

# Some Economic and Cultural Considerations of Capitalism

—Thomas Storck—

*Capitalism no more means the affirmation of an individual, or a family's right to possess land, machinery, housing, clothing, reserves of food and the rest, than fatty degeneration of the heart means the normal function of the heart as the circulator of the blood in a healthy human body.*

—Hilaire Belloc



A problem that at the outset confronts anyone writing about capitalism is that of definition. What exactly is capitalism? Too often people will reply uncritically that capitalism means private property, but this is clearly not the case, since private property has almost always been with us, even in times definitely not capitalistic. Nor is "private property in the means of production" any better, for that is nearly as common as the former. But unless one comes up with at least a rough definition, any discussion of capitalism would seem to be fatally compromised. Before going any further, then, let us look at a few attempts to define, or at least describe, capitalism.

First perhaps we should look at those who, for some reason or other, do not bother to define. Michael Novak edited a little book entitled *The Denigration of Capitalism* (1979), but in it capitalism is rather taken for granted than defined. In fact, what Novak and the other contributors to this volume seem to assume is that capitalism is simply the present economic arrangements in the Western world, and Japan. There are, however, two problems with this use of the word. First, what exactly about our present economic arrangements enables one to call them capitalistic? Is it our possession of private property? Our freedom to make contracts with very little supervision from the government or anyone else? Widespread separation of ownership and work? In the second place, in lumping together all of the Western economies, plus the Japanese, and calling it one thing, one ignores major differences, for example, the highly-structured German arrangements for worker participation in management or the very many differences between U.S. and Japanese approaches to corporate governance and competition.

Another and highly regarded source, the *International Encyclopedia of the Social Sciences* (1968), in its article "Capitalism" (vol. 2), gives a sort of description rather than a definition. "Capitalism is the economic and political system that in its industrial or 'full' form first developed in England in the late eighteenth century." But what was it about England

in the late eighteenth century that constituted capitalism? The nearly complete disappearance of the guilds? The rise of large firms controlled by rich men? An increase of financial speculation? New technology? This article goes on to say that "Self-interest as ultimately the servant of society, the minimization of the role of the state and the institution of private property constituted the essence of capitalism in the nineteenth and early twentieth centuries." Note, however, that the writer says, "in the nineteenth and early twentieth centuries." Here again there is clearly no attempt to give a universal definition which gets at the essence of capitalism. And since we no longer live in the nineteenth or early twentieth centuries, if we want to look at capitalism as it exists in our own world, this definition would not seem sufficient.

A source that ought to be both well-known and well-respected by Catholics, Amintore Fanfani's *Catholicism, Protestantism, and Capitalism* (1939), gives a survey of opinions on what capitalism is, and Fanfani himself concludes that it is in capitalism's spirit that we must look for its essence, i.e., that in certain characteristics of the capitalist man, as distinguished from the pre-capitalist, we can identify what capitalism really is. I will return to the spirit of capitalism and Fanfani's observations a little later.

What I consider the most satisfactory definition of capitalism, as opposed to the spirit of capitalism, is a definition gleaned from the encyclical of Pope Pius XI, *Quadragesimo Anno* (1931). He speaks (no. 100) of "that economic system in which were provided by different people the capital and labor jointly needed for production." In other words, capitalism is the economic system in which, *for the most part*, some people provide the capital for financing an enterprise and others provide the labor, that is, they work for wages on enterprises owned by the owners of capital. This is in contrast, for example, to the *distributivist* system championed by Hilaire Belloc, G. K. Chesterton and others, which called for most men to work for themselves by becoming owners of productive property; or in contrast to communism where everyone worked for the state and thus (in theory) each worked for all

and all for each. Note, moreover, that in no system does everyone conform to the general pattern; rather the majority do so, and this sets the tone for a society.

In discussing capitalism as a system in the abstract, one point must be made clear: the separation of labor from capital is not *in itself* unjust. Pius XI says, in the very next paragraph, "the system as such is not to be condemned." If such separation were in itself wrong, then an elderly grandmother would sin were she to hire the teenager next door to mow her grass or paint her porch. For in this case she supplies the capital and he the labor. But we cannot stop with that statement, for as I will argue, in the first place, capitalism is always unwise, and secondly, the spirit of capitalism, or capitalism as it really exists in the world, has always been unjust and likely always will be.

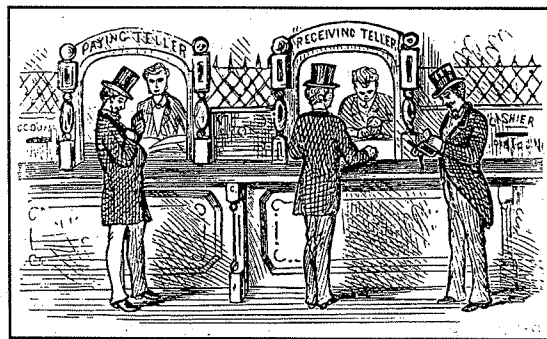
Why, then, do I call capitalism unwise? There are two reasons. In a system of capitalism some men are chiefly suppliers of capital, that is, they do not contribute either intellectual work, such as management skills, or physical labor, to making any product or supplying any service. All they do is buy and sell stock and other financial instruments. Since they thus are one step removed from the process of production, they tend to see the economic system in terms not of production for human needs, but of manipulation of money, stocks, bonds, futures, etc., for their own profit. In other words, finance comes to be an end in itself and the economic system is conceived of as existing for the sake of making some people rich through financial transactions, rather than existing for the sake of supplying our necessary material needs. We can see in our own country an entire "industry" has grown up, not around production of goods or services for human needs, but around the buying, selling and manipulating of financial instruments. Though in almost any economy there will be a need for some kind of financing of enterprises, and thus some financial instruments would exist, as soon as these instruments become not means, but ends, finance has become divorced from production, and thus from the purpose of economics, which is none other than provision of the material goods needed for a human life. The existence of a powerful class whose life revolves around such derivative financial instruments cannot but skew not only their outlook but the orientation of the entire economic system. In addition, the legal owners, those who actually own the stocks, for example, very often have only the most tenuous relationship with their "property." Sometimes this "ownership" is further mediated through a mutual fund. This is hardly the kind of private property ownership championed by the popes. Consider this papal justification for the institution of private property, as stated by Leo XIII:

Men always work harder and more readily when they work on that which is their own; nay, they learn to love the very soil which yields in response to the labor of their hands, not only food to eat, but an abundance of the good things for themselves and those that are dear to them. (*Rerum Novarum*, no. 35)

We would try in vain to discover how an owner of stock, for example, could ever "learn to love the very" shares of stock which yield, not "an abundance of good things," but a dividend check or a capital gain, in response to the labor of someone else's hands. With such a situation, instead of an economy devoted to meeting real human needs, we have an economy devoted to making money in any way possible, with ownership, control and labor separated to the detriment of all three.

In the second place, the separation of ownership from labor tends to create a permanent class of non-owning workers, a circumstance often deplored by the popes, and one which exacerbates class feeling and class warfare. This situation in turn produces men alienated from their work and dulled in spirit. If the managers and directors of corporations had to work in coal mines and on assembly lines we would soon see drastic changes in such work. When one contrasts the wonderful cooperative work of the medieval guilds, whose members put on complicated and lavish religious dramas each year, with the modern worker in front of his television set, we might well ask ourselves if being in charge of one's own work does not have consequences far beyond the workplace itself. For under capitalism some men are in a sense tools of those who are the owners of capital. Even when the directors and their managers have good reasons for making a decision which is perceived as detrimental to the workers, the workers do not know what the reasons are and have no opportunity to

join in making the decision about what is best for the enterprise. To choose an example that I have heard about personally, in a certain mining enterprise in Pennsylvania, when work is slack, the manager lays off the miners for *four* days at a time, since they cannot obtain unemployment benefits (to which the firm is required to contribute) unless they are laid off for *five* consecutive days. The management



apparently claims that the firm cannot afford the extra outlay for unemployment benefits. Is this just? Does the firm need to do this in order to survive? The point is that the workers *do not know*. Perhaps the management is right and this is the only way the enterprise can continue to exist. And since the mine pays comparatively high wages for that region, people continue to work there. But it would seem that the workers have an interest, if not a right, to participate in such a decision. If

the management is indeed correct, the workers might well agree with that decision, *if they had access to the facts*. They cannot be treated as mere pawns, to be moved about as though they were not rational creatures. As John Paul II wrote in *Laborem exercens* (no.15), “the person who works desires *not only due remuneration* for his work; he also wishes that, within the production process, provision be made for him to be able to *know* that in his work, even on something that is owned in common, he is working *‘for himself.’*” [emphasis in original] The Pontiff goes on to say that when he is a tool of a bureaucracy—and that would be true whether that bureaucracy were capitalistic, socialistic or even cooperative—the worker feels that he is “a mere production instrument rather than a true subject of work with an initiative of his own.” Capitalism, with its separation of ownership from work, does not normally allow a worker to be a “true subject of work.”

An economy is likely to go wrong, then, when it is largely characterized by the separation of ownership from work. All economies will always include some examples of such separation, as in my example of an elderly woman hiring the teenager next door to do some work for her. But clearly such economic transactions are trivial in comparison to the entire volume of economic activity that constitutes the gross domestic product. The question is, how is the great majority of such economic activity conducted—by worker-owner and cooperatives of workers or by wage-earners and financial speculators? Nevertheless, one must recognize that *theoretically* it would be possible for a society to conduct its economy justly and sanely under capitalist arrangements. But such an undertaking would, I fear, be far beyond the ability of fallen man. This brings us, then, to a consideration of the “spirit of capitalism,” or capitalism as it is actually conducted by the children of Adam.

Here is Fanfani’s succinct summary of capitalism in action:

Modern man, who is capitalistic, regards wealth as the best means for an ever more complete satisfaction of every conceivable need; he also regards it as the best means for improving his own position. He considers goods as instruments to be used *ad libitum* by their possessor. He does not recognize any claim on them on the part of third parties not their possessors, still less does he think it unlawful for their possessor to use them so as to obtain an unlimited increase or their reproduction at ever diminishing cost.

Perhaps to most moderns, especially Americans, Fanfani’s



statements seem like truisms. After all, is not my wealth *supposed* to be the means for my getting richer and richer? But the pre-capitalist, particularly the medieval, paid attention to some neglected words of St. Paul, “...as long as we have food and clothing, let us be content with that” (I Tim. 6:8). And, *a fortiori*, as long as we ourselves have much more than food and clothing, let us be content with *that*. Thus the medieval man did not think that he had a right to limitlessly increase his income or wealth, even by the use of legal means, if he already had enough material goods. There were plenty of other things to do, and, unavoidably, an eternity to prepare for. Or as Fr. Bede Jarrett put it in his *Social Theories of the Middle Ages* (1926),

Merely to engage in commerce for the purpose of making more money was not a sufficient justification, for money should be only a means to an end. To make it an end in itself was to spoil man’s life, because life thenceforward became robbed of definite purpose.

Likewise, the medieval did not think that just because the poor had no *legal* call on any of his money that therefore they had no *moral* call on it. He believed that, as far as any truly surplus income he had, that is, income required neither for the necessities of life nor for a reasonable accommodation to his own social state, he was a trustee for the poor. In other words, it was his job to figure out the best means of *getting rid of income he did not need*. As a modern commentator, Msgr. John A. Ryan wrote,

[T]he entire mass of superfluous wealth is morally subject to the call of grave need. This seems to be the unanimous teaching of the moral theologians. (*Distributive Justice*, 3rd ed., 1942)

Capitalism, however, has brought with it its own spirit, a spirit which regards wealth not as a necessary means for supplying our earthly needs, but as something to be increased beyond measure. What do I mean by “beyond measure?” I mean by it something fairly precise, for obviously in speaking of the correct measure of our earthly needs, man himself is the measure. Thus, for example, a man can eat only so much food in a day. If he wanted three times as much food every day as he could properly eat, he would be desiring to multiply his possession of food beyond measure. Every man needs a dwelling. Perhaps some few could make an argument that they need more than one. But surely at some point any *legitimate* need for more houses would be passed. A man who claimed the need for (say) four houses, is obviously asking

for more than he needs. And so on with the rest of our property. Material things exist to satisfy reasonable human needs, not unlimited human wants. Fanfani, indeed, summarizes Catholic teaching on the acquisition of wealth as follows.

Man has necessities, needs that must be satisfied, and, if temporal goods can satisfy them, it is a duty and legitimate to seek to acquire such goods, bearing in mind two rules, first that they must be acquired by lawful means, secondly that the amount acquired must not exceed the need.

The fact that someone has the money to buy four or five or fifty houses, does not confer on him any moral right to possess them. And, to the medieval mind, it did not necessarily confer on him any *legal* right either.

It should be easy to see that capitalism in action has produced a different kind of man from that produced by medieval economic ideals. And if this is the case, it leads naturally to the second part of this article, namely, cultural considerations of capitalism. It is to these cultural considerations that I now wish to turn, taking "cultural" in its broad meaning of what constitutes the life of a particular people, although the form of that life is revealed in sharpest relief by those activities we most commonly call cultural, such as music, art and literature.

Now it should be obvious that a society's economic arrangements have a profound impact on all areas of its culture; indeed, the economic system is an important, though subordinate, *part* of any culture. But just because economic activity is by its nature a subordinate part of any society does not mean that the type of economic activity that a culture has is not of very great importance. One obvious example is what a society spends its excess wealth on. Excess wealth is that wealth not needed to provide the ordinary human needs, such as food, shelter, and so on. The Middle Ages spent much of its excess capital on providing for and adorning the worship of Almighty God and endowing learning. We spend it on further commercial activities, useless products, lascivious entertainment, sports. When we endow educational institutions it is with the expectation that they will dutifully invent new gadgets designed to make our lives easier and will help us compete with other nations for a greater share in world trade. Seldom would we think of endowing men who would spend



a lifetime studying theology and philosophy. The reason that we do this is the fact that capitalism has created a different type of man, a man who no longer sees his material possessions as subordinate, and in a sense, *unimportant* aspects of his life, who does not tremble as he recalls that greed as well as lust can damn a man eternally. Our politicians unashamedly speak of an ever greater and greater standard of living. We take it for granted that what were luxuries for our fathers are by right necessities for us. We shape our civilization to reflect the capitalist priorities of our souls.

It is, moreover, logical that money, or financial instruments that represent money, would be the characteristic form of wealth in a capitalist culture, for money is not useful for any real thing or activity. We cannot eat it or wear it, build houses out of it, play music with it, write books on it. Like capitalist financial speculation, it is one step removed from the actual process of supplying material goods for man's needs. And since money is mobile, modern capitalistic man has likewise lost his sense of place. Thus he sees nothing incongruous in putting up hamburger restaurants and discount stores everywhere, even though these often help to destroy truly local economies and make every town and village look exactly alike. But if money can be made, the capitalist cares not about what effect the process of production is having on the social order or the environment.

And if we want to understand the perversity and alienation of so many artists and writers in the modern age, we would do well to understand that they are reacting against a culture already perverted by the spirit of capitalism. A misshapen culture naturally provokes misshapen responses. Only the doctrine of wealth for wealth's sake could have brought about the equally absurd doctrine of art for art's sake. Both are wrong because both fail to subordinate the legitimate activities of wealth-creating and artistic creation to their inherent purposes, which ultimately are the welfare of mankind and the glory of God. But if capitalists can claim that *their* peculiar activity is exempt from any control but that imposed by itself, why cannot artists claim the same thing? Both claims would have seemed foolish and perverse to a medieval, and indeed, they should both seem foolish and perverse to a Catholic of any era.

The capitalistic spirit has so permeated our culture that we now see all of life in terms of capitalistic economic arrangements. For example, students in universities now often regard themselves as consumers. And as consumers, do they not obviously have the right to judge the product offered to them? To demand something new if they are displeased? Education now becomes a commodity, advertised and sold according to the capitalist mode to consumers who evaluate it with the same standards they might use to evaluate toothpaste or canned beans. No longer do the teachers—once called by the term *masters*—no longer do they have wisdom to impart to their students. Now the students calculate whether the information being imparted will really help them get a better job or a promotion, and if no, they will withdraw from

the institution, perhaps even sue it for educational malpractice.

Capitalism and its accompanying industrialism is so much a part of the atmosphere of our day that we fail to see how our entire existence is organized around its demands. Thomas Molnar comments in regard to industrialism:

Seen from the vantage point of our habits engendered by our thoroughly industrialized society, it is hard even to imagine life in countries not yet industrialized, at least to the same degree. Spain is a good example of the latter. Holidays, saints' days, local fiestas lasting for several days, family celebrations, and so on, have at least as great an impact on the course of life as work and efficiency-mindedness. Next to work rhythm there is also a leisure rhythm, not in the sense of "rest from work" but as a form of the outlook on existence. (*Authority and Its Enemies*, 1976)

While on the one hand spending huge sums of money on leisure, we nevertheless look at it as justified only for the sake of future productivity. The traditional view, expressed, for example, by Aristotle, is that work is for the sake of leisure, the very opposite of what we believe today. As Josef Pieper wrote, "the value we set on work and on leisure is very far from being the same as that of the Greek and Roman world, or of the Middle Ages..." (*Leisure, the Basis of Culture*, 1952). Even to utter such statements is to invite bewilderment. Perhaps a modern does not so much disagree with this statement as fail to comprehend what it could possibly mean or how it could possibly be realized in this world. For us of the capitalistic world, only a course of reading in the masters, both classical and modern, can teach us how to esteem properly both work and leisure and grasp their place in the social order.

But the capitalistic spirit goes even further. An advertisement in our local newspaper for a Protestant congregation says, in part:

If you are serious about making changes in your behavior, or in how you feel, we can help you. Using dynamic Bible principles, massive changes can take place in your marriage, family and personal life. We can help you overcome [the following]

Then follows a list of over twenty conditions, including Alcoholism, Smoking, Depression, Worry, Fears, Hyperactivity, Loneliness, Fatigue, Insomnia, and Guilt. With only a few changes, this could be an ad for a psychology clinic or a

therapist. Religion is here sold as a consumer item, on principles no different from those used to sell soap or used cars. It is no wonder that bastard religions such as Scientology, which also market themselves as means for solving our myriad personal problems, have the success that they do.

This capitalist spirit even infects marriages, with some couples drawing up marriage contracts before their wedding, as if they were entering upon a business partnership. Capitalism has so influenced our thinking that now marriage, religion, and education are all conceived after capitalistic models. Of course we do not realize that we do this. But because we are so accustomed to *think* in a capitalist manner, we extend that kind of thinking to all of life, hardly noticing what we are doing. Just as during the Middle Ages certain feudal customs entered the Church, and, for example, bishops commonly entered upon their jurisdiction with a ceremony little different from that used for lay nobles, so have we done with capitalism.

But wait. Am I not behind the times? Has not the Pope himself endorsed capitalism and therefore blessed our entire economic and social life? Is not modern America now the model for the whole world and the next millennium? To read some tendentious interpretations of John Paul II's 1991 encyclical, *Centesimus Annus*, one would think so, but the Holy Father's words, both in that encyclical and subsequently, have made it clear that the Church's position has not changed. Indeed, every faithful Catholic ought to know that her position *cannot* change. As John Paul II said during his recent trip to Latvia, "...the Church, since Leo XIII's *Rerum Novarum*, has always distanced herself from capitalistic ideology, holding it responsible for grave social injustices."

Catholics must beware any clique, no matter how loyal to the Church they may seem on the surface, which attempts to make its peace with an anti-Catholic notion of the social order. And any notion or organization of society which does not subordinate things to their ends, e.g., which fails to subordinate economic activity to the life of man in society, directly goes against that human and Christian notion of society which the Church has always upheld. We Catholics must not be content with a faith that is restricted to our private lives. We must prepare the way of the Lord, of Christ, the King of all nations and societies, of every aspect and element of life and society. The Social Kingship of Jesus Christ demands as much, and neither the hostility nor the lack of understanding on the part of the modern world should be able to keep us from this labor.

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