

## Civilizing the Economy and Catholic Social Teaching

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A constant theme of Catholic social teaching (CST) is that while both the state and the market are necessary and good in themselves, they can easily lead to dehumanized relationships, relationships that have become commoditized and bureaucratized. To overcome this dehumanization, CST stresses the need for "mediating institutions," those voluntary organizations, or what are often called organizations of civil society, which are not based on contracts controlling buying or selling, or services. The organizations of civil society, for example, the family, trade unions, fraternal organizations, churches, etc., are based on trust and gratuity and hence allow the human person to flourish.

Pope Leo XIII in the 1891 encyclical *Rerum Novarum* offered a vision of society where the state has a role in influencing the economy toward the common good, but a key role for the state is to encourage and enable "mediating institutions," those groupings between the individual and the state that foster freedom and initiative. The fear is that inordinate power concentrated in either the market or the state would stifle initiative and freedom and thus hinder the development of the person.

In 1931, Pope Pius XI issued *Quadragesimo Anno* and that encyclical focused on three principles that have been dominant in all subsequent CST: the need to protect the dignity of the person; the concern that organizations be no larger than necessary—subsidiary; and the necessity for mediating structures between the person and the state. Society is a community of communities, and these communities are all the various groupings that people find necessary or helpful. The role of the state is to be in the service for society, facilitating the cooperation and well-being of all these voluntary organizations or mediating structures.

Building strong "mediating institutions" continues to be a theme in Catholic social teaching. Organizations such as schools, churches, trade unions, ethnic groups, and so on, offer individuals an opportunity to have public relationships founded not on a contract but on a common vision. It is these relationships that enable one to become a person, one with others, envisioned by CST. In these organizations, one is not merely a consumer or a voter bonded by economic contracts or state bureaucracies, but rather, the glue in a common vision based on trust and solidarity. As Pope John Paul II writes in *Centesimus Annus*, the social nature of the person is only fully realized in the various intermediary groups.

Pope Benedict in the 2009 encyclical *Caritas in Veritate* reflects on the crucial role of solidarity and common purpose and vision in shaping an authentic person and he is concerned that civil society is being overwhelmed by the market, diminishing the development of the person:

When both the logic of the market and the logic of the state come to an agreement that each will continue to exercise a monopoly over its respective area of influence, in the long term much is lost: solidarity in relations between citizens, participation and adherence, actions of gratuitousness, all of which stand in contrast with giving in order to acquire (the logic of exchange) and giving through duty (the logic of public obligation, imposed by state law.

The point being made is that in the interplay among the market, the state and civil society there is a humanizing of the economy, or in Benedict's words, a "civilizing" of the economy. With the overshadowing of civil society, primarily by the market, human relationships are underdeveloped, and hence, the economy is less "civilized." A key point, however, in *Caritas in Veritate* and a new emphasis in CST, is that a business itself can function like a civil society institution, that is, solidarity and mutual trust, authentic human relationships, can thrive in and even energize a business.