

CAPITALISM EX CATHEDRA

Sources of Hope in Tough Economic Times

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The centennial anniversary of *Rerum Novarum*, the first social encyclical of Pope Leo XIII, is celebrated in the Catholic Church as a special occasion to reflect on the condition of society and the norms of justice. For the occasion, Pope John Paul II has written an encyclical, *Centesimus Annus* (1991), which examines the present socioeconomic situation of the world in the light of the tradition of Catholic social teaching, begun in 1891 with *Rerum Novarum*.

The picture of the world that emerges is very sad indeed. Yet even in situations such as these, where injustice has the upper hand, sources of hope can be found. Even in the wilderness, spiritual nourishment is available.

PRAISE AND CRITICISM

The collapse of communism in Eastern Europe is for the Polish pope a special cause for rejoicing. A

system of oppression and repression has been overcome. People in Eastern Europe are again free to engage in public worship and openly debate the future of their society. At the same time, John Paul II tells us that the Western nations should not regard the demise of communism as a victory for and a vindication of contemporary capitalism.

What it does vindicate, however, is the importance of markets for economic development. A healthy economy requires personal property and individual initiative, or entrepreneurship. More than any previous papal encyclical, *Centesimus Annus* insists that a just society must preserve and protect the mechanisms of the free market.

Some commentators in the press, having stopped reading the papal document at this point, arrived at the cheerful conclusion that John Paul II approves of the existing capitalist system. Yet if we continue to read the encyclical's

Summary Pope John Paul II's encyclical *Centesimus Annus*—written in honor of the centennial anniversary of *Rerum Novarum*, the first papal social encyclical—examines the present world socioeconomic situation in light of traditional Catholic social teaching. The pope warns the West not to be too quick to celebrate the demise of communism as a victory for capitalism. Capitalism has some good points, the pope acknowledges, but by themselves, market mechanisms do not ensure the just distribution of food and other goods that fulfill essential human needs. When capitalism relies on market forces *alone*, it creates a culture of consumerism that promotes selfishness and greed.

Capitalism has been in flux for decades. After World War II, developed Western societies began moving toward "Keynesian capitalism," which subjects the mechanisms of the free market to public

control. After Keynesian capitalism's apparent failure in the United States in the 1970s came the "monetarist" theory and a return to an earlier, liberal form of capitalism in which society relies on market mechanisms *alone* to revitalize the economy and regulate the production and distribution of goods. The monetarist policies of the 1980s turned out to be part of a global plan to reorganize the economy around the giant multinational corporations. This forced individual countries to compete for capital investment and led to unemployment and neglect of low-income people.

Structural adjustment policies have been adopted by governments all over the world, in poor countries as well as developed. All are moving toward the form of capitalism that is repudiated by Catholic social teaching in general and *Centesimus Annus* in particular.

text, we find that, according to the pope, a just society must not allow the market mechanisms to be the *sole* regulators of the production and distribution of goods, but instead must subject the market mechanisms to public control, upholding the principle that material goods should be shared by all. Although Pope John Paul II praises the free market society, he also criticizes what in traditional Catholic social teaching is called liberal, or untrammelled, capitalism.

At one point in *Centesimus Annus*, the pope questions whether, after the demise of various socialist states, capitalism should be advanced as the way of the future. The answer, he tells us, is complex. If by capitalism one means a free market society that respects private ownership and private entrepreneurship, then the answer is yes. But if by capitalism one means liberal capitalism—that is, a free market system unconstrained by public authority and social justice to serve the common good—then the answer is no.

Important though they be, market mechanisms by themselves do not ensure the just distribution of food and other goods that fulfill essential human needs. By themselves, markets do not protect nature and the environment. Moreover, the market mechanisms applied to labor (i.e., the so-called labor market) inflict humiliation and alienation on workers, treating them as market commodities. Furthermore, still following the papal teaching, the form of capitalism that relies on market forces alone creates a culture of consumerism that undermines solidarity and promotes selfishness. The ever-expanding markets, accompanied by clever advertising techniques, foster greed.

Indeed, *Centesimus Annus* praises the market society and private entrepreneurship, but at the same time delivers a devastating critique of unrestrained capitalism.

CAPITALISM'S TRANSFORMATION

Welfare Capitalism After World War II, developed Western societies moved toward welfare capitalism. There were several reasons for this:

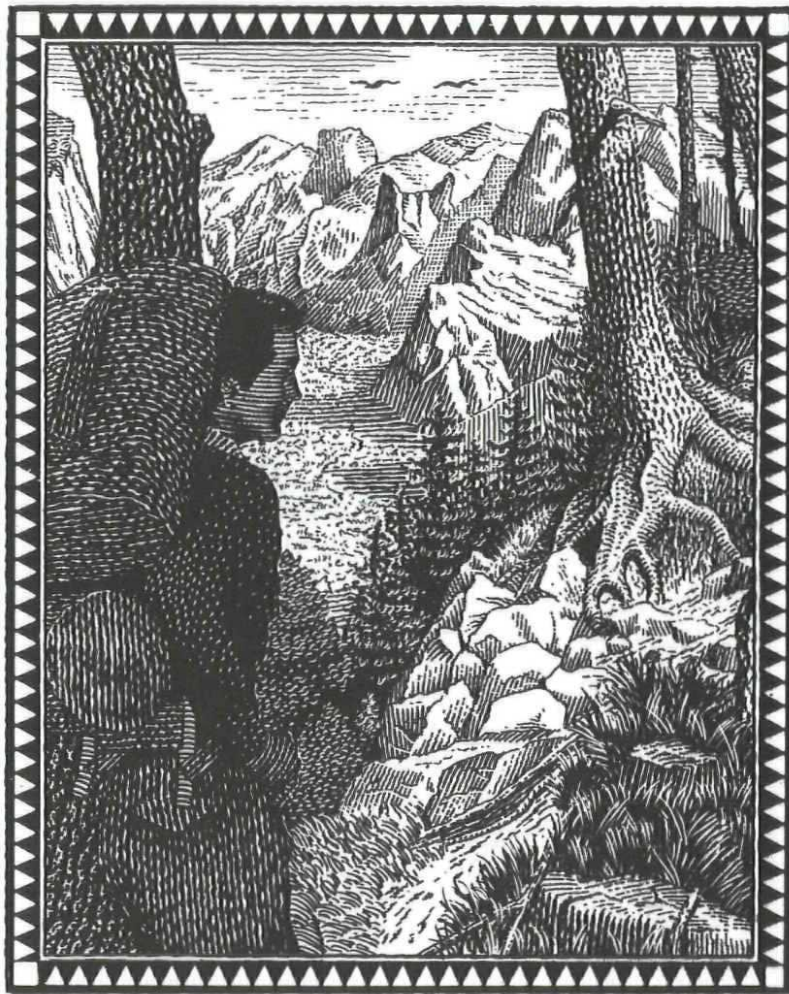
- The Great Depression convinced many economists that the free market by itself constituted an essentially unstable economic system, creating crisis after crisis. They recommended that government intervene in the economy, offer support to failing industries, allow workers through their unions to engage in collective bargaining, and extend welfare programs to the unemployed and others whom the market was

unable to help. In the United States the beginning of the welfare state goes back to President Franklin D. Roosevelt's New Deal in the 1930s, whereas in Canada it began only after the war, when the Liberal government under Mackenzie King introduced some of the policies fought for by the Cooperative Commonwealth Federation (CCF) (later, the New Democratic Party [NDP]) from the thirties on. The English scholar John Maynard Keynes was the most famous economist to propose the new theory. The welfare society was often called Keynesian capitalism after him.

- In many, if not most, countries, social democratic or socialist parties, supported by workers and other low-income people, were gaining power and in many instances were elected to form the government.

- During the war, the governments of Great Britain, Canada, and the United States promised

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Michael Halbert

the soldiers—many of whom had been unemployed before enlisting—that when they returned home after the war, they would find a different society, a more just social order committed to full employment.

Papal social teaching has favored the Keynesian form of capitalism because it subjects the mechanisms of the free market to public control and imposes constraints through a certain social solidarity. Nevertheless, *Centesimus Annus* is also critical of the welfare state because it tends to multiply bureaucracy and encourage people's passivity.

Keynesian Theory's Failure In the 1970s Keynesian capitalism no longer seemed to work in the United States. Economists are still arguing about the reasons for this phenomenon. Several factors were probably at work:

- The enormous bill of the Vietnam War and military expansion in general
- The steady increases in the price of OPEC oil
- The expenses and losses created by the environmental legislations of the decade
- Above all, the decision by multinational corporations to reorganize production and the entire economy on a global scale

The Monetarist Theory Some U.S. economists blamed the Keynesian theory for the economy's failure. They wanted it replaced by what they termed the "monetarist" theory, which called for a return to the earlier, liberal form of capitalism. They wanted society to rely on market mechanisms *alone* to revitalize the economy and regulate the production and distribution of goods.

The monetarist policies, first introduced by President Ronald Reagan in the United States and Prime Minister Margaret Thatcher in Great Britain, turned out to be part of a global plan to reorganize the economy around the giant multinational corporations. This globalization of the economy forced individual nations to compete with one another and introduce measures to attract capital investment, even if this meant creating unemployment and neglecting low-income people. Soon the neoliberal (often also called

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neoconservative) policies of Reagan and Thatcher were adopted by other Western states, including Canada and Quebec. Even socialist or social democratic governments (for instance, in France and Australia) were forced by the conditions of the capital market to introduce neoliberal economic policies. When the NDP government in Ontario introduced a social democratic bud-

get last spring, business leaders and the press were outraged that a government would dare to move against the mainstream. Competing in a globalized economy has come to be regarded as an irresistible law of nature.

The neoliberal measures were the same in all countries: privatization; deregulation; and reduction of social programs, welfare payments, and the salaries of public employees. They also increased the cost of public services, limited the power of unions, and granted tax credits and other favors to corporations. And the *effects* were also the same everywhere: chronic unemployment, deindustrialization, regional disparity, and a shift in the employment market, leading to more part-time work and less job security. Even the employed, professionals included, live in fear of losing their jobs. What is taking place in the developed countries is the growth of the so-called third sector, which includes people on welfare, part-time workers, people filling temporary jobs, and the underpaid. (John Paul II and the U.S. and Canadian bishops have called this spread of unemployment and underemployment a social sin.)

STRUCTURAL ADJUSTMENT POLICIES

During the 1980s, the World Bank and other international financial organizations imposed the same neoliberal logic on the developing nations of the Third World. These nations, unable to pay their debts, were refused any further economic aid unless they introduced the so-called structural adjustment policies, which meant selling publicly owned industries, reducing salaries of public employees, cutting their social programs, lower-

ing the value of their money, increasing the interest rate to attract foreign capital, producing goods for export rather than satisfying the needs of their populations, and so forth. The structural adjustment policies were supposed to provide a sound foundation for economic development in the long run. Yet, in the short run, they are the bases for mass starvation.

Structural adjustment policies have been adopted by governments all over the world: in the poor countries of the Southern hemisphere and the developed countries north of the equator. All are moving toward the form of capitalism that is repudiated by Catholic social teaching in general and *Centesimus Annus* in particular.

Of course, differences do exist among the developed countries. In the continental countries of Western Europe, public welfare and the public health system are fairly secure because these countries have a strong collectivist cultural tradition and, in addition, have been shaped by large socialist parties, in some cases for more than 100 years. Great Britain, Canada, and the United States, on the other hand, have an individualistic cultural tradition, guided by the political philosophy of John Locke. In Britain the Labour Party challenged this tradition and, when it came into power after World War II, created the welfare state, including the public health system; however, these socialist institutions were not strong enough to resist Thatcher's effort to move Britain back to the possessive individualism of Lockean inspiration. Canada had something like the British Labour Party—the socialist CCF, founded in the thirties and present today, with the support of the Canadian Labour Congress, in the NDP. When this party was in power in one of the provinces, it introduced public welfare legislation; when it was out of power, it pushed the Liberal and Conservative parties to promote public welfare. In 1960, when the CCF was elected as the government of Saskatchewan under Tommy Douglas, it introduced the public health service, despite the opposition of striking physicians. Eventually the whole of Canada adopted the new medicare system. Because the individualistic tradition, with its glory and its problems, is even stronger in the United States, this country has yet to see a universal public health program.

Still, in all the Western capitalist countries in Europe and North America, the new structural adjustment policies threaten welfare legislation and public health. Structural adjustment policies may well undermine the Canadian public health

system. My personal fear is that governments allow the health system to deteriorate so that increasing numbers of people will become dissatisfied with it and eventually create a groundswell of support for its demise. We live in hard times.

HOPE IN HARD TIMES

What are the sources of hope in hard times? What does hope mean when people's lives are getting worse? The question is important because as we are summoned by God's Word, by Scripture, to believe and to love, so we are called on to hope.

Christian hope differs from optimism. Optimism, a purely secular outlook, expects that things will get better. Optimism brooks no negatives. It looks at the world only through rose-colored glasses.

By contrast, Christian hope dares to look at the counterevidence. Hope is willing to face the data of despair. Hope is not founded on a theory of progress, on a view that historical forces move human society toward greater perfection; rather, it is founded on the promises of God, who has manifested divine solidarity with humanity in the person of Jesus Christ.

Christian hope cannot be equated with the expectation of God's reign in the age to come. The divine promises also deal with the transformation of human life and history. God's coming reign has an earthly dimension, which we used to call "sanctification." In the past we tended to understand sanctification in a purely personal way; we have learned, however, that sanctification also has a social meaning, referring to the transformation of society toward greater justice and compassion. This new understanding is supported by the Church's evolving social teaching. The World Synod of Bishops meeting in Rome in 1971 made the radical affirmation that the redemption which Jesus Christ has brought, saving and sanctifying individual persons, also includes the liberation of people from all forms of oppression. Christian hope, therefore, relying on the divine promises, looks forward to transformations in history.

SPECIAL TIMES

Kairos History has two distinct periods. The first I shall call a "kairos," making use of a word employed by St. Paul to designate a special time of grace (Rom 5:6; Gal 6:10; Col 4:5). During a kairos people expect to see the transformation of society toward greater justice. In such a period, the change of institutions is a historical possibility.

People of my generation experienced a *kairos* in the 1960s, with the election of President John F. Kennedy in the United States, the civil rights movement, and opposition to the war in Vietnam. In the sixties the rapid cultural transformation inspired by a new collective self-confidence, the so-called Quiet Revolution, took place in the francophone province of Quebec. The Second Vatican Council occurred in Rome. In Africa we witnessed the anticolonial struggles for independence, and in Latin America, the liberation movements for an economy that would feed the population. Society's disadvantaged—including women, especially poor women—began to feel that if they organized, marched in the streets, and manifested their power, they could effect change toward greater justice.

During those years, everyone spoke of "the just society." Liberals worked for the just society within capitalism's institutions, while labor unions, social democrats, and socialists struggled for a just society that could be brought about by a substantial purge of the existing economic order. People engaged themselves in social causes: the environment, the peace movement, the women's movement, and so forth. During those years Christians, including the ecclesiastical magisterium, were deeply affected by Latin American liberation theology. This was a period when social change toward greater justice was truly a historical possibility. We lived in a *kairos*.

Wilderness Now, however, we have moved into a new historical phase. Making use of another biblical expression, I suggest that the period we live in is the "wilderness." For me personally the Gulf War was profoundly shocking. This publicly approved massacre seemed to seal in blood the new orientation of the global economy—"the new international order," as President Bush called it—which serves the interests of an elite and pushes into the margin ever wider sectors of society. Those who will not play ball will be chastised, if need be, with military power.

In the present phase (and who knows how long it will last) it is unrealistic to expect institutional change toward greater justice.

HOPE THROUGH TEARS

What does hope mean in the wilderness? We cannot allow ourselves to become depressed or to despair. We are entitled, however, to lament before God. In fact, the Scriptures provide us with songs of lamentation. Mourning or grieving is an appropriate dimension of contemporary

spirituality. We mourn that we are prisoners in economic institutions that produce unemployment at home and hunger overseas. What we must discover is that this mourning is produced by God's presence in our hearts. We mourn because God has gripped us. In the wilderness we are pushed by God into a deeper spiritual life.

What does this mean for men and women involved in healthcare and health services? They hope divine grace will enable them to resist the dominant trend without going crazy. They hope to be spiritually nourished and supported as they struggle to protect good projects that are threatened or to improve services under increasingly difficult conditions. They hear the Gospel message, "Be not afraid."

In the wilderness we need a new rootedness in God. We must realize that God is not a sky divinity, ruling the world from above. Rather, God is the river that flows through history and through the deepest layers of our lives. The Bible calls us trees planted by the waters (Ps 1:13, 92:12). We live out of an energy that is not simply our own but one that is freely given to us, again and again, to resist, to struggle, and to remain calm.

During the Gulf War, when I was so profoundly upset, I read again St. Augustine's *City of God*, written in the fifth century. I wanted to hear again Augustine condemning empire and the conquest of empire and telling of God, the divine river flowing through human history that rescues people from self-love and enables them to enter into solidarity with their neighbor.

After the fall of Rome in the year 410, after the secularization of the Church through the rapid, tactical conversion of the pagan masses under the Christian emperor, and after the invasion of North Africa by the Germanic tribes hostile to the empire, St. Augustine lived in the "wilderness." But he did not lose hope. He believed that the city of God was being built up wherever people helped and served one another, wherever people forgot about themselves in their concern for others, wherever people built community out of love. For Augustine the building of this hidden city was not simply an effort of flesh and blood, but a creation of divine grace; it was the city of God. For Augustine more than for most theologians, God meant illumination, empowerment, and new life. Augustine himself always had new ideas, he kept on trying new pastoral approaches—and he also made some big mistakes. In our situation, divine grace enables us to resist the wilderness while we long for the next *kairos*. □