bring forth the required investment activity. In some instances, such as with enterprise zones, the remedy is focused along strict geographic boundaries. In economic affairs, no reasonable investor or entrepreneur can afford to depart from this logic. In economics, this logic controlled the thinking that created *homo economicus*.

There is, however, no essential difference between the accumulated material goods of this world and accumulated wealth. Both encourage and justify *having more* at the expense of *being more*, and as we have seen earlier both are condemned qualifiedly by John Paul for that very reason.
That is, authentic human development means being all the person that one can be\(^4\) rather than having all the wealth and goods that one can possibly acquire.

Charity is a time-honored way for those wealthy persons of conscience to respond to the needs of the poor. For John Paul, however, charity is not enough.

It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed toward “having” rather than “being” and which wants to have more not in order to be more, but in order to spend life in enjoyment as an end in itself. It is therefore necessary to create lifestyles in which the quest for truth, beauty, goodness and communion with others for the sake of common growth are the factors which determine consumer choices, savings and investments. In this regard, it is not a matter of the duty of charity alone, that is, the duty to give from one’s “abundance” and sometimes even out of one’s need in order to provide what is essential for the life of a poor person. I am referring to the fact that even the decision to invest in one place rather than another, in one productive sector rather than another, is always moral and cultural choice. Given the utter necessity of certain economic conditions and of political stability, the decision to invest, that is, to offer people an opportunity to make good use of their own labor, is always determined by an attitude of human sympathy and trust in providence, which reveals the human quality of the person making such decisions [John Paul II 1991, § 36].

Aware of the critical role profit in the market economy, John Paul nevertheless encourages investors to put the provision of work for others ahead of gain for one’s self. Worland gives simple and powerful expression to this aspect of John Paul’s vision of the new market logic.

Financial executives are called upon to finance the “change in life styles, the conversion from affluence” called for by John Paul II. As such repudiation spreads through the cultural system, as institutional defects in the capital market are allowed for, return on investment in the symbols of affluence such as luxury condos falls. As the poor expend the purchasing power generated by expanded employment opportunities, the rate of return on “useful goods” such as affordable housing rises. Pension fund managers fail in their civic duty if they do not make the appropriate rational adjustment to shifting market signals.

\(^4\) Remarkably this idea was captured at least partially in the long-standing U.S. Army recruiting slogan “be all that you can be.”
In an advanced market economy, it is the love of virtue operating in the souls of investment bankers, brokers and financiers, rather than the “magic of the Invisible Hand” that is to motivate and guide capital accumulation [Worland, p.71].

Elsewhere we have proposed *homo socio-economicus* to more fully and accurately represent the characteristics, motives, and behavior of the consumer that are too narrowly represented in *homo economicus* [see O’Boyle, pp. 286-313]. *Homo socio-economicus* seems to apply as well to the reconstructed investor.

**WORK AS SUCH**

Human materiality matters in a second principal way that passes without notice in mainstream economics. In addition to physical need, that is the need for food, shelter, clothing, transportation, health care, education, and so forth that plainly derives from our materiality, humans have a need for work as such that derives from the same source. Just as embodiment is essential to driving a car, to wearing a dress, to using a toothbrush, to applying lipstick, to listening to an orchestra, it is essential to repairing that car, to sewing that dress, to designing that toothbrush, to selling that lipstick, to directing that orchestra. There is no human work in the absence of human materiality. Even purely intellectual work requires embodiment to nourish and protect the human brain. Notice that, lacking materiality, a pure spirit such as an angel cannot make music, cannot wait on tables, cannot pump gas, cannot drive a nail, cannot move a ladder. Notice also the time-honored and sensible integration of physical education into literally every elementary and secondary school curriculum.

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5 The references section contains five citations to the work (in Italian) of Pietro Pavan whom Giovanni Tondini [pp. 1640-1657] identifies as critical in the development of John Paul’s thinking on the nature and significance of work as such.
There are two central aspects to the need for work as such: the need to belong that originates in human sociality and the need for opportunities to be creative that originates in human individuality. A simple example illustrates the point. There is no success in professional basketball unless the individual players are willing to subordinate themselves for the purpose of making the entire team stronger and more effective. A sense of belonging emerges from this subordinating of the individual players to the team, and is reinforced most dramatically and physically when the team wins, especially in a championship series. The victory invariably is celebrated by teammates hugging one another, and retired players often remark that they miss most the company of their teammates. But great teams have great individual players, whose skills and talents make them exceptional, and at times the display of those talents can breathe life into a ragged team: “he carried the team on his shoulders for the entire first period.” Michael Jordan for sure was such a player, creating moves and shots that no one else ever had seen, and inspiring his teammates to do better. Jordan did not return to the game following his first retirement in order to meet his physical need. He returned because of his need for work as such, because baseball did not afford him either the sense of belonging or the creative opportunities that basketball did.

Playing basketball is work for only a handful of persons. Even so, all of us know what a “dead-end job” is and what it means not to belong. Good managers are definable in terms of their ability to provide opportunities for individual workers to exhibit their talents and skills, to organize those individuals into a team, and to turn a profit at the same time.

John Paul’s recognition of the need to belong is embedded in his assertions that the fundamental dimension of human existence is co-existence [see John Paul II 1994, p. 36] and that a person grows through “increased sharing in a supportive community” [see John Paul II 1991, § 41]
and is implied in his call to “solidarity and common action” as a reaction against “the degradation of man as the subject of work” [see John Paul II 1981, § 8.].

Elsewhere in *Laborem Exercens* John Paul explains what he means by “man as the subject of work”:

Man has to subdue the earth and dominate it, because as the “image of God” he is a person, that is to say, a subjective being capable of acting in a planned and rational way, capable of deciding about himself, and with a tendency to self-realization. *As a person, man is therefore the subject of work.* As a person he works, he performs various actions belonging to the work process; independently of their objective content these actions must all serve to realize his humanity, to fulfill the calling to be a person that is his by reason of his very humanity [John Paul II 1981, § 6; emphasis in the original].

Whereas mainstream economics recognizes work only in the objective sense, John Paul is unyielding in his argument that the subjective sense of work is the more important.

... *the primary basis of the value of work is man himself,* who is its subject ... in the final analysis it is always man who is *the purpose of the work,* whatever work it is that is done by man -- even if the common scale of values rates it as the merest "service,” as the most monotonous, even the most alienating work [John Paul II 1981, § 6; emphasis in the original].

However, it is with regard to the need for creative opportunities that John Paul is most eloquent, instructing not from social ethics but from theological doctrine, citing Genesis and Revelations.

The word of God’s revelation is profoundly marked by the fundamental truth that *man, created in the image of God, shares by his work in the activity of the Creator* and that, within the limits of his own human capabilities, man in a sense continues to develop that activity, and perfects it as he advances further and further in the discovery of the resources and values contained in the whole of creation [John Paul II 1981, § 25; emphasis in the original].

John Paul cites *Gaudium et Spes* to make clear that he means work not just of the most challenging and fulfilling kind but also work involving “*even ‘the most ordinary everyday activities... [wherein*
men and women] can justly consider that by their labor they are unfolding the Creator’s work…” [Gaudium et Spes quoted in John Paul II 1981, § 25; emphasis in the original].

The foregoing rouses two comments. First, for economists there is nothing new in John Paul as to what work means in terms of the goods and services produced. Nor is there anything especially novel as to what a lack of work does to jobless person and their families. What is insightful in John Paul is his call for consideration as to what work itself does to those who toil for a living. Second, and very much related to the first, work is the main means for humans to have more and to be more. The choices they make in this regard powerfully determined who they are, what they are, and to whom or to what they belong.

LEISURE

Work is such a central human activity that economics defines two other states in terms of work. Unemployment is the generally involuntary and unwanted lack of work, a state in which work is missing. Leisure is the voluntary and wanted absence of work, a state in which work is not present.

By construing leisure as time spent not working, mainstream economics does not differentiate between lack of work and absence of work. Leisure and work are linked in zero-sum fashion: more of the one means less of the other. Implied in this construction is that leisure is desirable simply because it is free of work that is onerous. Defining leisure in terms of what it is not assures that economics has little to say about leisure. What can studying work or the lack of work possibly tell us about the absence of work?

To be analytically serviceable, leisure has to be defined in the context of what it is rather than

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6 The author is indebted to Gerard Stockhausen [pp. 1672-1683] for much of what follows on leisure.
what it is not. Gerard Stockhausen supplies us with the following:

leisure ... [is] non-work that nourishes the health, happiness, and fulfillment of the whole human person. It is time and activity that is not driven by duty, accomplishment, or productivity, time and activity that celebrate being human rather than having and consuming material things. It thus includes such things as quiet time alone, “quality” time with family and friends, and engagement with the arts [Stockhausen, p. 1673].

From this perspective, leisure is energetic rather than lifeless, purposeful instead of aimless. More precisely, leisure is like work in the subjective sense in that it is activity that helps a human being become more fully a human person. But it is activity that complements the human development that occurs in the workplace and originates in work itself. In other words, human development depends on both work and leisure.

In a very real sense, humans are works of art in progress. They paint their own living portraits with work and leisure, becoming whole and complete, just as the artist creates a painting with brush and colors. And just as the artist may abandon the canvas before it is finished, humans may leave their own development arrested.

In the context of economic affairs, according to John Paul, there are two chief threats to human development: disordered work and consumption.

The historical experience of the West, for its part, shows that even if the Marxist analysis and its foundation of alienation are false, nevertheless alienation -- and the loss of the authentic meaning of life -- is a reality in Western societies too. This happens in consumerism, when people are ensnared in a web of false and superficial gratifications rather than being helped to experience their personhood in an authentic and concrete way. Alienation is found also in work when it is organized so as to ensure maximum returns and profits with no concern whether the worker, through his own labor, grows or diminishes as a person, either through increased sharing in a genuinely supportive community or through increased isolation in a maze of relationships marked by destructive competitiveness and estrangement, in which he is considered only a means and not an end [John Paul II 1991, § 41].

Stereotypically both disorders are revealed, though not well understood, in the form of the
workaholic and the compulsive consumer. To the one, working is everything; to the other, acquiring and having is everything. Neither one understands or values leisure. Both are like a canvas that a deranged artist has slashed with a knife, both are grotesque caricatures of what was meant to be. Drug abuse and pornography, John Paul says, reflects a human life in disarray through disordered consumption [John Paul II 1991, § 36]. Filling that void, repairing that torn canvas, is the purpose of leisure. In this regard, John Paul compares human work and leisure to the six days of God’s own work in creating the universe and His one day of rest [John Paul II 1981, § 25].

Following John Paul, a well-ordered human person is one who knows the difference between the needs of the body and the needs of the spirit, and understands that the means that meet the one do not also meet the other. Leisure is absolutely necessary to acquiring that knowledge and understanding. The challenge to the economic order and to economics is to value humans accordingly, to appreciate the full range of their needs, and to recognize that they are more than instruments of efficiency and profits. Humans are most especially ends in themselves, living works of art in progress who require leisure to become what they were meant to be: a likeness to God.

LABOR

Two themes are addressed in this section: the priority of labor over capital and the rights of labor. Both are centrally important features in John Paul’s vision of the social economy.

Increasingly in economic affairs, and possibly to a greater extent in mainstream economics itself, labor is regarded only as a factor of production, in no way essentially different than the other factors of production. Profit maximization routinely justifies replacing costly resources with cheaper resources, whether that means replacing labor with capital or lower-wage workers for higher-wage workers and quite irrespective of the needs of the displaced workers and their families, even when
the firm is operating profitably with the higher-wage workers. As the author indicated previously, the conventional wisdom is that the firm exists solely for the purpose of serving the interests of the stockholders -- a view that John Paul does not share.

In this regard, notice how commonplace the expression “human resources” has become, and how that expression reinforces a thinking about labor that has the effect if not the actual intent of objectifying labor. In American history, there is one especially horrifying example of the objectification of labor -- slavery -- and well over 125 years after the Emancipation Proclamation we are still dealing with the effects of that objectification.

Today, objectification in the workplace\(^7\) can take on a variety of forms, typically less severe than the enslavement of black Africans in America, but of serious consequences nonetheless: sexual harassment, starvation wages, excessive hours, unsafe working conditions, forced labor, termination without cause, suppression of union activities, discrimination, monopoly administration and disposal of the means of production, and the like. John Paul argues in effect that such practices reflect a confusion in the workplace over the difference between person and thing.

Everything contained in the concept of capital in the strict sense is only a collection of things. Man, as the subject of work, and independently of the work that he does -- man alone is a person [John Paul II 1981, § 12].

Notice, for instance, that in economics the routine use of “equilibrium” to describe conditions in a labor market tends to reinforce the view of the worker as an object, whereas “agreement” is much more consistent with a view of the worker as person.

\(^7\) Objectification occurs in the marketplace, for example, through the use of advertising images in which men and women are presented as “sexual objects,” in exercise equipment and regimens in which “buns of steel” are extolled, and in thrill-seeking adventures such as bungy jumping in which humans are actually reduced to falling objects.
John Paul argues that over the years labor and capital were separated and set in opposition, as though both were impersonal forces, in an error that he calls “economism” in which labor is considered only according to its economic purpose. This error in turn is connected to the error of materialism.

This fundamental error of thought can and must be called an error of materialism, in that economism directly or indirectly includes a conviction of the primacy and superiority of the material, and directly or indirectly places the spiritual and the personal (man’s activity, moral values and such matters) in a position of subordination to material reality. This is still not theoretical materialism in the full sense of the term, but it is certainly practical materialism, a materialism judged capable of satisfying man’s needs, not so much on the grounds of premises derived from materialist theory, as on the grounds of a particular way of evaluating things, and so on the grounds of a certain hierarchy of goods based on the greater immediate attractiveness of what is material [John Paul II 1981, § 13; emphasis in the original].

To remedy the consequences of the error of economism, John Paul re-affirms the principle of the priority of labor over capital [John Paul II 1981, § 12].

While both labor and capital are factors of production, production is to serve the material needs of labor, and capital is merely a means toward that end. Meeting those needs -- physical need, the need to belong, the need for creative opportunities -- effectively puts an end to the practices enumerated above including starvation wages and termination without cause. Capital strictly defined by John Paul as a collection of things per se has no such needs.

In Centesimus Annus [§ 41] John Paul makes clear that the priority of labor over capital means that the needs of workers are not to be compromised for the sake of maximum returns and profits. This rule forces mainstream economists to re-think the profit-maximization rule. John Paul is saying, in effect, that the profit-maximizing firm is an analytical and pedagogical anachronism. Even more so because it has far more serious consequences in practical everyday economic affairs, John Paul’s rule subordinating profits to the needs of labor should prick the consciences of owners and
managers who all too readily set aside all else for the sake of the company’s bottom line.⁸

The responsibility for meeting the needs of workers, John Paul states, is shared by private employers or what he calls the “direct employer” and persons and institutions of various kinds including public and private organizations or what he calls the “indirect employer.” Both employers have a duty to establish a labor policy that respects the rights of workers, including most importantly the right to own the means of production and to share in the profits of the firm.

This group in authority [capitalist owners and managers] may carry out its task satisfactorily from the point of view of the priority of labor; but it may also carry it out badly by claiming for itself a monopoly of the administration and disposal of the means of production and not refraining even from offending basic human rights. Thus, merely converting the means of production into State property in the collectivist system is by no means equivalent to “socializing” that property. We can speak of socializing only when the subject character of society is ensured, that is to say, when on the basis of his work each person is fully entitled to consider himself a part-owner of the great workbench at which he is working with every one else. A way toward that goal could be found by associating labor with the ownership of capital, as far as possible ... [John Paul II 1981, § 14].

The following rights of workers relate to the “indirect employer” [John Paul II 1981, § 18]:

⇒ deriving from the right to life and subsistence, the right to suitable employment for all who are capable of it;

⇒ deriving from the right to suitable employment, the right to instruction and education.

These rights of workers relate to the “direct employer” [John Paul II 1981, § 20]:

⇒ the right to just remuneration for work done; ⁹

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⁸ In teaching economics to university students, this author presents profits as a necessary condition for the survival of the firm in a market economy. Profits, therefore, are the means to the end of meeting human material need.
the right of women to fulfill their tasks as mothers without discrimination on the job;
\( \Rightarrow \) the right to medical assistance and compensation for on-the-job injury;
\( \Rightarrow \) the right to a day of rest;
\( \Rightarrow \) the right to a pension and insurance for old age;
\( \Rightarrow \) the right to a workplace free of hazards to physical health and moral integrity.

All of these rights, including the need of workers to secure them, give rise to the right of association and its corollary, the right to strike without personal penal sanctions [John Paul II 1981, § 20]. But John Paul voices several warnings with regard to the activities of unions, as in the following:

[Unions] are indeed a *mouthpiece for the struggle for social justice*, for the just rights of working people in accordance with the individual professions. However, this struggle should be seen as a normal endeavor “for” the just good: in the present case, for the good which corresponds to the needs and merits of working people associated by profession; but *is not a struggle “against” others*. Even if in controversial questions the struggle takes on a character of opposition towards others, this is because it aims at the good of social justice, not for the sake of “struggle” or in order to eliminate the opponent. It is characteristic of work that it first and foremost unites people. In this consists its social power; the power to build a community. In the final analysis, both those who work and those who manage the means of production or who own them must in some way be united in this community [John Paul II 1981, § 20; emphasis in the original].

John Paul pays special attention to three classes of workers: agricultural workers, the disabled, and emigrants. As for agricultural workers, the right of ownership of the land they work is implied in *Laborem Exercens* [§ 19] and is asserted by him elsewhere [see John Paul II 1994b, p. 133]. The disabled have a right to work according to their capabilities and without discrimination. Emigrants, whether permanent or seasonal workers, have a right to leave their native land and a right

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9 A complex matter involving all three principles of economic justice: the principle of equivalence which governs the individual dimension of the worker’s fundamental human nature, and the principles of distributive justice and contributive justice which together govern the social dimension of the worker’s human nature.
to return. Further, they have the same rights as native workers, plus the right to be free of any discrimination or exploitation by virtue of their immigrant status [John Paul II 1981, §§ 22-23].

DEVELOPMENT

For economics, development has been a matter of central concern since Adam Smith’s *Wealth of Nations*. Quite apart from whatever development may mean to mainstream economists, to John Paul it means addressing the living standards of the “innumerable multitude of people” living in developing nations [John Paul II 1987, § 133]. Barbara Kraemer separates the guidelines for reform in *Sollicitudo Rei Socialis* into five domains: political order, human rights, solidarity, structural reform, and nature [Kraemer, pp. 1727-1738]. A “healthy” political order is a necessary condition for economic development wherein are present the “free and responsible participation of all citizens in public affairs ... the rule of law ... and respect for the promotion of human rights” [John Paul II 1987, § 44].

John Paul is most explicit regarding the linkage between development and human rights.

True development, in keeping with the *specific* needs of the human being -- man or woman, child, adult or old person -- implies, especially for those who actively share in this process and are responsible for it, a lively *awareness* of the value of the rights of all and of each person. It likewise implies a lively awareness of the need to respect the right of every individual to the full use of the benefits offered by science and technology [John Paul II 1987, § 33].

Neither is he shy about specifying the rights he has in mind [John Paul II 1987, § 34]:

- the right to life at every stage of human existence;
- the rights of the family as the basic unit of society;
- the right to justice in the workplace;
- the rights inherent in the life of the political community as such;
- the rights based on the transcendent vocation of human beings, including the right to
freely express one’s religious beliefs;

⇒ the right to one’s identity, in its historical and cultural dimensions;

⇒ the right to share fully in the economic development process that derives from the fundamental equality of all.

Solidarity is the virtue required in order to foster economic development in an interdependent world.

When interdependence becomes recognized in this way, the correlative response as a moral and social attitude, as a “virtue,” is solidarity. This then is not a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all [John Paul II 1987, § 38; emphasis in the original].

As to areas in need of structural reform that he sees necessary to relieve the poverty of the masses in developing nations, John Paul points to the following [John Paul II 1987, § 43]:

⇒ in the international trade system, protectionism and bilateralism that disadvantage products and raw materials from developing countries;

⇒ in the world monetary and financial system, excessive fluctuations in exchange rates and interest rates that worsen the balance of payments and compound the international debts of poorer countries;

⇒ in the technology domain, denial of access to developing countries to needed forms of technology and transference of useless technology to those countries;

⇒ in international organizations, manipulation by the few to the disadvantage of the many.

As to special considerations regarding nature in the development process, John Paul focuses on three constraints. First, developers must protect and preserve the ecological balance in the natural environment. Second, they must operate within the limits imposed by natural resources, notably
those that are nonrenewable, and take into account the needs of future generations. Third, developers must avoid “haphazard industrialization” that is dangerous to human physical well-being [John Paul II 1987, § 34].

John Paul cautions that authentic development is not reducible to a technical problem. It is most fundamentally a human problem that cannot be remediated just by individual self-interest and the impersonal forces of the market system. The virtue of justice\(^{10}\) for sure is required in this matter, but justice alone will not do. Preference in development is to be given to the growing numbers of the poor worldwide, not just in developing countries but in advanced countries as well. John Paul sees this option as an exercise in Christian charity, and to underscore its connection to that virtue refers to it as “this love of preference for the poor” [John Paul II 1987, §§ 41-42]. No doubt, John Paul would point to Mother Teresa as an exemplar of this special love of the poor.

**MARKET ECONOMY VERSUS COMMAND ECONOMY**

Because there are two principal types of economic systems there are only two methods for allocating economic resources: through a system of markets (the *Many*) or by means of central planning (the *One*). It is tempting to conclude that if John Paul embraces the one type/method, he must condemn the other, and indeed his critics and supporters have done just that. A handful of observers have tried to fit him into a “third-way” niche, one that is neither market nor command.\(^{11}\)

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\(^{10}\) Understood by this author as referring to the three principles of economic justice enumerated in the preceding footnote: equivalence, distributive justice, and contributive justice.

\(^{11}\) For many years especially in the 1980s following the public release of *Laborem Exercens* this author attempted to
Those who see him as an advocate of the command system or a “third way” might refer to the following from *Laborem Exercens*:\(^\text{12}\)

In order to meet the danger of unemployment and to ensure employment for all, the agents defined here as “indirect employer” must make provision for *overall planning* with regard to the different kinds of work by which not only the economic life but also the cultural life of a given society is shaped; they must also give attention to organizing that work in a correct and rational way. In the final analysis this overall concern weighs on the shoulders of the State, but it cannot mean one-sided centralization by the public authorities. Instead, what is in question is a just and rational *coordination*, within the framework of which the *initiative* of individuals, free groups and local work centers and complexes must be *safeguarded*, keeping in mind what has been said above with regard to the subject character of human labor [John Paul II 1981, § 18; emphasis in the original].

Or to the following from *Centesimus Annus*:

The state must contribute to the achievement of these goals [relating principally to the workplace] both directly and indirectly. Indirectly and according to the principle of subsidiarity, by creating favorable conditions for the free exercise of economic activity, which will lead to abundant opportunities for employment and sources of wealth. Directly and according to the principle of solidarity, by defending the weakest by placing limits on the autonomy of the parties who determine working conditions and by ensuring in every case the necessary support for the unemployed worker [John Paul II 1991, § 15].

Or this:

... [Man] must therefore respect the natural and moral structure with which he has been endowed. In this context, mention should be made of the serious problems of modern urbanization, of the need for urban planning which is concerned with how people are to live and of the attention which should be given to a “social ecology” of work [John Paul II 1991, § 38].

Others who would classify John Paul as a supporter of the market system and an opponent of the force John Paul II’s vision into a “third-way” mold.

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\(^\text{12}\) As stated previously, by “indirect employer” John Paul means persons and institutions of various kinds including public and private organizations.
command system can find support in the following:

It would appear that on the level of individual nations and of international relations the free market is the most efficient instrument for utilizing resources and effectively responding to needs [John Paul II 1991, § 34].

And this:

The second factor in the crisis [in the Marxist systems in the late 1980s] was certainly the inefficiency of the economic system, which is not to be considered simply as a technical problem, but rather a consequence of the violation of human rights to private initiative, to ownership of property and to freedom in the economic sector [John Paul II 1991, § 24].

Earlier in Laborem Exercens John Paul asserted the principle of private ownership of the means of production:

... The Church’s teaching has always expressed the strong and deep conviction that man’s work concerns not only the economy but also, and especially, personal values. The economic system itself and the production process benefit precisely when these personal values are fully respected. In the mind of St. Thomas Aquinas, this is the principal reason in favor of private ownership of the means of production [John Paul II 1981, § 15].

Notwithstanding the efforts of those who construe his support for planning, private property, intermediate bodies, and the like according to their own personal agendas, John Paul adamantly refuses to take a stand for one system against the other two.

... the Church does not propose economic and political systems or programs, nor does she show preference for one or the other, provided that human dignity is properly respected and promoted, and provided she herself is allowed the room she needs to exercise her ministry in the world.

The Church’s social doctrine is not a “third way” between liberal capitalism and Marxist collectivism, nor even a possible alternative to other solutions less radically opposed to one another: rather, it constitutes a category of its own. Nor is it an ideology, but rather the accurate formulation of the results of a careful reflection on the complex realities of human existence, in society and in the international order, in the light of faith and of the Church’s tradition [John Paul II 1987, § 41; emphasis in the original].
For mainstream economists efficiency is the principal standard by which the performance of any economy is to be judged. While conceding that market economies allocate resources most efficiently, John Paul clearly does not accept efficiency as the most important norm by which to judge economic performance. Rather he insists that the most important norm is “the universal destination of goods and the right to common use of them” [John Paul II 1981, § 14].

... what is being proposed as an alternative is not the socialist system, which in fact turns out to be state capitalism, but rather a society of free work, of enterprise and of participation. Such a society is not directed against the market, but demands that the market be appropriately controlled by the forces of society and by the state so as to guarantee that the basic needs of the whole of society are satisfied [John Paul II 1991, § 35].

As we have demonstrated already, John Paul has been highly critical of market economies for their failures to adequately address human material need, broadly construed to include physical need and the need for work as such, in the developing countries of the world as well as the developed countries. For mainstream economists and other advocates of the market system, the lesson in the writings and public statements of John Paul is that human beings are far more consequential than economic systems. Thus, what matters most is not how efficiently an economic system allocates resources but how well it meets human material need.

**FINAL COMMENTS**

John Paul speaks to a wide range of issues and questions central to economics and economic affairs. It would be presumptuous to represent this paper as a thorough examination of everything that John Paul has said, written, and means in this regard. What follows are several comments that attempt to highlight some of the key arguments that he has set forth on the eight topics that have been addressed herein. Those views, then, are compared and contrasted with the views of mainstream economics and modern economic affairs.
First, to John Paul human beings are “materialized spirits” and as workers are resources to be applied to the production of goods and services. However, humans have worth not because they are useful toward some economic purpose but because every human is made in the image and likeness of God and is redeemed by the sacrifice of His Son, signifying that each has a dignity and worth beyond human measure. In mainstream economics and modern economic affairs, human value commonly is determined instrumentally. One’s own worth is determined by the value attached to one’s work.

Second, to John Paul men and women alike are called to become all that they were meant to be by their Heavenly Father. In mainstream economics and everyday economic affairs, men and women are encouraged to link their personal development to the things they possess. In other words, to John Paul being is more important than having. The dominant view especially in modern western culture is having is all that matters.

Third, to John Paul labor is more important than capital or, put more generally, humans are more important than things. Indeed, humans alone have rights because they are persons, because they are endowed with an intelligence and free will that differentiate them from all other creatures. Aquinas calls them “the crown of creation,” and no doubt John Paul concurs. In the world of economic affairs and conventional economics, intentionally and otherwise humans often are reduced from persons to things, objectified more and more in both the workplace and the marketplace.

Fourth, to John Paul humans are more than the one-dimensional self-interested and self-absorbed individuals of conventional economics and contemporary western culture. They are two-dimensional persons with an identity as separate and unique individuals never to be taken simply as a cog in a machine or as totally subordinate to the whole, and at the same time united in solidarity
with family, company, neighborhood, region, nation, and all humankind. To John Paul human existence *always* is coexistence. He replaces the modern world’s individualism and collectivism with personalism.

Fifth, to John Paul materiality matters importantly to human nature, and material means are necessary to meet human material needs. To a large extent, mainstream economics and modern culture agree. However, John Paul warns that material means will not satisfy the nonmaterial needs of humans, and condemns the “consumerism” of advanced western economies for perpetuating that false and dangerous value. Consumption is good, he says, unless it leads to a life spent in the enjoyment of material things as ends in themselves.

Sixth, to John Paul work has two main purposes: the objective purpose of transforming resources into goods and services and the subjective purpose of transforming the laborers who perform the work into more fully human persons. Further, he insists that it is the subjective aspect of work that is more important. Conventional economists and worldly humans affirm only the objective purpose of work.

Seventh, to John Paul human work is the continuation of God’s Act of Creation that lasted six days and was followed by a day of rest. In like fashion, humans require a seventh day of rest to contemplate what they have done. Put differently, humans require both work and leisure to become more fully who they were meant to be; leisure has the positive connotation of input to that development. To the modern world, including the world of economics, leisure has only the negative connotation of time spent not working.

Eighth, human beings have a right to private property on grounds that a person has a right to what he/she creates with his/her own hands. This right is necessary to assure greater production, and
in this regard John Paul is in agreement with mainstream economists and men and women of commerce and industry.

Ninth, the material goods of the world are intended for the use of all humankind because all human life is precious and material goods are necessary to sustaining that life. Thus human beings have a natural right to the material goods of the world and, just as means is subordinate to end, the right of private property is subordinate to that right. Here, John Paul is not in agreement with mainstream economics and the modern world of economic affairs.

Tenth, workers have rights in order to assure the preservation of their fundamental human dignity and access to the means necessary for their material survival, such as the right to associate, the right to strike, the right to a safe workplace, the right to a day of rest. To some extent, mainstream economics and others engaged in economic affairs also affirm these rights but more likely as legal rights rather than natural rights. In other instances, the two parties are much further apart as for example with regard to the workers’ right of ownership of the means of production, the right to suitable employment, the rights of the migrant workers, and the rights of mothers who work, all of that John Paul forcefully affirms and defends.

Eleventh, to John Paul respect for human rights is critically important to the economic development process. Further, more than justice is required to achieve development. Christian charity must be brought to bear by according preference to those most in need of help so that they are better able to acquire the material goods they need. To mainstreamers along with men and women of the world, economic development too often is construed as a problem to be resolved by the invisible hand of the market system with no mind to justice or charity.

Twelfth, to John Paul companies are established not just for the sake of their owners but for
the whole of human society -- a corollary to his view that the world’s material goods are intended for all human beings. Profits are necessary for the viability of the company, but provisioning human material need is not to be sacrificed to maximum profits. Clearly, there is a wide breech between John Paul on this matter and conventional economics and modern western economies.

Thirteenth, and last, John Paul agrees that the market system allocates resources efficiently and responds to needs effectively, but only for the few with the financial resources to command the goods required to meet their needs. For the many, the market system has afforded little opportunity to provision their material needs. He is much more critical of the market system for this failure than are persons in business and mainstream economists. John Paul insists that the Church proposes no economic system *per se*, meaning no system apart from its performance record, and rates the performance of the market system as superior to the performance of the command system. If, however, the market system continues to prove unable to provision the material needs of the masses of the world’s poor as in the southern hemisphere, it is certain that John Paul would not hesitate to denounce that performance as unacceptable.
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