

Encyclical Letter of the Holy Father John Paul II

32. In our time, in particular, there exists another form of ownership which is becoming no less important than land: *the possession of know-how, technology and skill*. The wealth of the industrialized nations is based much more on this kind of ownership than on natural resources.

Mention has just been made of the fact that *people work with each other*, sharing in a "community of work" which embraces ever widening circles. A person who produces something other than for his own use generally does so in order that others may use it after they have paid a just price, mutually agreed upon through free bargaining. It is precisely the ability to foresee both the needs of others and the combinations of productive factors most adapted to satisfying those needs that constitutes another important source of wealth in modern society. Besides, many goods cannot be adequately produced through the work of an isolated individual; they require the cooperation of many people in working towards a common goal. Organizing such a productive effort, planning its duration in time, making sure that it corresponds in a positive way to the demands which it must satisfy, and taking the necessary risks — all this too is a source of wealth in today's society. In this way, the *role* of disciplined and creative *human work* and, as an essential part of that work, *initiative and entrepreneurial ability* becomes increasingly evident and decisive.<sup>70</sup>

This process, which throws practical light on a truth about the person which Christianity has constantly affirmed, should be viewed carefully and favourably. Indeed, besides the earth, man's principal resource is *man himself*. His intelligence enables him to discover the earth's productive potential and the many different ways in which human needs can be satisfied. It is his disciplined work in close collaboration with others that makes possible the creation of ever more extensive *working communities* which can be relied upon to transform man's natural and human environments. Important virtues are involved in this process, such as diligence, industriousness, prudence in undertaking reasonable risks, reliability and fidelity in interpersonal relationships, as well as courage in carrying out decisions which are difficult and painful but necessary, both for the overall working of a business and in meeting possible set-backs.

The modern *business economy* has positive aspects. Its basis is human freedom exercised in the economic field, just as it is exercised in many other fields. Economic activity is indeed but one sector in a great variety of human activities, and like every other sector, it includes the right to freedom, as well as the duty of making responsible use of freedom. But it is important to note that there are specific differences between the trends of modern society and those of the past, even the recent past. Whereas at one time the decisive factor of production was *the land*, and later capital — understood as a total complex of the instruments of production — today the decisive factor is increasingly *man himself*, that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organization, as well as his ability to perceive the needs of others and to satisfy them.

33. However, the risks and problems connected with this kind of process should be pointed out. The fact is that many people, perhaps the majority today, do not have the means which would

enable them to take their place in an effective and humanly dignified way within a productive system in which work is truly central. They have no possibility of acquiring the basic knowledge which would enable them to express their creativity and develop their potential. They have no way of entering the network of knowledge and intercommunication which would enable them to see their qualities appreciated and utilized. Thus, if not actually exploited, they are to a great extent marginalized; economic development takes place over their heads, so to speak, when it does not actually reduce the already narrow scope of their old subsistence economies. They are unable to compete against the goods which are produced in ways which are new and which properly respond to needs, needs which they had previously been accustomed to meeting through traditional forms of organization. Allured by the dazzle of an opulence which is beyond their reach, and at the same time driven by necessity, these people crowd the cities of the Third World where they are often without cultural roots, and where they are exposed to situations of violent uncertainty, without the possibility of becoming integrated. Their dignity is not acknowledged in any real way, and sometimes there are even attempts to eliminate them from history through coercive forms of demographic control which are contrary to human dignity.

Many other people, while not completely marginalized, live in situations in which the struggle for a bare minimum is uppermost. These are situations in which the rules of the earliest period of capitalism still flourish in conditions of "ruthlessness" in no way inferior to the darkest moments of the first phase of industrialization. In other cases the land is still the central element in the economic process, but those who cultivate it are excluded from ownership and are reduced to a state of quasi-servitude.<sup>71</sup> In these cases, it is still possible today, as in the days of *Rerum novarum*, to speak of inhuman exploitation. In spite of the great changes which have taken place in the more advanced societies, the human inadequacies of capitalism and the resulting domination of things over people are far from disappearing. In fact, for the poor, to the lack of material goods has been added a lack of knowledge and training which prevents them from escaping their state of humiliating subjection.

Unfortunately, the great majority of people in the Third World still live in such conditions. It would be a mistake, however, to understand this "world" in purely geographic terms. In some regions and in some social sectors of that world, development programmes have been set up which are centered on the use not so much of the material resources available but of the "human resources".

Even in recent years it was thought that the poorest countries would develop by isolating themselves from the world market and by depending only on their own resources. Recent experience has shown that countries which did this have suffered stagnation and recession, while the countries which experienced development were those which succeeded in taking part in the general interrelated economic activities at the international level. It seems therefore that the chief problem is that of gaining fair access to the international market, based not on the unilateral principle of the exploitation of the natural resources of these countries but on the proper use of human resources.<sup>72</sup>

However, aspects typical of the Third World also appear in developed countries, where the constant transformation of the methods of production and consumption devalues certain acquired skills and professional expertise, and thus requires a continual effort of re-training and updating.

Those who fail to keep up with the times can easily be marginalized, as can the elderly, the young people who are incapable of finding their place in the life of society and, in general, those who are weakest or part of the so-called Fourth World. The situation of women too is far from easy in these conditions.

34. 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. But this is true only for those needs which are "solvent", insofar as they are endowed with purchasing power, and for those resources which are "marketable", insofar as they are capable of obtaining a satisfactory price. But 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.

In Third World contexts, certain objectives stated by *Rerum novarum* remain valid, and, in some cases, still constitute a goal yet to be reached, if man's work and his very being are not to be reduced to the level of a mere commodity. These objectives include a sufficient wage for the support of the family, social insurance for old age and unemployment, and adequate protection for the conditions of employment.

35. Here we find a wide range of *opportunities for commitment and effort* in the name of justice on the part of trade unions and other workers' organizations. These defend workers' rights and protect their interests as persons, while fulfilling a vital cultural role, so as to enable workers to participate more fully and honourably in the life of their nation and to assist them along the path of development.

In this sense, it is right to speak of a struggle against an economic system, if the latter is understood as a method of upholding the absolute predominance of capital, the possession of the means of production and of the land, in contrast to the free and personal nature of human work.<sup>73</sup> In the struggle against such a system, 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.

The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied. But profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people — who make up the firm's most valuable asset — to be humiliated and their dignity offended. Besides being morally inadmissible, this will eventually have negative

repercussions on the firm's economic efficiency. In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society. Profit is a regulator of the life of a business, but it is not the only one; *other human and moral factors* must also be considered which, in the long term, are at least equally important for the life of a business.

We have seen that it is unacceptable to say that the defeat of so-called "Real Socialism" leaves capitalism as the only model of economic organization. It is necessary to break down the barriers and monopolies which leave so many countries on the margins of development, and to provide all individuals and nations with the basic conditions which will enable them to share in development. This goal calls for programmed and responsible efforts on the part of the entire international community. Stronger nations must offer weaker ones opportunities for taking their place in international life, and the latter must learn how to use these opportunities by making the necessary efforts and sacrifices and by ensuring political and economic stability, the certainty of better prospects for the future, the improvement of workers' skills, and the training of competent business leaders who are conscious of their responsibilities.<sup>74</sup>

At present, the positive efforts which have been made along these lines are being affected by the still largely unsolved problem of the foreign debt of the poorer countries. The principle that debts must be paid is certainly just. However, it is not right to demand or expect payment when the effect would be the imposition of political choices leading to hunger and despair for entire peoples. It cannot be expected that the debts which have been contracted should be paid at the price of unbearable sacrifices. In such cases it is necessary to find — as in fact is partly happening — ways to lighten, defer or even cancel the debt, compatible with the fundamental right of peoples to subsistence and progress.

---

39. The first and fundamental structure for "human ecology" is the family, in which man receives his first formative ideas about truth and goodness, and learns what it means to love and to be loved, and thus what it actually means to be a person. Here we mean the *family founded on marriage*, in which the mutual gift of self by husband and wife creates an environment in which children can be born and develop their potentialities, become aware of their dignity and prepare to face their unique and individual destiny. But it often happens that people are discouraged from creating the proper conditions for human reproduction and are led to consider themselves and their lives as a series of sensations to be experienced rather than as a work to be accomplished. The result is a lack of freedom, which causes a person to reject a commitment to enter into a stable relationship with another person and to bring children into the world, or which leads people to consider children as one of the many "things" which an individual can have or not have, according to taste, and which compete with other possibilities.

It is necessary to go back to seeing the family as the *sanctuary of life*. The family is indeed sacred: it is the place in which life — the gift of God — can be properly welcomed and protected against the many attacks to which it is exposed, and can develop in accordance with what

constitutes authentic human growth. In the face of the so-called culture of death, the family is the heart of the culture of life.

Human ingenuity seems to be directed more towards limiting, suppressing or destroying the sources of life — including recourse to abortion, which unfortunately is so widespread in the world — than towards defending and opening up the possibilities of life. The Encyclical *Sollicitudo rei socialis* denounced systematic anti-childbearing campaigns which, on the basis of a distorted view of the demographic problem and in a climate of "absolute lack of respect for the freedom of choice of the parties involved", often subject them "to intolerable pressures ... in order to force them to submit to this new form of oppression".<sup>78</sup> These policies are extending their field of action by the use of new techniques, to the point of poisoning the lives of millions of defenceless human beings, as if in a form of "chemical warfare".

These criticisms are directed not so much against an economic system as against an ethical and cultural system. The economy in fact is only one aspect and one dimension of the whole of human activity. If economic life is absolutized, if the production and consumption of goods become the centre of social life and society's only value, not subject to any other value, the reason is to be found not so much in the economic system itself as in the fact that the entire socio-cultural system, by ignoring the ethical and religious dimension, has been weakened, and ends by limiting itself to the production of goods and services alone.<sup>79</sup>

All of this can be summed up by repeating once more that economic freedom is only one element of human freedom. When it becomes autonomous, when man is seen more as a producer or consumer of goods than as a subject who produces and consumes in order to live, then economic freedom loses its necessary relationship to the human person and ends up by alienating and oppressing him.<sup>80</sup>

40. It is the task of the State to provide for the defence and preservation of common goods such as the natural and human environments, which cannot be safeguarded simply by market forces. Just as in the time of primitive capitalism the State had the duty of defending the basic rights of workers, so now, with the new capitalism, the State and all of society have the duty of *defending those collective goods* which, among others, constitute the essential framework for the legitimate pursuit of personal goals on the part of each individual.

Here we find a new limit on the market: there are collective and qualitative needs which cannot be satisfied by market mechanisms. There are important human needs which escape its logic. There are goods which by their very nature cannot and must not be bought or sold. Certainly the mechanisms of the market offer secure advantages: they help to utilize resources better; they promote the exchange of products; above all they give central place to the person's desires and preferences, which, in a contract, meet the desires and preferences of another person. Nevertheless, these mechanisms carry the risk of an "idolatry" of the market, an idolatry which ignores the existence of goods which by their nature are not and cannot be mere commodities.

41. Marxism criticized capitalist bourgeois societies, blaming them for the commercialization and alienation of human existence. This rebuke is of course based on a mistaken and inadequate idea of alienation, derived solely from the sphere of relationships of production and ownership,

that is, giving them a materialistic foundation and moreover denying the legitimacy and positive value of market relationships even in their own sphere. Marxism thus ends up by affirming that only in a collective society can alienation be eliminated. However, the historical experience of socialist countries has sadly demonstrated that collectivism does not do away with alienation but rather increases it, adding to it a lack of basic necessities and economic inefficiency.

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 labour, 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.

The concept of alienation needs to be led back to the Christian vision of reality, by recognizing in alienation a reversal of means and ends. When man does not recognize in himself and in others the value and grandeur of the human person, he effectively deprives himself of the possibility of benefitting from his humanity and of entering into that relationship of solidarity and communion with others for which God created him. Indeed, it is through the free gift of self that man truly finds himself.<sup>81</sup> This gift is made possible by the human person's essential "capacity for transcendence". Man cannot give himself to a purely human plan for reality, to an abstract ideal or to a false utopia. As a person, he can give himself to another person or to other persons, and ultimately to God, who is the author of his being and who alone can fully accept his gift.<sup>82</sup> A man is alienated if he refuses to transcend himself and to live the experience of self-giving and of the formation of an authentic human community oriented towards his final destiny, which is God. A society is alienated if its forms of social organization, production and consumption make it more difficult to offer this gift of self and to establish this solidarity between people.

Exploitation, at least in the forms analyzed and described by Karl Marx, has been overcome in Western society. Alienation, however, has not been overcome as it exists in various forms of exploitation, when people use one another, and when they seek an ever more refined satisfaction of their individual and secondary needs, while ignoring the principal and authentic needs which ought to regulate the manner of satisfying the other ones too.<sup>83</sup> A person who is concerned solely or primarily with possessing and enjoying, who is no longer able to control his instincts and passions, or to subordinate them by obedience to the truth, cannot be free: *obedience to the truth* about God and man is the first condition of freedom, making it possible for a person to order his needs and desires and to choose the means of satisfying them according to a correct scale of values, so that the ownership of things may become an occasion of growth for him. This growth can be hindered as a result of manipulation by the means of mass communication, which impose fashions and trends of opinion through carefully orchestrated repetition, without it being possible to subject to critical scrutiny the premises on which these fashions and trends are based.

42. Returning now to the initial question: can it perhaps be said that, after the failure of Communism, capitalism is the victorious social system, and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? Is this the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress?

The answer is obviously complex. If by "capitalism" is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a "business economy", "market economy" or simply "free economy". But if by "capitalism" is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.

The Marxist solution has failed, but the realities of marginalization and exploitation remain in the world, especially the Third World, as does the reality of human alienation, especially in the more advanced countries. Against these phenomena the Church strongly raises her voice. Vast multitudes are still living in conditions of great material and moral poverty. The collapse of the Communist system in so many countries certainly removes an obstacle to facing these problems in an appropriate and realistic way, but it is not enough to bring about their solution. Indeed, there is a risk that a radical capitalistic ideology could spread which refuses even to consider these problems, in the *a priori* belief that any attempt to solve them is doomed to failure, and which blindly entrusts their solution to the free development of market forces.