

HOMILETIC & PASTORAL

REVIEW

America's foremost pastoral publication. Since 1900.

Pope Francis and the Just Third Way

June 13, 2015 By [Michael D. Greaney, CPA, MBA](#)

<http://www.hprweb.com/2015/06/pope-francis-and-the-just-third-way/#fn-14241-18>



Pope Leo XII with encyclical *Rerum Novarum*, Pope Francis, Pope Pius XI with encyclical *Quadragesimo Anno*

Pope Francis faces many challenges in his efforts to modernize the application of Catholic social doctrine to today's problems, particularly the growing global wealth, income, and power gap. His greatest challenge, however, may be overcoming a prevailing ignorance or misunderstanding of the basic moral principles that make lasting, systemic solutions possible.

As taught in academia, then embodied in law and promulgated by the media, there is an unquestioned assumption that capitalism and socialism (or some amalgam of the two) are the only possible arrangements of the social and economic order.

Neither system, however, empowers and liberates every person within it. Both systems are structured to concentrate opportunity, ownership, and power in a few hands—whether in private hands (as in capitalism), or in the State (as in socialism). Such concentration inevitably breeds poverty, corruption, and conflict.

What few academics, politicians, or media gurus have considered seriously is whether there can be a moral and truly democratic alternative—a “Just Third Way”—that transcends both capitalism and socialism.

If such an alternative is conceivable, what are its principles for restructuring the economic system? How could the system itself help close the wealth and income gap—without depriving anyone of their wealth and property rights? What are its means for empowering economically each person through equal opportunity, and access to the means of acquiring and possessing income-producing wealth?

A Question of Power and Justice

Power is essential because people need power to be able to exercise their natural rights, especially life, liberty, and property. By exercising their natural rights within a justly structured social order, people build habits of doing good. They “acquire and develop virtue.”

Pope Francis recognizes, however, that the system itself keeps most people, and families, powerless and dependent. It prevents them from exercising their natural rights, and acquiring and developing virtue. How, then, can we reform the system to support justice and freedom for all?

In *Quadragesimo Anno*, Pope Pius XI taught that the principal means of reforming the system is the “act of social justice”—social justice being the particular virtue (good habit or act) directed to the common good. Within a just system, the State is made for man, not man for the State. As the ultimate check on the power of the State, private ownership of capital, and future economic power, would gradually be vested in every child, woman, and man. This would secure the family against job displacement by advanced technology, employer exploitation, or State intrusion.

Most people do not understand that having an adequate and secure income is not the direct end of social justice, any more than is capital ownership. As Pius XI stated:

What we have thus far stated regarding an equitable distribution of property, and regarding just wages, concerns individual persons, and only indirectly touches social order to the restoration of which, according to the principles of sound philosophy, and to its perfection, according to the sublime precepts of the law of the Gospel, Our Predecessor, Leo XIII, devoted all his thought and care.¹

Even at the individual level, income is secondary (a means) to the dignity of the human person. At the social level, an adequate income is only one gauge of the justice of the system as a whole.² Wages and welfare may provide adequate income, but without private property, recipients remain dependent on private employers or on the State. The question of whether a system is “just” is inextricably linked to the distribution of ownership and power within that system. “Power,” as Daniel Webster observed, “naturally and necessarily follows property”—“property” meaning the right to control and enjoy the income generated by a thing owned, not the thing itself. The primary goal of social justice, as explained within papal social teaching, is to structure all levels of the social order to remove barriers to participation, and make it possible for each person to secure power for developing more fully as a moral being.

The Two-Part Papal Teaching

Further confusion results from the failure by many to distinguish the two parts of Leo XIII’s teaching in *Rerum Novarum*. The first part addresses the immediate requirement to provide for basic human needs when people cannot provide for themselves. Such necessary expedients include individual justice and charity.³ The second part relates to applying correct principles for reconstructing the system itself, in order to provide a long-term solution.

The first part is intended to allow time to implement the second part: reforming the institutions of the common good (“the system”) to enable people to provide for their own needs through both their labor, and their direct ownership of capital. Pius XI clarified this goal in *Quadragesimo Anno* and *Divini Redemptoris*.

While capitalism and socialism are both morally inconsistent with Catholic teaching, socialism is the greater danger. Capitalism nominally accepts natural rights such as life, liberty, and property—cornerstones of Catholic social teaching. These, however, are distorted in application, especially by preventing or inhibiting participation by everyone.

Socialism abolishes the concept of natural rights by making their exercise—particularly the exercise of property rights (control over what is owned, and the right to its income)—contingent upon something other than human nature. Socialism places the right to control the means of production in the State, and in its bureaucracy. What makes socialism especially dangerous is that it seems so close to what the Church teaches that many people do not see the difference.

Socialism’s promise to take care of everyone seems to reflect the first part of the papal teaching. By imposing a false equality of results, however, socialism concentrates power in those who control the State—which guarantees many being without property, being without power, and being dependent on the State. Socialism functionally overloads government—civil society’s only legitimate monopoly—so that “the State {is} overwhelmed and crushed by almost infinite tasks and duties.”⁴

Capitalism’s self-delusion—that it provides everyone with the same chance to become rich—seems to fulfill the second part of the papal teaching. However, as promoted by adherents, like Ayn Rand and Milton Friedman, capitalism glorifies greed. It turns a blind eye to this reality, and fails to lift unjust institutional barriers that prevent most people from even making a decent living.

Capitalism imposes “a yoke little better than that of slavery itself”⁵ through ever-increasing dependency on the State for jobs or welfare. As Hilaire Belloc predicted in *The Servile State*, this differs from socialism only in the details. Clearly, a new economic framework offering structural solutions is needed in order to transcend the errors of both capitalism and socialism.

The “Just Third Way” of the interfaith Center for Economic and Social Justice (CESJ) addresses the second part of the papal teaching: removing systemic barriers that inhibit or prevent each person’s full participation in the common good. This social justice-based, free-market economic system would empower people to meet their own needs through their own labor and capital.

The Just Third Way synthesizes three essential elements. The first is the social doctrine of Pius XI as analyzed by CESJ co-founder and social philosopher, Father William J. Ferree, S.M., Ph.D. The second is the binary economics of lawyer, and expanded ownership economist, Louis O. Kelso. The third is the three principles of economic justice first systematized by Kelso with his co-author, the Aristotelian-Thomist philosopher, Mortimer J. Adler.

The Social Doctrine of Pius XI

At the heart of the Just Third Way is Pius XI’s revolutionary understanding of social justice, and its particular act. According to Ferree, Pius XI’s breakthrough in moral philosophy was to identify social justice as a particular virtue distinct from the general virtue of legal justice.⁶

This is a critical distinction. Where a general virtue is necessarily indefinite, and has no specific act, a particular virtue is, in a sense, defined by its act. A general virtue cannot, therefore, be defined with any precision, while a particular virtue must be defined with scientific accuracy. As Ferree explained:

Social Justice is not at all the vague and fuzzy “blanket word” that gets into so many popular speeches. It is an absolutely clear and precise scientific concept, a special virtue with definite and rigid obligations of its own.⁷

Thus, where legal justice as a general virtue involves acts of individual virtue that have an *indirect* effect on the common good, social justice is a *particular* virtue to reform “social tools” (institutions) to enable people to have a *direct* effect on the common good. Institutional injustices that seemed hopeless can be resolved when people organize in groups to reform and restructure their institutions. As Ferree concluded:

The completed doctrine of Social Justice places in our hands instruments of such power as to be inconceivable to former generations.⁸

Binary Economics

Kelso’s binary economics, the systems theory underlying the Just Third Way, is found primarily in the two books he co-authored with Adler: *The Capitalist Manifesto*, and *The New Capitalists*.⁹ The titles are misleading, as the system Kelso described can only be called “capitalism” if by “capitalism” is meant “the use of capital.”¹⁰

“Binary” means “consisting of two parts.” Kelso divided the factors of production into two, all-inclusive, categories—the human (“labor”), and the non-human (“capital”). The central tenet of binary economics is that there are two components to both productive output and to income: (1) that generated by human labor, and (2) that generated by capital.

Binary economics holds that broad-based affluence and economic freedom, as opposed to financial insecurity and economic dependency for the many, is achievable. This is possible through the widespread ownership of constantly improved capital instruments, and social institutions to produce more consumable goods with less labor-based input, and more efficient use of scarce resources. All other things being equal, binary economics holds that if ownership of productive capital is widespread within a global, technologically-advancing economy, rates of sustainable growth will be optimal.

Four Pillars and Three Principles

Respect for human dignity, the goal of the papal teaching, lies at the heart of what CESJ calls “the Four Pillars of a Just Market Economy” of binary economics, and the Just Third Way. Binary economics recognizes a natural synergy, as opposed to an unavoidable trade-off, between economic justice, and efficiency within a global free marketplace. Rejecting *laissez-faire* assumptions, binary economics holds that a truly free and just global market requires:

- **A limited economic role for the State:** “Man precedes the State, and possesses, prior to the formation of any State, the right of providing for the substance of his body.”¹¹
- **Free, open, and non-monopolistic markets** within an understandable and fair system of laws as the most objective and democratic means for determining just prices, just wages, and just profits (the residual after all goods or services are sold). “Let the working man and the employer make free agreements, and in particular let them agree freely as to the wages; nevertheless, there underlies a dictate of natural justice more imperious and ancient than any bargain between man and man.”¹²
- **Restoration of private property**, especially in corporate equity, and other forms of business organization. “Property” is not the thing owned, but the natural, inalienable right to be an owner (i.e., “access”—the generic right of dominion), and the socially determined and limited rights of ownership (i.e., “use”—the universal destination of all goods). The *rights of property* include the enjoyment of the fruits, or profits, of what is owned. As Kelso put it, “Property in everyday life, is the *right of control*”¹³ as well as enjoyment of the income. As all the popes from Leo XIII through Francis have asserted, people should control what is owned, and enjoy the income it

generates. We must own, not be owned. “A working man’s little estate ... should be as completely at his full disposal¹⁴ as are the wages he receives for his labor. But it is precisely in such power of disposal that ownership obtains, whether the property consist of land or chattels.”¹⁵

- **Widespread capital ownership**, individually, or in free association with others. As Leo XIII said, “The law ... should favor ownership, and its policy should be to induce as many as possible of the people to become owners.”¹⁶

The Principles of Economic Justice

Three basic principles of economic justice underpin these four pillars of a just market economy. These were first articulated as interconnected systems’ principles in Chapter 5 of Kelso and Adler’s *The Capitalist Manifesto*, and later refined and integrated by CESJ into the social doctrine of Pius XI as analyzed by Ferree.

Like the three legs of a tripod, the three principles of economic justice operating together provide the framework for a just and stable economic order. Like a tripod, if even one principle is missing or violated, the structure collapses.

The three essential principles of economic justice are:

- **Participative Justice.** This principle defines how one makes input to the economic process in order to make a living. It requires equal opportunity in gaining access to private property in (control over, and enjoyment of the income from) productive assets, as well as equality of opportunity to engage in productive work. Participative justice does not guarantee equal results, but requires that every person be guaranteed, by society’s institutions, the equal human right to make a productive contribution to the economy, both through one’s labor (as a worker), and through one’s productive capital (as an owner). This principle rejects monopolies, special privileges, and other social barriers to economic self-reliance and personal freedom.
- **Distributive Justice.** “The most classical form”¹⁷ of distributive justice, the out-take principle, is based on the exchange, or market value, of one’s economic contributions. This is the principle that all people have a right to receive a proportionate, market-determined, share of the value of the marketable goods and services they produce with their labor contributions, their capital contributions, or both. This respects human dignity by making every producer’s and consumer’s economic vote count.
- **Social Justice:** As the feedback and corrective principle, social justice governs participative and distributive justice, enabling both to operate properly. Within an economic system, social justice restores balance between overall production and consumption. It rebalances participative justice and distributive justice when the system violates either essential principle. Social justice includes a concept of limitation that discourages personal greed, and prevents monopolies and barriers to participation.

In general, social justice embodies the principles of solidarity and subsidiarity: every person has a moral responsibility to organize with others to correct organizations, institutions, laws, and the social order itself, at every level, whenever the principles of participative or distributive justice are violated, or not operating properly. The application of social justice to the common good of specific economic institutions brings those institutions into conformity with the demands of the common good of all society.

The Act of Social Justice

Confusion over the principles of papal social teaching leads to misapplications of those principles. The case of Catholic commentator, Mr. Thomas Storck, is illustrative.¹⁸ Storck's misunderstanding of social justice as defined by Pius XI is apparent in his confusing it with legal justice. As he asserts:

...it is legal justice that brings us to social justice, *for essentially they are the same thing*, or rather, social justice is a part of legal justice, or it is legal justice under a different aspect which emphasizes different facets of the virtue.¹⁹

According to Ferree, the general virtue of legal justice and the particular virtue of social justice both have the common good as their object—the common good being that vast network of institutions within which people realize their individual goods. Social justice, however, has a particular (direct) act, while legal justice does not.

To explain, Aristotle loosely defined legal justice as “virtue entire.”²⁰ “The Philosopher” divided legal justice into matters affecting the life of the individual (“all the things with which the good person is concerned”²¹), and matters affecting the life of the individual as a member of society (“all the acts of virtue commanded by law”²²). He believed this can lead to a conflict between being a good person, and being a good citizen (who obeys the law, no matter how unjust).

Socialists attempt to resolve this conflict by asserting the primacy of social virtue over individual virtue, and capitalists by claiming that of individual virtue over social virtue. According to Ferree, however, only the act of social justice can resolve the conflict, making it possible to be both a good person, and a good citizen, by bringing the structuring of institutions and laws in line with moral principles.

Legal justice can consequently only affect the common good through the indirect effect that acts of individual virtue have on the social order. Ferree noted, for example, how under legal justice, a citizen's obeying a just law has a positive, but indirect, effect on the common good.

In contrast, the act of social justice enables people as members of organized groups joined in solidarity, to influence, build, and correct unjust social institutions—thereby acting directly on the common good itself. Acts of social justice, while a moral obligation, must not be coerced. Individuals organizing for social change must do so on a purely voluntary basis, relying on the natural right of free association (liberty/contract) for their effectiveness.²³

The Results of Confusion

Equating legal and social justice confuses acts of *individual* charity and commutative and distributive justice, with acts of *social* charity and justice. Without that clear distinction, social justice changes from the virtue that seeks to make individual virtues possible, to a replacement for individual virtues. The act of social justice changes from each individual's personal responsibility,²⁴ to a demand that “somebody else” does something.²⁵

“Charity is the soul of justice,” as John Paul I reminded us.²⁶ When, however, the essential differences between justice and charity are lost—along with the distinctions between general and particular, individual and social, even natural and supernatural virtues—we can fall unconsciously into the moral trap where the end justifies the means. Eventually the whole of moral philosophy degenerates into moral relativism. Expedience, not principle, determines the legitimacy of any act.²⁷

A graphic example of this confusion is seen in Storck's misidentification of the “just wage” as Pius XI's desired end of reforming the system through acts of social justice.²⁸

CESJ has always defended the just wage *contract* (along with the just price and just profit determined in a free and non-monopolistic market) as an essential element of an economically just *system*.²⁹ Along with Kelso and Adler, however, CESJ points out the inadequacies and consequent injustices of the wage system.

Under both capitalism and socialism, the wage system creates a widening gap between workers and owners. Few own the productive wealth that displaces millions of jobs worldwide. Most people are dependent on these owners, or the government, for their job or welfare incomes.

Widespread capital ownership, on the other hand, is the keystone of the social doctrine of both Leo XIII and Pius XI, and the chief means of protecting and maintaining human dignity. The necessity of universal citizen access to equal opportunity, and the means to acquire and own capital, becomes increasingly evident in today's global, high-tech world.

Human labor is rapidly being displaced by automation, robotics, and artificial intelligence. The act of raising wages does not address this reality, as it only increases costs and prices, and adds to the cost of living for everyone, especially the poor.

In common with most economists and academics today, however, Storck “missed the boat.”³⁰ As Ferree explained:

Toward the end of the nineteenth century, Pope Leo XIII, in his encyclical letter, *Rerum Novarum*, defended the legitimacy of private ownership of the new “Capital Tools” against all forms of collectivism on the ground that private property was essential to the safeguarding of human dignity against concentrations of arbitrary power under the pretext of public welfare. . . .

This theme was developed, with ever-increasing clarity and force, by successive Pontiffs up to the most recent statements of John Paul II; but it was Pius XI who did most to give it a permanent place in Western thought as an integral part of a whole new “Social Morality” which he proposed to the world, to parallel the individual morality which Western civilization had already developed.³¹

The Slavery of Past Savings

All this philosophizing, however, would remain an academic exercise if it were not bound to another flawed assumption embedded in the monetary, tax, and economic policies of every government on earth. This is “the slavery of {past} savings.” This is the assumption that neutralized Fulton Sheen’s advocacy of widespread capital ownership in, e.g., *Freedom Under God*³² in 1940, nearly two decades before Kelso and Adler began publishing.

While the philosophical framework in *The Capitalist Manifesto* is key to understanding the principles of the Just Third Way, Professor Robert Ashford (an internationally recognized authority and author on binary economics) considers Kelso and Adler’s second book, *The New Capitalists*, more important in terms of applying the principles so as to achieve an economically just society. This is highlighted by its subtitle: “A Proposal to Free Economic Growth from the Slavery of Savings.”

Many people, and most economists, assume that the only way to finance new capital formation is to produce more than one consumes, and accumulate the excess in the form of money savings.

As technology advances and displaces human labor, however, a problem arises. Most workers are unable to save enough out of their wages to purchase the new capital that replaces them. The problem gets worse as more efficient, and relatively less expensive, technology forces down a market-based value of some sources of labor.

Bad Application v. Good Principle

Leo XIII and Pius XI assumed—incorrectly, I believe—that universal capital ownership must be financed using past savings. They recommended that workers be paid more (via a “living” or “family” wage) to enable them to save enough to purchase capital.

Unfortunately, this recommendation led commentators to mistake the means for the end. They missed the point that paying higher-than-market-value wages was intended to serve two different purposes. The first purpose was to address the immediate need to redistribute existing wealth in order to take care of people in the short term, while a permanent solution was being developed and implemented. The second purpose was to provide the source of financing for widespread capital ownership.

Realizing the impracticality of most workers being able to save enough out of wage income to purchase an adequate capital stake, most commentators relegated the goal of the permanent, structural solution—widespread capital ownership to empower ordinary people—to the status of a prudential matter. They then elevated the temporary expedient—paying people more than the market value of their labor to increase income—to the status of a permanent solution.

Within the traditional wage system framework, and the constraints imposed by the slavery of past savings, paying an objectively determined just wage, or enabling every person to have equal access to the opportunity and means to own productive capital, becomes virtually impossible. Consequently, as no one is required to do the impossible, both the just wage (as determined in a free and non-monopolistic market) and widespread capital ownership (as a fundamental pillar of a just market economy) have been largely disregarded by academics and policymakers.

Worse, in trying to address the overriding need to take care of people’s basic needs, some commentators have redefined the underlying principles themselves. Natural rights of life, liberty, and especially, property, they assert, are not truly inalienable because that would mean that some people can keep things, when others need them. Under this destructive assumption, Msgr. Ronald A. Knox explained in his book, *Enthusiasm: A Chapter in the History of Religion*, the ungodly, greedy, sinful, and unworthy have no rights.³³

Consequently, natural rights must be redefined to meet modern conditions. Despite clear warnings,³⁴ well-meaning people, confusing justice and charity, conclude that no one truly owns when others are in need. Distribution on the basis of need (not relative contribution) becomes both a fundamental principle, and a “practical” solution, rather than a temporary expedient until the system can be reformed. Employers must, therefore, pay a “living wage,” the State must redistribute existing wealth, and “the logic of gift” must replace free and willing exchange as the operating principle directing economic activity.

The Power of Future Savings

The goal of widespread capital ownership, however, begs the question of how people without past savings, or the capacity to reduce consumption in order to save, are to finance it.

The answer is found in the science of finance. As Harold G. Moulton explained in his book, *The Formation of Capital*, and Louis Kelso reiterated in his book with Mortimer Adler, *The New Capitalists: A Proposal to Free Economic Growth from the Slavery of Savings*, no rational person invests in new capital unless it is reasonably expected to pay for itself out of its own profits in the future. This is called “financial feasibility.”

Instead of using past reductions in consumption, it is possible, even preferable, to finance using commercial bank loans, backed by future profits tied to future increases in production. This is available

today for 100 percent worker-owned companies under current U.S. law for Employee Stock Ownership Plans (ESOPs).

Social justice would promote laws to extend access to bank-financed capital credit to all citizens as a fundamental human right, like the right to vote. Therefore, everyone would be able to purchase capital by promising to pay for the capital once it becomes profitable, assuming that the promise is good, and the capital does, in fact, make a profit. To secure the lender against the risk of loss if the capital is not profitable, the borrower should also have collateral: other wealth to make good on the promise.

Commercial and central banks were invented to turn creditworthy promises into money so that lack of liquid savings would not be a bar to production. Similarly, insurance was invented to spread the risk of loss from one to many.

Kelso realized that combining the money creating powers of commercial and central banks, with capital credit insurance to replace traditional forms of collateral, would make it possible for people without savings (“the poor”) to purchase capital on the same terms as people with savings (“the rich”). He demonstrated the feasibility of his idea with the Employee Stock Ownership Plan (ESOP).

By means of an ESOP, employees of a corporation can purchase shares of the company on credit, and repay the loan out of the future pre-tax profits of the corporation. Today in the United States, millions of workers have become part owners of the thousands of companies that employ them, without risking their personal savings or, in most cases, without taking any reductions in pay or benefits. CESJ has proposed a “Capital Homestead Act” that would enable every person (even those who cannot work) to realize Kelso’s ultimate vision of equal access to capital ownership and private property as a fundamental human right.

Why the World Needs an Encyclical on Economic Justice

Given the widespread misunderstanding of Catholic social teaching, there is a great need for clarification of what is meant by “economic justice,” particularly as it relates to the dignity and empowerment of each person within the globalized and high tech economies of the 21st century. It would, therefore, be appropriate and timely, we believe, for Francis to issue an encyclical to teach the principles of economic justice.

This would help guide people everywhere in the challenge of redesigning their basic economic laws and institutions—especially monetary, financial, and tax systems that are today widening the gap between the richest few, and the majority of humanity. The goal would be to extend universal and equal capital ownership opportunities in the future without harming property rights of existing owners—to lift up the 99 percent without pulling down the one percent.

The primary focus of such an encyclical would be the economic empowerment and full development of every person based on the three principles of economic justice: (1) participative justice, (2) distributive justice, and (3) social justice. To clarify further, the encyclical might explain fundamental principles of natural law, the difference between principle and application of principle, and the reconciliation of individual ethics and social ethics by means of the act of social justice.

As Leo XIII said in *Rerum Novarum*, much good will result if our economic institutions are redesigned to enable “as many as possible of the people ... to become owners” at the earliest opportunity. The principles of economic justice, once understood and applied, would create that opportunity, and open up the means for every human being to live with dignity, and to work with others to build a society of truth, beauty, love, and justice for all.

Norman G. Kurland, CESJ president, and Dawn K. Brohawn, CESJ Director of Communications, contributed to this article.

1. *Quadragesimo Anno*, § 76. [↩](#)
2. *Laborem Exercens*, § 19. [↩](#)
3. *Rerum Novarum*, § 22. [↩](#)
4. *Quadragesimo Anno*, § 78. [↩](#)
5. *Rerum Novarum*, § 3. [↩](#)
6. Rev. William J. Ferree, S.M., Ph.D., *Introduction to Social Justice*. New York: Paulist Press, 1948, 8-10. [↩](#)
7. *Ibid.*, 12. [↩](#)
8. *Ibid.*, 56. [↩](#)
9. Louis O. Kelso and Mortimer J. Adler, *The Capitalist Manifesto*, New York, Random House, 1958; and Louis O. Kelso and Mortimer J. Adler, *The New Capitalists: A Proposal to Free Economic Growth from the Slavery of Savings*, New York, Random House, 1961. See also Robert H. A. Ashford and Rodney Shakespeare, *Binary Economics: The New Paradigm*. Lanham, Maryland: The University Press of America, 1999. [↩](#)
10. Cf. “If the use of capital is capitalism, then everything is capitalism.” G.K. Chesterton, “The Beginning of the Quarrel,” *Collected Works*, Vol. V. San Francisco, California: Ignatius Press, 1987, 43. [↩](#)
11. *Rerum Novarum*, § 7. [↩](#)
12. *Ibid.*, § 45. [↩](#)
13. Louis O. Kelso, “Karl Marx: The Almost Capitalist,” *American Bar Association Journal*, March 1957; Hilaire Belloc, *An Essay on the Restoration of Property*. New York: Sheed and Ward, 1936, 16-17. Cf. Rev. Matthew Habiger, O.S.B., Ph.D., *Papal Teachings on Private Property, 1891-1981*. Lanham, Maryland: University Press of America, 1990. [↩](#)
14. In context, “disposal” refers to control and enjoyment of the income. [↩](#)
15. *Rerum Novarum*, § 5. [↩](#)
16. *Ibid.*, § 46. [↩](#)
17. *Compendium of the Social Doctrine of the Church*, § 201. [↩](#)
18. Thomas Storck, “Social Justice According to Pius XI,” *Homiletic and Pastoral Review*, December 26, 2012, <http://www.hprweb.com/2012/12/social-justice-according-to-pius-xi/>, accessed May 5, 2015. [↩](#)
19. *Ibid.* [↩](#)
20. *Ethics*, 1130a10. [↩](#)
21. *Ibid.*, 1130b4. [↩](#)
22. *Ibid.*, 1130b24, 1129b23. [↩](#)
23. *Quadragesimo Anno*, § 87. [↩](#)
24. Ferree, *Introduction to Social Justice*, op. cit., 52-53. [↩](#)
25. William J. Ferree, *Forty Years After*, unpublished ms., cir. 1984. [↩](#)
26. John Paul I, General Audience, Wednesday, September 6, 1978. [↩](#)
27. Cf. Heinrich Rommen, *The Natural Law*. Indianapolis, Indiana: Liberty Fund, Inc., 1998, 51-52 [↩](#)
28. Storck, *loc. cit.* [↩](#)
29. *Quadragesimo Anno*, § 64; cf. George O’Brien, S.J., *An Essay on Medieval Economic Teaching*. London: Longmans, Green & Co, 1920, 102-155. [↩](#)
30. William J. Ferree and Norman G. Kurland, “Remarks for the Hearing Before the Lay Commission on Catholic Social Teaching and the U.S. Economy,” From *Capitalist Production to Human Development: Completing the Industrial Revolution*, September 11, 1984, § 10. [↩](#)
31. *Ibid.*, § 9. [↩](#)
32. Fulton J. Sheen, *Freedom Under God*. Arlington, Virginia: Economic Justice Media, 2013. [↩](#)

33. Ronald A. Knox, *Enthusiasm*. New York: Oxford University Press, 1961, 584; cf. Karl Binding and Alfred Hoche, *Die Freigabe der Vernichtung Lebensunwerten Lebens*. Felix Meiner Verlag, Leipzig, 1920. ↩
34. *Rerum Novarum*, § 22. ↩

Comments

1. *Maria* says:

[June 15, 2015 at 10:39 am](#)

Excellent article, I'm so glad to finally read something on Catholic Social Teaching that makes logical sense. Thank you!

2. *John Samaha* says:

[June 15, 2015 at 1:10 pm](#)

Right on target. Bull's eye for Catholic, social teaching.

3. *Guy Stevenson* says:

[June 15, 2015 at 2:59 pm](#)

Most articles on Catholic Social teaching are, one step forward with three steps back. This article is one step back with three steps forward. YES! I'm in agreement, the World needs an Encyclical on Economic Justice — Thanks, Michael Greaney/Just Third Way.

4. *Robert* says:

[June 16, 2015 at 10:55 pm](#)

The Church does not teach economic equality and income redistribution. It teaches us not to covet the property of our neighbor. The problem of economic disparity is not a political one, it's a moral one. It's the product of the sin of greed. The Church's job is to teach us faith and morals. Getting into political policy debates with the secular world is where we have always gotten into trouble. Besides even the least economically disadvantaged among us in this modern age have a much higher standard of living than the wealthy of old. Our free capitalistic system as served us very well. It's our individual moral choices that have caused these economic disparities.

[Reply](#)



[Michael D. Greaney](#) says:

[June 18, 2015 at 4:24 am](#)

Robert, I agree that the Church does not teach economic equality and income redistribution, and neither does CESJ. What we seek is equality of opportunity, not results, and the essential adjunct to equality of opportunity, access to the means — which involves removing barriers to full participation in economic life. What someone does with that equality of opportunity and access to the means is up to him or her.

As George Mason put it in his draft of the Virginia Declaration of Rights (from which Thomas Jefferson borrowed for the Declaration of Independence), “SECTION I. That all men are by nature equally free and independent and have certain inherent rights, of which they cannot, by any compact, deprive or divest their posterity; namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety.”

What, however, of the unfortunate? Leo XIII explained the proper course of action very well in § 22 of *Rerum Novarum*:

22. Therefore, those whom fortune favors are warned that riches do not bring freedom from sorrow and are of no avail for eternal happiness, but rather are obstacles; that the rich should tremble at the threatenings of Jesus Christ — threatenings so unwonted in the mouth of our Lord — and that a most strict account must be given to the Supreme Judge for all we possess. The chief and most excellent rule for the right use of money is one the heathen philosophers hinted at, but which the Church has traced out clearly, and has not only made known to men’s minds, but has impressed upon their lives. It rests on the principle that it is one thing to have a right to the possession of money and another to have a right to use money as one wills. Private ownership, as we have seen, is the natural right of man, and to exercise that right, especially as members of society, is not only lawful, but absolutely necessary. “It is lawful,” says St. Thomas Aquinas, “for a man to hold private property; and it is also necessary for the carrying on of human existence.” But if the question be asked: How must one’s possessions be used? — the Church replies without hesitation in the words of the same holy Doctor: “Man should not consider his material possessions as his own, but as common to all, so as to share them without hesitation when others are in need. Whence the Apostle with, ‘Command the rich of this world... to offer with no stint, to apportion largely.’” True, no one is commanded to distribute to others that which is required for his own needs and those of his household; nor even to give away what is reasonably required to keep up becomingly his condition in life, “for no one ought to live other than becomingly.” But, when what necessity demands has been supplied, and one’s standing fairly taken thought for, it becomes a duty to give to the indigent out of what remains over. “Of that which remaineth, give alms.” It is a duty, not of justice (save in extreme cases), but of Christian charity — a duty not enforced by human law. But the laws and judgments of men must yield place to the laws and judgments of Christ the true God, who in many ways urges on His followers the practice of almsgiving — ‘It is more blessed to give than to receive’; and who will count a kindness done or refused to the poor as done or refused to Himself — “As long as you did it to one of My least brethren you did it to Me.” To sum up, then, what has been said: Whoever has received from the divine bounty a large share of temporal blessings, whether they be external and material, or gifts of the mind, has received them for the purpose of using them for the perfecting of his own nature, and, at the same time, that he may employ them, as the steward of God’s providence, for the benefit of others. “He that hath a talent,” said St. Gregory the Great, “let him see that he hide it not; he that hath abundance, let him quicken himself to mercy and generosity; he that hath art and skill, let him do his best to share the use and the utility hereof with his neighbor.”

The key here is that, except in “extreme cases” that threaten the common good, redistribution — almsgiving — is to be regarded as a moral, not a legal duty, “a duty not enforced by human law.”