

CHAPTER TWO

THE ROOTS OF THE PAPAL SOCIAL VISION

In the Catholic social tradition, work is understood as a human activity. As a human activity, work entails social and spiritual components as well as psychological and economic components. Work cannot be reduced to psychology and economics as seen in those who understand work as a career or a job, if its full impact on peoples' lives is to be realized. Work is certainly related to how people progress psychologically and whether they earn an equitable wage. Yet, work is also related to what people have contributed to society and how they have fulfilled their vocation to God. The Catholic Church in her teaching has attempted to incorporate the multiplicity of dimensions of work understood as a fully human activity.

Since Pope Leo XIII's *Rerum novarum* (1891), the Catholic Church has seriously considered the moral and religious significance of the worker's role (whether blue collar, tradesperson, executive, or professional) in the modern workplace. Throughout the Church's one hundred year tradition of teaching about work, she has espoused the workers' role within two predominant contexts: natural law and scripture. Until Vatican II, the overall basis and method of the Church's social teaching was natural law. Using the natural law approach, the popes maintained that people with right reason can naturally perceive the rights and duties necessary to give order to society, thereby improving the quality of life. Concerning the topic of work, these papal social documents addressed the workers' purpose in terms of the moral law, human nature, natural rights, and natural duties. The worker has the right to be treated with human dignity, to participate in the workplace, to receive a just wage, and to acquire property. The worker also has the responsibility to work hard, to treat others with dignity, to act in terms of the common good, and to respect other people's property. Pope John XXIII's encyclical *Mater et magistra* (1961) epitomizes this natural law approach in the area of work.

Since Vatican II's *Gaudium et spes* (1965), the Church's approach to work moved away from a predominant natural law methodology to a more explicitly theological and scriptural one. This switch in emphasis did not reject a natural law methodology. It complemented that approach with the use of theological doctrines and scriptural insights. Beginning with *Gaudium et spes* and culminating in Pope John Paul II's *Laborem exercens* (1981), work has been primarily understood in light of The Book of Genesis and its doctrine of creation. According to this view,

the worker is an image of God, co-creating with God and having dominion and stewardship over God's creation.

Mater et magistra and *Laborem exercens* are the two most comprehensive encyclicals on the area of work in the Catholic social tradition. Each represents one of two distinct traditions in Catholic theology: natural law and scripture. Understood together they present a profound and complementary insight into the moral and religious nature of work—an insight that is not merely abstract, but calls all workers to think and see with a new set of lenses. Both encyclicals break with the materialism of a job by understanding work as an integral part of the worker's personality.¹ John Paul II emphasizes that the ultimate goal of human work lies in the divine command to be stewards over creation by furthering creation within the laws of God's order. The encyclicals also break with the individualism of a career by understanding the person as a social being whose very nature is to work toward the common good.

To understand *Mater et magistra* and *Laborem exercens* it is imperative to understand their roots, namely, their predecessors, Leo XIII, Pius XI, and Pius XII. This chapter traces the understanding of the four dimensions of work (formation, remuneration, process, and produce in Leo XIII, Pius XI, and Pius XII. These three popes represent the roots of the Catholic social tradition. Their significance in the formation of John XXIII and John Paul II's social writings cannot be underestimated. Catholic social thought in the area of work between 1891-1958 experienced significant developments which have remained an important part of the Catholic social tradition up until the present pope, John Paul II. Outlining the major principles and arguments of Leo XIII, Pius XI, and Pius XII create a foundation to understand the thought of John XXIII and John Paul II. It also helps in understanding certain ideas not developed by John XXIII and John Paul II, but which if revived can apply to the present workplace situation as discussed in Chapter Five.

1. Formation and Human Dignity

According to the Catholic social tradition, workers intuitively know that they are superior to the rest of creation. Above the land that is tilled, the machine that is controlled, and the animals that are used, workers recognize that they have been given a special dignity. In *Rerum novarum* (RN), Leo XIII explains that work is an expression of the individual's personality, thus, a dignified and formative activity (RN, 31).² Work is noble because it perfects the worker and not just the object created. Work is the indispensable means in which people can master and subdue the earth as well as themselves. As Pius XII stated, "All work has an inherent dignity and at the same time a close connection with the perfection of the person."³ Because workers are human beings who have dignity, their work can never be reduced to a mere monetary value. Work is a free and conscious activity emanating from the worker's intellect and will. The following section explicates Leo XIII, Pius XI, and Pius XII's understanding of the formative dimension of work.

In 1891, Leo XIII's (1878-1903) encyclical *Rerum novarum* served as the first official papal response to the effects of the Industrial Revolution. *Rerum novarum* is directed toward the workers who were considered the poor of society as well as toward the owners of capital. In the encyclical Leo XIII argues that with sub-living wages, poor working conditions, and inadequate housing standards, the workers are the oppressed and exploited of Western society, upon which the rich had "laid a yoke almost of slavery" (RN, 6). For Leo XIII, the root cause of the workers' plight is the owners' treatment of labor as a commodity—just another factor of production determined by the laws of the free market. He perceived this treatment as a fundamental violation of the workers' dignity. By treating workers as an extension of capital (that is, no different from the rest of creation), owners violate workers' human nature. In failing to treat them as human subjects, they deny the rights and duties that are constitutive of workers' dignity. Employers fail to perceive workers as ends in themselves. Rather, they perceive them as means to an economic end. Treating workers as objects precludes from the start their responsibility to develop their personalities. The activity of workers, according to Leo XII, ought to reflect their nature as free and intelligent beings. When workers are used as "things of gain," they become things (RN, 59). He insists that workers do not derive their value from a utilitarian or functional basis. Rather, workers possess a transcendental value that is irreducible to any other value, especially economic ones. David Hollenbach explains that for Leo XIII, the organization has a responsibility to respond to the workers' "moral claim of human dignity as a noninstrumental value."⁴

Leo XIII writes of the personal mark workers implant on nature. He explains that "because work energy inheres in the person and belongs completely to him by whom it is expended," work is personal (RN, 62). Work, for Leo XIII, is personal, in the sense that the activity of work belongs to the person and is rooted in the human personality. He explains that through work people impress their personalities upon the goods of nature (RN, 15). Work is also personal in the sense that the impact of the workplace impresses itself on the human personality. Work can contribute to the development of human personalities or it can "stupefy their minds and wear out their bodies" (RN, 59). Leo XIII condemns the inhumanity of certain work conditions primarily because it degrades the personality and dignity of the worker. He recognizes the abuses of inappropriate work for women and children, not enough leisure, unjust wages, inhumane conditions. If work is not noble and dignified then it cannot correspond to the nobility and dignity of the person who works.

The driving force behind *Rerum novarum* is Leo XIII's desire to evaluate the concrete working conditions of his times against the moral norm of human dignity. He evaluates work primarily from moral categories, not economic or psychological ones. The goal of this moral evaluation is to articulate rights and responsibilities pertinent to the economic arena based on human dignity.⁵ One of the foremost threats to the moral base of human dignity is individualism. Leo XIII believes that individualism threatens the organic Catholic vision of work and the moral character of the person's role in the organization. Understood individualistically, work is not a human activity in pursuit of the common good. It does not respect the dignity of workers under the rubric of an organic society. Rather, work is seen as an activity pursued amid the conflicting interests of owners, workers, and consumers, each

group competing for its own self-interest. According to this view, no purpose, vision, or sense of the common good binds the agents in the economy. They are merely individuals fighting their way through a fragmented and hostile society. Leo XIII, however, understands work as organic. In this view, workers and owners ought to labor in solidarity, property should be used not only for personal interests, but also for the common good, and the state should restrain those working against the common good and support those who need help to promote it. He maintains that only through this organic vision of society can the dignity of the worker be protected.⁶

PIUS XI: QUADRAGESIMO ANNO

Pope Pius X (1903-1914) and Pope Benedict XV (1914-1922) wrote very little on the question of work that went beyond Leo XIII's *Rerum novarum*. The next major encyclical on the worker is not until 1931 by Pope Pius XI (1922-1939). His encyclical, *Quadragesimo anno* (QA), is a response to the problems concerning the Great Depression. Pius XI recognizes that the economic situation of the worker improved since *Rerum novarum*,⁷ however, he argues that the worker is still used as a means to an economic end and, thus, is not treated with dignity. Pius XI depicted the increasing monopolization of the economic sphere that has caused the economic crisis of the Great Depression. He is also particularly concerned about the alienating and impersonal effects the depression is having on the individual. While Pius XI describes many negative consequences of monopolization, his reason for condemning it originates in its violation of the person. For him, people must never be subjected to non-personal ends, whether they are for production quotas or market mechanisms. Labor cannot be treated as merely another factor in the calculus of the laws of supply and demand. Echoing *Rerum novarum*, Pius XI maintains that "Labor is not mere chattel, since the human dignity of the workingman must be recognized in it, and consequently it cannot be bought and sold like any piece of merchandise." (QA, 82)

For Pius XI, the term "labor market" is an anomaly. The reality that workers must necessarily present their work in order to make a living does not offend their dignity or personality. But the worker's dignity is violated when the economic order identifies their work as a commodity no different than any other source of capital. When labor is perceived as a "thing", human social relations are then evaluated on a material basis and not on a rational or spiritual basis. Pius XI explains that "Many employers treated their workmen as mere tools, without any concern for the welfare of their souls, indeed, without the slightest thought of higher interests." (QA, 135). He asserts that labor "has everywhere been changed into an instrument of strange perversion: for dead matter leaves the factor ennobled and transformed, where men are corrupted and degraded" (Ibid.). The reason for this perversion is the preoccupation with the financial results of the product produced at the expense of the worker who is producing it. The social teaching so the Church, for Pius XI, focus not only on the favors of production, but primarily on the persons engaged in the production process. The person is infinitely more valuable than the product made. According to Pius XI, a fundamental error in the workplace, particularly since the Industrial Revolution, is materialism, that is, the focus on the thing made and the profits accrued from the product over the person who has made it. The Church tries to correct this error with a personalism informed by natural law.

Pius XI maintains Leo XIII's concern for the personal aspect of work, but he is also concerned with something more. Although remuneration and humane working conditions are necessary grounds for dignified work, they are not sufficient. Work, truly dignified, must correspond also to the social nature of the person.⁸ Where Leo XIII emphasized the personal aspect of work, Pius XI emphasizes the social aspect of work. Pius XI maintains that in order for work to "produce due fruit," it must not only remunerate justly (necessary) and respect the dignity of the worker (personal), work must also contribute to the social and organic body of society; it must be protected in the social and juridical order, it must create harmony and mutual support, and it must bring together in common effort of "brains, capital, and labor" (QA, 69). Pius XI addresses the meaning of social justice, the social function of property, vocational groups, and the partnership contract as ways through the activity of work to contribute to the common good of society. Hollenbach explains that Pius XI's concerns indicate a special concern for the dignity of workers in the larger context of social relationships and social institutions.⁹ Pius XI situates human dignity as the centerpiece of the common good. This social aspect emphasized by Pius XI is elaborated further in his understanding of the other three dimensions of work.

PIUS XII: "ALLOCUTIONS"

Although Pius XII (1939-1955) never wrote an encyclical on the social question, he wrote numerous addresses on such varied subjects as unions, wages, codetermination, work as vocation and profession, unemployment, and technology in a historical context of post World War II reconstruction. One of Pius XII's gravest concerns for the workplace is the depersonalization of the worker as a result of technological growth.¹⁰ He states that when workers are conformed to the instruments of production, their dignity is lost. Their personhood is reduced to the pursuit of technological and economic progress. Whenever technology is implemented as an end to itself (that is, autonomously), "human society must be changed into a colourless crowd, something impersonal, schematic only, quite contrary to the manifest design of nature and of its Creator."¹¹ Pius XII is not opposed to technology or economic progress, but he opposes a technological spirit which gives the person a false sense of total self-sufficiency. This spirit is impersonal because it neglects the social nature of the person and contributes to the furthering of individualism.

For Pius XII, a depersonalized workplace caused from a misuse of technology objectifies rather than personalizes the worker. This is its inherent defect. Rather than conforming the organization to the nature of the person, parts of industry have conformed the "organization to capital, the technological structure. When this happens the "process of production tends to become broken down into a series of identical movements and this threatens to take away from work any hint of humanity, making of it a merely mechanical activity."¹² If workers are frozen out of decision making, creativity, autonomy, and sociality, they are depersonalized. Their work no longer meets its essential purpose of human development. Pius XII complained that a depersonalized workplace thwarts the voice of workers, reducing them "to a mere material of (a) society . . . transformed into an impersonal system and into a cold organization of force."¹³ It prevents workers from realizing their personhood through the exercise of their faculties.

In understanding work, Pius XII is more explicitly theological than his predecessors. He stresses the vocation of work: “The worker, a living being and a human person, has needs of a higher order and if these are not provided for, the improvements in the material order are in the aid rendered useless.”¹⁴ He fears that materialism would suppress the idea of vocation. In his allocution “Vocation of Businessmen,” he exhorts those in commerce to see their work as a vocation and not merely as a self-aggrandizing activity. Pius XII explains that if the business professional fails to perceive work as a vocation,

He would thus play the game of the evil-minded, who strive to make of commerce a living vampire at the expense of all economic life. If, on the contrary the merchant aims and strives to circulate worldly goods, destined by God for the advantage of all, and takes them where they must serve and in a manner to make them serve well—then, indeed, he is a good and true servant of society, a guarantee against misery, a promoter of general prosperity.¹⁵

The vocation of one’s work must be in accord with the person’s social nature. Work is a major means through which to fulfill one’s natural social character. As a social being, one cannot merely pursue work as a personal endeavor. It must serve a social function where the person serves the community. Although it remains somewhat unsystematic, Pius XII’s addresses represent the first papal attempts to develop a theology of work. Unfortunately, John XXIII does not develop this dimension of Pius XII’s thought. Not until *Gaudium et spes* and John Paul II’s *Laborem exercens* does one find significant development of an explicit theology of work.

2. Remuneration and Justice

Deeply rooted in Thomistic thought, Leo XIII, Pius XI, and Pius XII understand justice as the ordering of human relations, the ultimate purpose of which is to promote the development of the human personality. While justice attempts to establish right relations to achieve the common good, it is always determined in reference to the dignity of the person. Justice can never be attained at the expense of human dignity. Justice entails providing the means for people to develop their personalities. In the workplace, just remuneration is a partial manifestation of human dignity. The three popes perceive remuneration largely in terms of a just wage. In the area of just remuneration, they all agree that the full and proper development of the human personality requires sufficient material goods for the development of the person’s faculties. As a concise summary of the papal teaching on wages, John A. Ryan states: “A living wage is the minimum amount that is due to every wage earner by the mere fact that he is a human being, with a life to maintain and a personality to develop.”¹⁶ Remuneration is also perceived in the Catholic social tradition in terms of ownership. However, these three popes never see worker ownership of the means of production as mandated by justice. While they encourage it in varying degrees, worker ownership is only a suggestion. Remuneration in this chapter as well as in Chapters Three and Four is treated in terms of wages and ownership.

Leo XIII: Commutative Justice. Leo XIII's approach to wage justice is rooted in commutative justice. Commutative justice is based on an individual to individual contract. Items are exchanged on the equivalence of value. This is considered a strict or pure justice, where arithmetical equality between the objects transferred is maintained. However, this rather simple definition of commutative justice is understood in various ways. Proponents of a laissez-faire economy justify a market wage by appealing to commutative justice. The wage contract is entered and accepted freely by both worker and employer according to a determined value of goods. According to this view, justice is based on the stipulations of the contract itself and not on the relationship the contract has to the need and dignity of the person. Injustice occurs, according to this view, if either the employer should refuse to pay the agreed upon wage, or the employee should refuse to perform contracted work. The contract that would pay a market wage even though it may be insufficient to meet basic human needs is seen as just, so long as it is entered into freely. Such an appeal to the market wage presupposes the infallibility of the market, that is, whatever the labor market determines as the wage is the just wage. This sense of justice is considered by Leo XIII a form of economic positivism.

Commutative justice also guides Leo XIII's understanding of wage justice. But his view is rooted in natural law rather than the so-called laws of economics. He responds to the proponents of the market wage by arguing that even the wage contract has as its foundation in natural justice (RN, 63). The wage contract cannot by its nature be devoid of moral principles. According to Leo XIII, it is already governed by an objective standard of justice, based on one's due and one's duties (RN, 30).

What is one's due? According to Leo XIII, work, understood in the context of human nature, is both personal and necessary. Because work is necessary for the preservation of one's life, any wage theory must provide a wage commensurate with the necessary character of human work (RN, 62). The proper object of justice is not the strict economic exchange of what is "due," but the person. Hence, one's due in reference to wages must be a living wage. Leo XIII asserts that work is done "for the purpose of getting the means necessary for livelihood," thus the necessary nature of human work sets the foundation for the wage contract in the form of rights and duties (RN, 91). The wage contract is inherently directed toward justice. It is not merely two parties bargaining for the best price, each attempting to maximize their self-interest. The wage contract is a means to further the perfection of the human person, which for Leo XIII is always seen in terms of providing the necessities of human existence—to sustain workers and their families in a relatively comfortable life. This necessary characteristic of remuneration demands that justice guide the relationship between the worker and the firm.¹⁷ It is precisely the fact that wages are necessary that they cannot be calculated by economics alone. And as matters of justice, they are matters of ethics and religion.

Pius XI: Social Justice. In the forty years between *Rerum novarum* and *Quadragesimo anno*, the social and economic order of Europe and North America became increasingly complex and interdependent. While the virtues of commutative and distributive justice (functions for the state) championed by Leo XIII were still pertinent, they were not sufficient to meet the problems of society, particularly not in reference to wages. In order for the Church to treat the increasing

interdependence of industries, governments, and unions, and the increasing interdependent nature of the economy itself, a change was needed. Pius XI articulates the virtue of social justice which has as its object the common good. Although he repeats Leo XIII's teaching on wage justice, stating that the amount of wages is subject to the norm of commutative justice, Pius XI goes further (QA, 110). He develops an understanding of how to compensate the equivalent value of the person's labor within an economy that would prevent a just wage which is called social justice.

After *Rerum novarum*, debate surfaced regarding the problem of whether the employer was obligated to pay a just wage even at the expense of profits, interest rent, and even possible bankruptcy. Oswald von Nell Breuning, who drafted *Quadragesimo anno*,¹⁸ explains that commutative justice requires of the employer only the going rate or the actual present value of the work performed. Employees are to request no more than the present value of their work in the economic system.¹⁹ This does not mean that the market wage, dictated by the laws of supply and demand, determine the value of labor.²⁰ The value of labor must be based on human nature. Pius XI states that "if the social and individual character of labor be overlooked, it [labor] can be neither equitably appraised nor properly recompensed according to strict justice or commutative justice" (QA, 69). In order to fulfill the requirements of commutative justice, the economic system must value labor to the degree that it equals a family wage and takes into consideration the state of business and the commonweal. By acknowledging these criteria, the economy is directed toward the personal and social character of labor. This is not to depersonalize or institutionalize the obligation of wage justice. If, however, the economic system is disturbed and consequently does not value labor properly, then employers are not only released from their obligation to pay a just wage, but they are economically unable to pay it (QA, 71-73). Competitive pressure has forced employers to pay the present value of the workers performance. Otherwise, if employers pay the family wage which is above the present value, they are at risk of bankruptcy.²¹ According to Pius XI, to demand employers to pay the wage under commutative justice in this situation is to render the virtue meaningless and impractical.²²

For example, if a firm does not make enough money to pay its employees a just wage because either the product made is under-priced in the market or the wages in the particular industry are suppressed, the blame is not totally on the employer. Rather, the blame is distributed to both industry and government (if government failed to regulate the market and wage structure). Pius XI encourages vocational groups where employers and employees join forces with the state to guarantee an economic structure which can support a wage system that is just. If the economic structure is sound and the employer is still not able to pay a just wage then maybe the business should cease to continue (QA, 73). Hence, lowering or raising wages cannot be done out of self-interest only, whether by the employer or employee. For Pius XI, this cooperation with groups and institutions to work toward a just wage is a matter of social justice. This type of activity could not be done by individuals alone. Wages are to be evaluated within the framework of the common good through institutions and groups (QA, 74).

Although a just wage is a basic right, it cannot always be guaranteed by recourse to the principle of commutative justice. The just wage is only guaranteed absolutely under the principle of social justice. Pius XI explains that if the economic structure cannot support a just or family wage, then "social justice

demands that reforms be introduced without delay which will guarantee every adult workingman just such a wage” (QA, 71).²³ Until this is done, the economic order is in a state of social injustice.²⁴ Social justice directs the economic order as a whole so as to guarantee a just wage. Under commutative justice, the demand of a just wage is conditioned on the wage structure presently instituted in the economic system. Once the wage structure is valued at a just wage, then the employer is obligated under commutative justice to pay a family wage.²⁵ In other words, as Cletus Dirksen explains, a just wage is an “obligation of commutative justice unconditionally when the requirements of social justice have been fulfilled.”²⁶

Pius XIII: Social Justice. Pius XII rarely uses the term social justice, and hence does little to advance its meaning beyond the statements of Pius XI. He does state that social justice is violated when the accumulation of wealth rests in the hands of the few, while the masses are condemned to poverty.²⁷ Using the analogy of the body he states that social justice ought to “regulate suitably the sharing and the using of wealth, so that it is in another. Wealth is like the blood in the human body; it ought to circulate around all the members of the social body.”²⁸ Pius XII explains that the major means for circulating wealth is a just wage. Specifically, social justice is violated in relation to wages when economic structures fail to guarantee a just wage for *all*.

OWNERSHIP OF THE MEANS OF PRODUCTION

While the popes mainly focus on wages as a form of remuneration, ownership of the means of production is an important aspect to the papal understanding of remuneration.

Leo XIII: Individual Property Owners. Leo XIII resists the separation of ownership and work. When the one who owns the means of production and the one who labors are not the same person, difficulties occur. The pope maintains that the problems of reconciling the division between work and ownership as well as the disproportionate division of goods could be solved, if all people became land owners (RN, 65). For Leo XIII, land is the most enduring instrument of production (RN, 9). It is another form of wages that can be instrumental in eliminating poverty. If people own land, they are also owners of productive property. He explains that land is a form of production, and also an essential means of distribution. One of the major purposes for a living wage, according to Leo XIII is to acquire productive property—land. Using Aquinas, he explains that when people “know they are working on what belongs to them, they work with far greater eagerness and diligence” (RN, 66). Also, worker ownership increases efficiency which in turn increases the distribution of goods. However, Leo XIII’s vision is agrarian. He is not referring to corporate ownership where workers own the means of production of industry.²⁹ His understanding of worker ownership is merely individual ownership of land.

Pius XI: The Social Function of Property. Leo XIII’s discussion of ownership attended primarily to the individual function of property. Pius XI balances this individual emphasis by attending to the social function of property. He insists that human institutions such as property ought to reflect in their functions human nature.

By its very nature, property has both an individual and social function that corresponds to the individual's right to property and the individual's social responsibility to use it toward the common good.

The primary object of the social function of property serves the good of society, that is, the common good (QA, 45). Leo XIII alluded to the social function of property, but did not stress or develop it.³⁰ Pius XI is more balanced. He explains that the individual and social functions of ownership must be intrinsically linked; otherwise, each character is polarized into its own ideology such as individualism or collectivism. Each ideology perceives a different type of property, either individual or social and consequently build their ideology around a single type of property; whereas, papal social tradition perceives two different roles of property, individual and social.³¹ By recognizing that the individual and social nature of the person corresponds to the individual and social nature of property, the purpose of ownership is the development of the human personality which can only be achieved if ownership is distributed. All the popes from Leo XIII have held that private property is the best means to achieve the widespread distribution of material wealth. While the right of ownership is bounded by the norm of commutative justice, it still must serve the common good, which the state has a right to regulate (QA, 49).

How does the social function of property pertain to the ownership of the means of production? Like Leo XIII, Pius XI discusses the problem of the growing separation between ownership and workers, but he discusses it in light of a different problem. He states that immense power has been built up among a few who are not owners, "but only the trustees and directors of invested funds, who administer them at their good pleasure" (QA, 105). Such separation of capital and labor is justified by Pius XI, but it is not ideal. This separation is the source of inhumane applications of the wage contract. When workers or management are separated from the ownership of the organization, workers are divorced from the power and responsibility that ownership authorizes, and management tends to abuse the capital that is not theirs. The separation of work and ownership is one of the root problems of why the wage system can be abused when implemented. Pius XI believes that the owner, worker, and manager should become the same person. Although this is impossible in all cases, many cases where it is possible are not yet actualized.³² Pius XI encourages modifying the wage contract to a contract of partnership.³³ He defines the partnership contract as the sharing of ownership, management, and profits with the workers of the firm. [Its background and detail are further discussed in section III.]

The social function of property, for Pius XI, derives directly from the virtue of social justice. A primary aspect of this function is the distribution of wealth. According to Pius XI, ownership must be distributed in such a fashion that it realizes the common good. What better way to guarantee a just distribution according to the common good than to make workers co-owners or partners of the means of production? If labor becomes the owners of capital, then the distinction between the so-called classes of labor and capital are lessened. The partnership contract advocated by Pius XI attempts to embody the social function of property by distributing the ownership as well as profits of the organization in a more equitable way than a regular wage contract.³⁴ It promotes the right to ownership by distributing property (means of production) to all the workers in a particular firm.

Yet, worker ownership is not necessary for justice. Pius XI states that social justice "is violated by an irresponsible wealthy class who, in the excess of their

good fortune, deem it a just state of things that they should receive everything and the laborer nothing” (QA, 57). Yet, this violation can be corrected by the just application of the wage contract. This makes the partnership contract optional—an obligation of charity not of justice.

Pius XII: Re-emphasizing the Individual Function. Pius XII’s writings on worker ownership are largely a reaction against those people, especially Catholics, who argue that workers have a natural right to the ownership of the means of production on the basis of Pius XI’s partnership contract. Proponents of this position argue that worker ownership as a natural right is the manifestation of the social function of property. Pius XII counters that claiming worker ownership as a natural right would violate the employer’s individual right to private property. In a speech to the Austrian *Katholikentag* (1952) he states:

There is an explicit insistence on the part of Catholic social doctrine for the right of private property. There is profound reason why the Popes of the social encyclicals and *We Ourselves* have refused to deduce, either directly or indirectly, for the nature of a labor-contract, the right of the worker to co-ownership of capital.³⁵

For Pius XII, this natural right to co-ownership had to be denied since it stood as a threat to individual right to property.

According to Pius XII, workers do not have a natural right to co-ownership merely by the fact that they labor for a particular firm. The wage contract does not contain such a right. In demanding it, workers violate the individual function of private property: hence, violating the dignity of the employer. While employers have social responsibilities concerning the property they own, the distribution of ownership to their employees is not one of them. He states that the “owner of the means of production, whoever he be—individual owner, workers’ association or corporation—must always—within the limits of public economic law—retain control of his economic decisions.”³⁶ The social function of property for employers resides in providing employees a just wage and contributing goods and services to promote the common good. This is not to say that Pius XII retracted Pius XI’s understanding of the social function of property, on the contrary. He is the first to pope to articulate that the principle of common use is primary to private property.³⁷ However, Pius XII does not conclude from this priority that workers then have a natural right to demand a partnership contract. He encourages workers to participate in the ownership of their firms, but not at the expense of the employers’ right to property. If workers want partial ownership of the firm, they should acquire stock through the wages they receive.

3. Process and the Partnership Contract

In the last hundred years, what popes have written on economics addresses both the macro and micro levels of participation.³⁸ The macro level of participation examines the national categories of industrial standards and government regulation. It entails such issues as prices and wages in industry, union/management relations, safety and health regulations, and so forth. These macro issues are primarily,

although not exclusively, the concerns of Pius XI, whose writings on industrial councils or vocational groups has become a trademark to his social teachings.³⁹ The micro or plant level of participation is concerned with the production process of the individual firm. At this level of participation, the goal of Catholic social teachings is to create a partnership between management and labor in particular plants and offices. It is concerned with such issues as organizing the work process to provide worker autonomy, create joint labor and management problem solving sessions, allow labor representatives on the board of directors, and so forth.

This section is concern with only the micro-level of participation. It explains the development of Leo XIII, Pius XI, and Pius XII's teaching on worker participation in the production process, and the enterprise's responsibilities concerning that role. While the macro level of participation is extremely important in any economy, it is beyond the scope of this book.

LEO XIII: PRINCIPLE OF ASSOCIATION

At the beginning of *Rerum novarum*, Leo XIII highlights the destruction of guilds in the eighteenth century, causing workers to be “handed over. . . each alone and defenseless, to the inhumanity of employers and the unbridled greed of competitors” (RN, 6). It is important to note that Leo XIII attends not only to the inhumanity of the employers, but also to the absence of a protective agency or structure for the workers.⁴⁰ Unlike the guild workers of the Middle Ages, workers in the nineteenth century, according to Leo XIII, are denied the basic right of association. This prevents them from protecting themselves from unscrupulous employers. He docs not merely tell employers to act more justly, but he demands the right of workers to organize and protect themselves.

Leo XIII perceives associations, although not exclusively, as protective institutions guaranteeing workers a just wage, humane working conditions, decent hours and a foundation from which to work with employers on an equal footing.⁴¹ He argues that denying the right to association originates in an individualist spirit that divorces the person from any communal or social connection. Although people are created as individual persons, they are not self-sufficient atoms. Leo XIII maintains that people are “social beings which properly develop only by contributing to and receiving from society” (RN, 70), establishing the morality of association as an organic structure is his attempt to overcome this individualist error. If some form of association does not exist, workers are reduced to means to a variety of ends—technological, financial, or organizational.

Leo XIII further contends that liberalism of the eighteenth century undermined not only the guild system, but also the belief that society, particularly economic society, is organic and unified (RN, 6). The prevailing economic order of the nineteenth century (capitalism) is rooted in the belief that if individuals maximized their own interests within the limits of basic laws, the common good of society would be served. Appalled by this individualistic perspective on the economy, Leo XIII encourages the restoration of an economic order that reflects the sentiments of the medieval guild system. This new system would be more organic, integral, and religious, than the liberal vision which he perceives as individualistic, separatist, and amoral. From within this context, Leo XIII defended the right to association.

Leo XIII, however, is not dealing with association in the actual production process. His major concern with the right of association is of a protective nature

(guaranteeing just wages, humane conditions, decent hours, and so forth) and not one of integrating the worker more humanely into the production process through the active participation of workers in association with others. But the principle of association does provide a foundation for worker participation by articulating, in a limited sense, the social nature of the person. Worker associations stem from the person's natural inclination and desire to form societies. Leo XIII explains that "Just as man is drawn by this natural propensity into civil union and association, so also he seeks with his fellow citizens to form other societies, admittedly small and not perfect" (RN. 70). Whatever activities people engage in, whether education, worship, sport, or work, they form associations. Hence, nothing in Leo XIII's right to association would prevent its application to the production process.

PIUS XI: THE PARTNERSHIP CONTRACT

Pius XI is the first pope to treat explicitly, although briefly, the nature of the workers' role in the actual production process of the firm. He explains that workers should be treated as partners and share in the responsibility and the management of the firm. The structure of the workplace should reflect a more personal and social character by recasting the existing wage contract into a contract of partnership. Pius XI refuses to condemn the wage contract, but he does preference the partnership contract to it. In *Quadragesimo anno* he states:

In the present state of human society, however, we deem it advisable that the wage-contract should, when possible, be modified by a contract of partnership, as is already being tried in various ways to the no small gain both of the wage-earners and of the employers. In this way wage-earners are made sharers in some sort in the ownership, or the management, or the profits (QA, 65).

One key implication to this passage is that workers have a lot more to contribute to their work than they are presently doing under a wage contract. If workers can participate in solving production problems, implementing labor saving devices, structuring materials and contributing, with the help of other workers and their employers, in the general organization of the process, then everyone, both employee and employer as well as the commonweal, benefits. Everyone benefits not only by increasing productivity and efficiency, but more importantly, by creating a more personal production process through a partnership contract that enables the worker to participate in the firm's management.

Three short paragraphs after advocating for a partnership contract, Pius XI explains that unless an organic society in the workplace is constructed and unless "brains, capital, and labor combine together for common effort," the effort of workers will not bear productive fruit (QA, 69). In other words, unless workers can collaborate with fellow workers and employers, that is, associate, they will not bear the fruits work has to offer. Good work originates in the recognition of the individual and social characters of work, which in turn is reflected in the cooperative nature of the partnership contract.

Pius XI, however, does not base the partnership contract squarely on the social nature of the person as Leo XIII did with his teachings of associations. Consequently, Pius XI does not de facto mandate the partnership in all cases, or in any particular cases for that matter. It is merely a suggestion. The partnership

does not concede to workers a right to participate in management. It is a pastoral exhortation, not a demand. It would be an act of charity, not of justice on the part of the employer. Pius XI bases the argument for partnership on expediency. The partnership contract is better than the wage contract, but it does not undermine the moral legitimacy of the wage contract.

PIUS XII: THE CODETERMINATION DEBATE

Pius XI's recommendation of a partnership contract initiated a controversy over the nature of the workplace and whether workers have a natural right to participate in the management and ownership of the firm. The debate reached its height in the late 1940s and early 1950s in the context of West Germany's 1951 codetermination laws. Codetermination is synonymous with employee participation in the management, ownership, and profit distribution. It extends from the day-to-day affairs of the production process to the determination of the economic affairs of the enterprise. It became a particular source of controversy with Pius XII when the National Catholic Convention (*Katholikentag*) held in Bochum, West Germany (1949) drafted the following resolution:

Catholic workers and employers agree that the right of co-determination for workers in **“social, personal and economic”** matters [codetermination] of common concern is a natural right according to the order laid down by God, and corresponding to the collective responsibility of all. We demand its legal establishment. Following the example given by progressive firms, it should be put into practice everywhere from now on. [emphasis added]⁴²

One of the primary purposes of this *Katholikentag* was to discuss the post-war reconstruction of West Germany's socio-economic life. The authors of the codetermination resolution perceived it as an application of Pius XI's idea of modifying the wage contract into a contract of partnership. However, nine months later, Pius XII in his address to the Congress of Social Studies (1950), attempted to clarify the debate. He condemned the right of “economic” participation or codetermination as contrary to Pius XI's partnership contract. (He did not include social and personal participation in his condemnation.) Furthermore, he insisted that the rights of private property supercede the right of workers to economic determination. For Pius XII, the nature of the wage contract and the nature of the organization do not establish a natural right to economic participation. He explains that as long as the wage contract respects the personal and social nature of the person, “there is nothing in the private-law relationship as governed by the simple wage-contract,” to violate the dignity of the worker.⁴³ The primacy of the person can be achieved on the basis of a wage contract, making unnecessary by the virtue of justice for the wage contract to be modified by a partnership contract.

John Coleman S.J. has described Pius XII as “cool” to worker participation. It would be more correct, however, to assert that he is “cool” to economic participation or codetermination, and not to personal or social participation.⁴⁴ Although Pius XII never explicitly distinguishes among personal, social, and economic participation, still, he implies the distinction. To understand clearly Pius XII's position on worker participation, it is important to distinguish the three types of participation.

Distinctions between personal, social, and economic participation are difficult to maintain absolutely since the different types of participation often overlap with each other. However, each form of participation has its own primary area of application. Personal participation encompasses such decisions as hiring and firing layoffs promotion, and change of jobs. Social participation concerns hours, working conditions, wages, vacation schedules, worker safety, pension funds, racial justice industrial relations, vocational training, job design, social services, and welfare functions within the plant. Economic participation is concerned with investments, markets, capital depreciation, product determination, profits, board representation, plant closings, mergers, basic changes in purpose of the enterprise, introduction of new methods of production, and so forth.⁴⁵

Pius XII neither confirms nor rejects personal and social participation as natural rights. Many commentators argued that he holds them as natural rights by omission.⁴⁶ For example, in his address to the International Congress of Social Studies, Pius XII, in an apparent response to the Bochum resolution, uses some of the same language articulated in the 1949 Bochum declaration, when he specifically condemns the natural right of economic participation but not social or personal. In an address to the International Association of Economic Science, he states that:

Except his personal and social responsibilities be recognized, the human person cannot develop his full potentialities. . . It is necessary to look beyond man's physical needs and their demands, to see the truly free activity, both personal and communal, of him for whom the economy exists.⁴⁷

For Pius XII, then, a productive enterprise has a special obligation to develop the workers' personal and social nature. This is particularly true of large organizational units, where the danger of depersonalization is more common. Since many forms of personal and social participation have a strong bearing on the person's dignity, all workers have a right to participate in their process and outcome. And if employers fail to guarantee dignity for workers in the production process, government has an obligation to intervene. Unfortunately, while this train of logic concerning the right of personal and social participation is implied in Pius XII's thought, it is never made explicit.⁴⁸

But Pius XII is adamant that a natural right to economic participation violates owners' rights to private property by taking away their right to control their property.⁴⁹ He argues that workers should not be prohibited from economic participation in the enterprise, but that economic participation by the worker is limited by the fact that "the owner of the means of production . . . must remain master of his economic decisions."⁵⁰ For Pius XII, the social nature of property can never eradicate the individual nature of property. If the owner permits workers to participate in the economic domain of the organization, all the better. But workers do not have a natural right to demand this form of participation unless they own the organization themselves. Pius XII has no difficulty with the practice of economic participation of employees. He even encourages and perceives its development as a healthy sign of a Christian workplace. Pius XII did, however, have difficulties with those who argued that economic participation in the management of the firm is a natural right, and, hence, a necessary activity in the workplace. Certain proponents of this argument, such as those advocates of the Bochum resolution,

inferred their conclusion from Pius XI's call to modify the wage contract by a partnership contract. Pius XII argues that this is a distortion of *Quadragesimo anno* because it infringes upon the individual's control of property.⁵¹

For Pius XII, a return to small and medium size enterprises is the solution to the debate over participation. In an address to the International Congress of Catholic Associations for Small and Medium Sized Businesses, he states:

The economic and social function to which every man aspires requires that control over the way in which he acts be not completely subjected to the will of another. . . . It is he who anticipates, arranges, directs, and takes responsibility for the consequences of his decisions. His natural gifts . . . find employment in his directing function and become the main means by which his personality and creative urge are satisfied.⁵²

Here capital and labor can examine more clearly the cooperative nature of their activity. Large industries, although unavoidable in certain instances, can replace human relationships between capital and labor with an impersonal bureaucracy. This creates anonymity between the two classes.⁵³ Within large industries, the possibility for people to experience depersonalization increases. This constitutes a violation of personal rights and stifles the personal and social nature of the individual. Pius XII insists that if organizations built plants of a manageable size, the opportunity for worker participation would increase. He anticipates E. F. Schumacher's call for smaller plant sizes in his book *Small is Beautiful*.⁵⁴

4. The Product: Virtue and the Common Good

In papal social thought, the discussion of the actual product produced or service rendered through work is not as well developed as the other three dimensions of work. In Catholic social thought the product is never as important as the person, nor has the product ever been the subject of as much controversy as remuneration (just wage and co-ownership or the production process (participation)). The popes do, however, have something to say concerning the end and purpose of the product produced.

LEO XII: PRODUCTS AND VIRTUE

Working from an organic understanding of society, Leo XIII in *Rerum novarum* evaluates the activity of work primarily from within moral categories such as justice, human dignity, and the right to association. He maintains that just as wages can never be dictated solely by the market; neither should products and services. Leo XIII assures that products and services are means to the development of the person and the common good through the practice of virtue (RN, 50-51). Although he does not explain which virtues are directed toward the product, connecting products and services with virtue does endow them with moral importance.

For Leo XIII the product's importance stems from its necessary characteristic. His understanding of the necessary character of work is not strictly limited to the sustenance of the individuals and their families through remuneration. It also applies to the need to achieve the common good of society through the production

of goods and services. An abundance of goods produced by workers is a necessary sign as well as a source of a healthy nation. They are the prerequisites for the practice of virtue. Using Aquinas' treatise *On The Governance of Rulers*, Leo XIII states that the goods and services produced are essential for the practice of virtue. Aquinas explains in that treatise that the two things necessary for a person to lead a good life are the practice of virtue and "goods whose use is necessary for virtuous life."⁵⁵ The goods that lend to a virtuous life are those that are required for proper living such as shelter, food, energy, medicine, education, entertainment, sport, and so forth. Leo XIII maintains that people who produce goods and services are contributing to the "sum-total [of] common goods," enabling them the opportunity to practice virtue. Through their productive capabilities workers are serving the social good which "must be of such a character that men through its acquisition are made better, [and] it must necessarily be founded chiefly on virtue" (RN, 50).

According to Leo XIII, the production of products and services by workers are necessary means for the social good of society which is ultimately achieved through the practice of virtue by the person. Hence, the type of products and services produced should not encourage vice but lead to virtue. He explains that in order for the production of a particular product or service to be considered a practice of virtue, it must be a pursuit of the social good. This leads to the obvious conclusion that the production of the actual products and services have a moral and not just an economic character. Unfortunately, Leo XIII does not enumerate the specific virtues connected to the production of goods and services. His focus is primarily on the fact that products are means to the practice of virtue, rather than on the virtues that guide the production of goods. It is not until Pius XI that specific virtues are mentioned.

PIUS XI: THE VIRTUE OF MAGNIFICENCE

Like Leo XIII, Pius XI writes very little concerning products produced or services rendered. However, unlike Leo XIII, he does develop the virtue of magnificence as well as the social function of property as aids to understanding the end and purpose of the product.

For Pius XI, the fundamental principle in understanding the purpose of products and services is the social function of property. Its social function, for Pius XI, is an essential aspect of the natural law. God has provided the resources to serve the needs of all people. He explains that the natural order demands that nature's resources ought to be organized primarily in light of human needs. According to Pius XI, "It follows from the twofold character of ownership, which we have termed individual and social, that men must take into account in this matter not only their own advantage, but also the common good" (QA, 49). Commenting on this passage, Matthew Habiger explains that those who own and control natural resources should direct and develop such resources to maximize the good of society, which is the ultimate purpose of creation intended by God.⁵⁶ In other words, producers of goods and services have a social obligation to direct their productive capacities to the common good.

Pius XI further explains that the social function of property has particular significance for the wealthy, that is, for those in control of capital. After discussing the social function of wealth, he encourages the investment of superfluous income toward increasing employment opportunities. This type of investment is a

manifestation of the virtue of magnificence so long as what is produced is useful and contributes to the common good. In his commentary on *Quadragesimo anno*, Nell-Breuning calls magnificence “a genuinely capitalistic virtue,” that is, a virtue for the entrepreneur.⁵⁷ He explains that only the entrepreneur who “gives first thought to service and second thought to gain” practices the virtue of magnificence. He further explains that magnificence is manifested in that person

who in his enterprise and in his means of production employs his working men for the creation of goods of true worth; who does not wrong them by demanding that they take part in the creation of futilities, or even harmful and evil things; who offers to the consumer nothing but useful goods and services rather than, taking advantage of the latter’s inexperience or weakness, betrays him into spending his money for things he does not need, or that are not only useless but even injurious to him.⁵⁸

Investment ventures as well as determining what products to produce must have a direction that is in harmony with the common good. Products should not be produced merely for the purpose of fulfilling the wants and whims of the market, nor even merely for the creation of jobs. Neither are investments determined only by economic categories under the assumption that such decisions have an amoral character. Fundamentally, investments and products have an ethical and even a spiritual character that can never be reduced merely to economics. Entrepreneurs, managers, and workers are all responsible for what they produce. They are in a special position concerning the economy, particularly entrepreneurs and managers who have more power than others in the determination of the economy, just as a politician has more power than others in the determination of the state. Entrepreneurs and managers have a special responsibility as well as a special virtue concerning that responsibility.

For Pius XI, the virtue of magnificence is a means actually to restore the common good within society. Without useful goods and services society will flounder in uselessness, triviality, and selfishness. He maintains that useful goods and services ought to supply needs, provide an honest livelihood, and, echoing Leo XIII, “uplift men to that higher level of prosperity and culture which, provided it be used with prudence, is no hindrance but is of singular help to virtue” (QA, 75; RN, 50-51). Like Leo XIII, Pius XI recognizes that the purpose and end of producing goods and services ultimately rest on the development of the human person. This in turn is essential to attain the common good. The virtue of magnificence directs the activity of investment as well as the production of products and services toward this end, while at the same time making the person who performs the act virtuous.⁵⁹

Pius XI explains that the wealthy have a special obligation to develop the virtue of magnificence. If they fail to practice magnificence, they have failed to be holy in their position in life. In his commentary on Pius XI’s use of magnificence, William Drummond S.J. equates the virtue of magnificence with the duties of stewardship. These duties constitute “all those uses of wealth which safeguard the ideal purpose of material goods: the service of all men.”⁶⁰ While stewardship has a more universal and theological meaning, magnificence is a subordinate virtue of stewardship, specifically directed at the productive possibilities of resources. As

Jesus states in his parable of the stewards, those who have been given wealth will be expected to produce more with what they have been given (Luke 19: 12-27).

Pius XI's primary concern with the product centers on entrepreneurs' or investors' decisions of where to invest their money to contribute best to the common good. He does not specifically discuss the workers' relationship with the products they produce. However, with the recent growth in worker pension funds (over \$ 1 trillion) and the increasing rate of Employee Stock Ownership Plans (ESOPs), workers as a group are becoming the largest source For investments in the U.S. Contemporary changes in capital disbursement have given workers the opportunity to practice the virtue of magnificence. Unfortunately, most workers have little control over the decisions concerning where their pensions are invested as well as the direction of the firm they own. This area of worker investment is discussed in more detail in Chapter Five.

PIUS XII: ACHIEVING THE COMMON NEED

Unlike Pius XI, Pius XII does not directly develop the relationship between investments and useful products, and the practice of virtue. Instead, he attends to the end and purpose of the product in relationship to the common good. In a speech to the "International Congress of Popular Credit" (1956), Pius XII stated that the "economy is far from constituting an end in itself, but remains subordinate to a higher end, that of the human soul and of the transcendental values of the spirit."⁶¹ The good person never uses creation according to one's individual whim or caprice. For Pius XII, production dissociated from purpose fails to serve the person. Echoing Leo XIII, production of goods must ultimately be directed toward what Pius XII calls "common need." For example, in a speech given to the International Labor Organization (1949) Pius XII explains that housing is a part of society's common need. The production of affordable and decent housing is a priority since it is instrumental in basic comfort and decency as well as dignity and morality. Pius XII maintains that all people need housing as well as clothing, education, energy, medical care, food, and so forth. Such needs are common to all people without distinction of race or income. On the basis that housing is a need, it must "receive from a normal economy . . . its legitimate satisfaction."⁶² In the domain of production, then, common needs have priority. Entrepreneurs have an obligation to direct their creative energies foremost to the common needs of society.

Commenting on the genesis of industrialization in developing countries in the 1940s, Pius XII is concerned about their productive priorities. He asks whether industrialization will contribute to an integral, healthy, and productive economy. Or will new industries merely produce products and services which are of little inherent value? Or will they over-produce products and services in one sector at the expense of another necessary to serve the needs of the country?⁶³ Pius XII is extremely critical of investors, entrepreneurs, and managers who make corporate decisions only on an economic calculus and ignore socio-economic needs. Such decisions neglect the social nature of capital and press the development of technology above all else. For Pius XII, the end and purpose of capital and technology is fundamental in contributing to the development of the human

personality. In a speech to Italian workers (1943), he states that:

Plans for technical progress should not look to maximum returns as to the sole end. It should look also to the fruits that can be drawn from it to improve the worker's personal conditions, render his task less difficult and burdensome, strengthen the ties of his family with the soil on which they have their dwelling and the work by which they live.⁶⁴

Pius XII explains that capital has a personalizing function which is inherently social. This purpose of capital is derived, ultimately, from humanity's fundamental right to use the goods of creation. The ultimate use and end that technology, capital, and resources are directed toward in the form of products and services must always have the good of the personal and social nature of the person as its guiding norms.

Summary

The thought of Leo XIII, Pius XI, and Pius XII on the topic of work provide the roots of the Catholic social tradition. Because work affects the dignity and personality of the worker, the four dimensions of work must be evaluated and understood from a moral and religious perspective. The popes understand work within the context of natural law which they believe provides the necessary moral principles to establish right order in the workplace. In the area of formation, the popes state that the worker has priority over technology, the market, and products produced. They maintain that the personal and social nature of the person has significance in the workplace. They all insist that the fundamental norm to guide the organization of the workplace is human dignity. Although they all maintain these fundamental principles, each understands them in a slightly different way. While Leo XIII emphasized the personal aspect of labor, it is not until Pius XI that the social aspect of labor is articulated. And it is not until Pius XII that a serious theological consideration, although unsystemized, is applied to understanding work.

In the area of remuneration, the popes' focus hinges on wage justice. Their understanding of wage justice centers on the necessary, personal, and social characteristics of human nature. Just wages must be decided with an eye to two factors: 1) They must be sufficient to provide basic needs through which the personality can develop (commutative justice). 2) They must also take into consideration the industrial, governmental, market, and social factors to guarantee wages based on need (social justice). The popes perceive worker ownership as an ideal state, but it cannot be achieved at the expense of the employer's right to private property. Worker ownership offers more benefits for the individual, company, and society than a regular wage contract, but its moral claim is not of justice but of charity.

In the area of the production process, the popes show particular development. Leo XIII does not treat the role of the worker in the actual production process. He does, however, provide a foundation for addressing this issue based on the social nature of the person and the right of association. Pius XI's suggestion to modify the wage contract with a partnership contract is based on an argument of expediency, not an appeal to justice. Pius XII's debate over the partnership contract divided participation into personal, social and economic. He justifies the worker's right to

personal and social participation but limits the right of economic participation within the framework of the employer's right to private ownership.

In the area of the product produced, all the popes perceive its moral character. Leo XIII understands the primary purpose of products and services as an instrumental means to practice virtue. Pius XI attends to the virtue of magnificence as a virtue directed specifically to the investments toward the production of useful and helpful goods and services. Pius XII focuses on the end and purpose of goods and services which are meant to meet the common needs of society.

Both John XXIII and John Paul II perceive themselves as entrenched in the roots of this tradition. The next two chapters on John XXIII and John Paul II focus on their continuity with the Catholic Social Tradition as well as their development of this tradition.

¹ ‘Human personality in the Catholic social tradition does not mean what is thought of today in characteristics such as shy, outgoing, introvert, extrovert, obnoxious, funny, and so forth. It does not only have a psychological meaning. The popes and commentators of the Catholic social tradition mean by personality the development of the “whole person toward the end constitutive in his or her created rational nature (Harlan Beckley. “The Legacy of John A. Ryan’s Theory of Justice” *The American Journal of Jurisprudence* 33 (1988): 62). Fr. Joseph Hoffner gives nine characteristics to describe personality: uniqueness, independence, self-determining, freedom, responsible, conscience, solitude, death, and vocation. For him they are describing the rational characteristics of the soul (Joseph Hoffner, *Fundamentals of Christian Sociology* (Westminster: The Newman Press, 1962), 19-20). Personality is the expression of one’s personhood, i.e. of one’s faculties—intellectual, volitional, sense, etc. According to the Thomistic tradition, the ideological nature of human activity is the development of the human personality. It is the perfection of each individual as each person ought to be. This development and perfection of the person stems from nature itself. The perfection of human personality is not determined subjectively by the individual but objectively by nature. The perfection of each person is packed with content prior to the person’s recognition of his/her end. List of ends that lead to the development of the person are offered by Messner in his book *Social Ethics*. “Self-preservation, (including bodily integrity and social respect personal honor); self-perfection physically and spiritually, including the development of one’s faculties for the improvement of the conditions of one’s life, and provision for one’s economic welfare, including the necessary property or income to provide for the future: the enlargement of one’s experience, knowledge and receptivity of the values of beauty; self-propagation,... spiritual and material well-being of one’s fellow men as equal in their value as human persons; social fellowship to promote common utility, which consists in the establishment of peace and order, in facilitating the achievement of the material and cultural welfare of all, in the attainment of the knowledge and control of the forces of nature and society for these purposes (Johannes Messner, *Social Ethics* (St. Louis: B. Herder Book Co., 1949), 21. For Thomists such as Messner these ends are self-evident. They manifest concretely the inherent dignity in the human personality and judge the ethical nature of the institution in whether it promotes the end of the human personality.

² Pope Leo XIII, *Rerum novarum* (Boston: St. Paul Editions, n.d.), no 31. Hereafter RN.

³ Pius XIII, Christmas Message, 1942, in *Justice in the Marketplace*, ed. David M. Byers (Washington D.V.: United States Catholic Conference, inc., 1985), 105-6.

⁴ Hollenback, 44-45

⁵ RN, no. 30ff; see Hollenbach 47

⁶ RN, nos. 36, 69, and 48; see William P. Gooley, “Shared Visions: Human Nature and Human Work in *Rerum novarum* and *Laborem exercens*” (Ph.D. diss., Syracuse University, 1987), 127. The right of society, that is, the common good, is rooted in the dignity of all persons and not in some social utopia. The common good is the living norm of society. Society is for persons and the common good is the realization of the person’s dignity. And although the particular good of individuals can be subordinated to the common good, this is done so as to guarantee the dignity of all persons. If common good has as its basis in the dignity of the person, then it must demand that people exercise personal liberty so as to manifest their personalities. In other words, “The common good is that order of society in which every member enjoys the possibility of realizing his true self by participating in the effects of the cooperation of all” (Messner 124). Since the common good is founded on dignity, it guarantees the dignity of each person. Using this tradition natural law understanding of society, for example, Leo XIII explains the general purpose of worker associations “ought to be so constituted... to attain the object proposed, which consists in this, that the individual members of the association secure, as far as possible, an increase in the goods of body, of soul, and of prosperity” (RN, 76). Any society, whether it is the state, the family, or the workplace, ought to promote the dignity of the individual.

⁷ Pope Pius XI. *Quadragesimo anno* (Boston: St. Paul Editions, n.d.), no. 59, p. 32. Hereafter QA.

⁸ QA, no. 69, p. 35; see David Hollenbach, "The Common Good Revisited," *Theological Studies* 50 (1989): 85-86. The person is as much a social being as he/she, is an individual being. Sociologists, anthropologists, psychologists, and people from other disciplines have described the social nature of the person. The human person is one the slowest developing creatures on the earth. It takes the person far longer to become physically independent than any other animal. Unlike animals, humans are born with few instincts. There is nothing innate in the person to communicate whether certain foods are natural or poisonous, for example. People more than any other animal need their families and other societies not only for physical necessity but also for human companionship, friendship, and meaning in life. Humans must develop their rational nature in society in order to survive. While there is little doubt that people are dependent upon others, this dependency is not based upon mere expediency or some utilitarian consideration, that is, it is not accidental. People by their very nature are social beings. It is part of the essence of who they are. Through their social nature, people reveal and perfect their individual personality through social relations. Apart from society, it is impossible to live the life of perfecting one's personality. The perfection of one's personality cannot take place outside the person's natural desire toward community. Thus every person must treat each other as equals with the same dignity as the other person, since every person has a natural tendency toward each other. Not to deal each person with dignity would suppress and squelch the desire of sociality, and ultimately oppress the person.

⁹ See. Hollenbach, *Claims in Conflict*, 55.

¹⁰ *Ibid.*, 58

¹¹ Pius XII, Christmas message, 1953; quoted in Jean-Yves Calvez and Jacques Perrin. *The Church and Social Justice: The Social Teachings of the Popes from Leo XIII to Pius XII* (Chicago: Henry Regnery Co., 1961), 239.

¹² Giovanni Montini, "Letter to the 25th Italian Social Week," 1951; quoted in Calvez and Perrin. 246. Even though Pius XII did not state this, Montini often acted as his mouthpiece.

¹³ Bernard Dempsey, "The Worker As Person," *Review of Social Economy* (March 1954), 19.

¹⁴ Pius XII, "Worker Organizations," in *The Unwearied Advocate: Public Addresses of His Holiness Pope Pius XII*, ed. Vincent Yzermans (Diocese of Saint Cloud, 1954), 36.

¹⁵ Pius XII, "Vocation of Businessmen," *The Unwearied Advocate*, 81

¹⁶ John A. Ryan, *Capital and Labor* (Hunington: Our Sunday Visitor, n.d.), 4; see also John A. Ryan's definition of a living wage in *Social Reconstruction* (New York: The Macmillan Company, 1920), 65-70. For Ryan, wages are based on three things: 1) human rights; 2) the universal destiny of the goods of creation to serve the needs of all; 3) the canons of distributive justice.

¹⁷ RN, 62; See Hollenbach, 150.

¹⁸ QA, nos. 69-70, p. 35-36; see Bernard Dempsey, *The Functional Economy: The Bases of Economic Organization* (Englewood Cliffs: Prentice Hall, 1958). 210-211; see Dirksen, 197-8; see George Bardes, *Distribution of Profits in the Modern Corporation* (Washington: The Catholic University of America Press. 1951), 82-87. See Nell-Breuning's commentary on *Quadragesimo anno*, *Reorganization of Social Economy* (Milwaukee: The Bruce Publishing Co., 1936).

¹⁹ A good example of an employer violation of the present value of labor was the recent coal dispute in West Virginia with Peabody Coal. The coal company undermined the union contract which represented the present value, of work. By doing so it coerced other coal companies to do the same because of their competitive disadvantage.

²⁰ Nell-Breuning, 177. QA, no. 72.

²¹ QA, no. 72. Pius XI qualifies this by insisting that the employer is never excused from paying less than a family wage if the reason for decreasing the wages stem from poor management, want of enterprise or out of date methods" (*Ibid.*).

²² Dempsey, 212.

²³ This can take a variety of forms such as family wage allowances offered by the state, wage supports, tax exemptions, and so forth.

²⁴ Pius XI, *Divini Redemptoris*, in *Principles of Peace*, ed. National Catholic Welfare Conference. (Washington: National Catholic Welfare Conference, 1943), no. 1241, p. 528.

²⁵ Nell-Breuning, 178. Ryan's six canons of distributive justice are a corrective to the wage structure. The canons themselves are really canons of social justice not of distributive justice.

²⁶ Dirksen, 197. Social justice does not merely supplement commutative justice in the determination of wages. Whereas commutative justice has focused on the employee to employer relationship, social justice focuses on the individual to community relationship, that is, the employer and employee relationship within the specific industry, the general economy and social order as a whole. Thus, wages are evaluated with a view towards the good of community, that is, the common good, which has as its basis the dignity of the person.

²⁷ Calvez and Perrin, 149.

²⁸ Pius XII, Letter *Dilecti filii* to the German Bishops, October 18, 1949; quoted in Calvez and Perrin, 149.

²⁹ For Leo, this sounded too much like socialism. One of the few in the Catholic social tradition to advocate worker ownership was La Tour du Pin whose ideas were resisted by the Holy See; see Matthew Habiger. *Papal Teachings on Private Property 1891-1981* (Lanham: University Press of America, 1990), 48.

³⁰ Leo XIII spends much of his time on the area of property protecting the individual's right to own property. However, he does expound on the Thomistic distinction between use and ownership. Leo XIII maintains that the distinction between just ownership and just use is necessary to understand the Church's teaching on wealth. After conferring the right to ownership on human nature Leo XIII asks how people should use their possessions, He answers by quoting Thomas: "Man ought not regard external goods as his own, but as common so that, in fact a person should readily share them when he sees others in need" (RN, 36; quoted from IIa.-IIae, q. 65, art. 2). Ultimately for Leo XIII, it is not how much wealth people have but how they use it (RN, 33) He refers to Jesus' warning concerning those rich people who failed to use the wealth and property according to the precepts of God's Law (RN, 34). The use of material goods whether they are properties, talents, trades, etc. are for the benefit, not only for the recipient, but for others as well. Although property should be privately owned, for Leo XIII that does not mean that it should be used contrary to the needs of all. He does not call this sense of property social as his predecessors will, yet, there is little doubt that he attaches a social meaning to it. However, Leo XIII does not elaborate on Thomas' social function of property.

³¹ QA, 46; see Calvez and Perrin, 218 and 225; see Nell-Breuning, 129.

³² Nell-Breuning, 129-131 and 139.

³³ RN, 35 and QA, 24; see Husslein, 104. There is no natural necessity that dictates that the factors of production such as land, labor, and capital should be represented by distinct parties of people. (Dempsey, 202). In fact the natural order, according to Leo XII, tends to identify the owner with the worker. People tend to take care of and work harder on those things that are their own. Although it seems by property he meant land, housing, and general goods, there is nothing in *Rerum novarum* to exclude from the concept of property the means of production. He deplored the mass state of propertyless workers. This is why Pius XI encourages industry to modify the wage contract with a contract of partnership. "In this way wage-earners are made sharers in some sort in the ownership, or the management, or the profits (QA, 65). This theme continues to be developed and reaches its apex in *Mater et magistra*.

³⁴ In *Quadragesimo anno*, Pius XI berates the present condition of the distribution of goods just prior to suggesting that the wage contract be modified by the contract of partnership (56-63). Pius XI writes of an improper distribution of wealth "on account of the vast difference between the few who hold excessive wealth today" (Nell-Breuning's translation, no. 60).

³⁵ Pius XII, "National Convention of Austrian Catholics," September 14, 1952, in *The Catholic Mind* 51 (January 1953); see Habiger, 160. Pius XII, "Address to the Ninth

International Congress of the International Union of Catholic Employers,” May 7, 1949, in *Catholic Mind* 47 (July 1949), 447.

³⁶ Pius XII, “Address to the Ninth International Congress of the International Union of Catholic Employers,” May 7, 1949, in *Catholic Mind* 47 (July 1949), 447.

³⁷ In his fiftieth anniversary commemoration of *Rerum novarum*, Pius XII provides “further directive moral principles” on the use of material goods from both natural law and revelation (Pius XII, “Anniversary of *Rerum novarum*,” in Yzermans, vol. I, 30). The right to own property for Leo XIII as well as Pius XI is a natural right derived from human nature. Their emphasis is on the right to private ownership, which in the end will protect the use of wealth. However, since Pius XII the increasing emphasis placed on the right to the use of material goods has subordinated the right to private ownership. Whereas the focus of Leo XIII and Pius XI was on the right to ownership, the focus for Pius XII is squarely on the right to the use of material goods. The connection between the right to own private property and the right to use material goods is close, that is, in many cases the former guarantees the later. Yet, the two are not identical, nor are they always compatible. The right to use wealth cannot be subordinated by legitimate rights over material goods.

³⁸ This distinction comes from Edmund A. Kurth, “Codetermination in West Germany,” *Review of Social Economy* 23 (March 1965): 61.

³⁹ According to Pius XI, the purpose of vocational groups is to promote the common good of society by attempting to: settle and reconcile the hostility between labor and management, by establishing joint councils between labor, management and government; regulate competition in the market by establishing fairness concerning wages, prices, interest, and dividends, and regulate working renditions by establishing a clean safe environment. According to Pius XI, vocational groups are organized in relationship to the various functions which workers perform, not according to the status one holds in the labor market (QA, 91-98, p. 45-46; see Rodger Charles, *The Social Teachings of Vatican Two* (San Francisco: Ignatius Press, 1982), 324; see Nell-Breuning, 210 and 218ff).

⁴⁰ Donal Dorr, *Option For The Poor* (Maryknoll: Orbis Books, 1983), 24-25; see Husslein, 31. As both Dorr and Husslein point out, for Leo XIII one of the main reasons for the injustices dealt to workers was the destruction of the guild system with no other organization taking its place. This led to the withering of the natural right of association.

⁴¹ RN, 69. Associations are extremely important for Leo XIII. He spends the last one sixth of *Rerum novarum* on them. Associations not only serve to guarantee a just wage, but they contribute to the development of the arts, culture, and human personality.

⁴² Quoted in Jeremiah Newman, *Co-responsibility in Industry: Social Justice in Labour-Management Relations*. (Cork: Cork University Press, 1954), 3. This text was eventually deleted from the final version, but was released to the papers; as part of the final resolution. See also Anthony B. Arar. “German Labor Leads Way.” *The Sign* (July 1951): 48.

⁴³ Pius XII. “Address to the Catholic International Congresses for Social Study.” June 3, 1950, in *Catholic Mind* 48 (August 1950): 507-510. There was also a debate in the U.S. over economic codetermination between Fr. George Higgins and Fr. E. A. Keller, unofficial spokesperson for the Council of Business and Professional Men of the Catholic Faith. But this debate was a consequence of Pius XII’s allocutions on the subject (see Newman, 108). Overall, the issue of participation was muted in the U.S. Very few union officials or members perceived it as desirable, and most managers perceived it as an infringement on their duties. This general attitude began to change in the 1960’s and 1970’s. See Edward Lawler. *High-Involvement Management*. (San Francisco: Jossey Bass Publishers, 1986), Introduction; see Newman. 101ff.

⁴⁴ John Coleman “Development of Church Social Teaching,” in *Official Catholic Social Teaching*, eds. Charles E. Outran and Richard A. McCormick (New York: Paulist Press, 1986), 174; see also Kurth, 61.

⁴⁵ Gerald Rooney, “The Right of Workers to Share in Ownership, Management, and Profit,” *Catholic Theological Society of America Proceedings* 18 (June 1963): 138. Distinctions between personal, social, and economic participation are difficult to maintain absolutely, since

the different types of participation often overlap with each other. For example, it is difficult to maintain a strict separation between personal and social participation, and economic participation in the case of plant closings. Plant closing is an economic decision for all organization which should have the freedom to do so; however, plant closings also have personal and social costs which employees have a right lessen. Pius XII, unfortunately, does not provide specific guidelines on how to resolve such conflicts of participation.

⁴⁶ Jean-Yves Calvez and Jacques Perrin, *The Church and Social Justice: The Social Teachings of the Popes from Leo XIII to Pius XII* (Chicago: Henry Regnery Co., 1961), 285-303.

⁴⁷ Pius XII, "Address to the Congress of the International Association of Economic Science," September 9, 1956, quoted in Calvez and Perrin, 295.

⁴⁸ Newman disagrees with this interpretation. He argues that while Pius XII had economic participation in mind, his statements also apply to personal and social participation. "No form of co-responsibility—even that exercised through consultation—can legitimately be demanded as a strict right" (7) While Pius XII specifically refers to economic participation, he also noted at times participation or codetermination in general (see Pius XII. "Address to the Austrian *Katholikentag*," 1950; see Newman, 18). Although Newman has an interesting point, two factors need to be mentioned. 1) As already mentioned. Pius XII does speak of the personal and social character of the worker in the workplace when he refers to the enterprise as a community. 2) Pius XII does refer to codetermination under the auspices of social justice. Worker participation is necessary for the common good, then its establishment is mandated by social justice, which, if necessary, can be imposed by the state. While Newman's point is well taken, it is best to take Pius XII on his own terms.

⁴⁹ E. Marciniak. Letter to Editor, *America*, 5 August 1950, 480. Ryan also argues along these lines as well as with the personal, social, and economic distinctions. In defining participation in management he excluded commercial or financial operations or strategies. Ryan does not argue as Pius XII does on the basis of private property but on a level of expediency. He states that the workers are not competent nor eager to take part in the processes of buying materials, finding a market for and selling the product, borrowing money, or financing extensions of the enterprise (Ryan, *Church and Labor*, 274-275).

⁵⁰ Pius XII "Address to the Ninth International Congress of the International Union of Catholic Employers." May 7, 1949, in *Catholic Mind* 47 (July 1949): 447.

⁵¹ Pius XII "Address to the Italian Catholic Association of Employers." January 31, 1952, in *Catholic Mind* 50 (September 1952): 571. Upset at the misinterpretation of QA, 65, Pius XII went so far to say that this passage was an "observation of secondary importance regarding eventual legal adjustments in the relations between the workers as members of the labor contract and the other contracting party" (Ibid.).

⁵² Pius XII, "Address to The Catholic Association of Small and Medium-sized Businesses," October 8, 1956, in *The Pope Speaks* (Spring 1957): 407-408.

⁵³ Calvez and Perrin, 296.

⁵⁴ See *Business Week*. "Small is Beautiful Now In Manufacturing," 22 October 1984, 152-156.

⁵⁵ Thomas Aquinas. *On Kingship*. II, Chapt. 1-4, in *The Pocket Aquinas*. ed. Vernon J. Bourke (New York: Washington Square Press, 1960), 244: see RN, 51.

⁵⁶ Habiger, 81.

⁵⁷ Nell-Breuning, 115; see Husslein's brief commentary on this passage, 135.

⁵⁸ Nell-Breuning, 116. Magnificence and munificence are identical. Often, however, magnificence is translated as liberality. While the two virtues are similar they are not identical.

⁵⁹ To further understand the virtue of magnificence, it is necessary to explain Aquinas' understanding of magnificence on which Pius XI relies. Aquinas defines magnificence as the performance of some great productive work for the benefit of the community. He explains that for an act to take on the virtue of magnificence, the performance of the act must be the production of something in an external object such as building a house (IIa-IIae, q. 134, ad. 2).

For Aquinas, work, like all human acts, should be directed to an ultimate end. To divorce work for moral principles and virtues such as the common good and magnificence makes work insignificant in the moral development of one's life. He maintains that the wealthy should direct their resources to the great achievement by the virtue of magnificence—achievement which ultimately must honor God. He states: “Magnificence attempts to achieve great works. Now works performed by men are directed to some end, and they have no end so great as giving honor to God. So magnificence achieves a great work above all when it is directed to God's honor.... So magnificence is related to holiness because its achievement is directed chiefly towards religion or holiness” (IIa-II-ae, q. 134, art 2, ad. 3). It is interesting to note that Aquinas is a contemporary of the architects and builders of the famous cathedrals of Chartres and Siena, whose creation manifests the virtue of magnificence.

Aquinas contends that the virtue of magnificence is not only a virtue for the rich, although at first sight that does not seem to be the case. He explains that in order for some great work to be accomplished, a sizable amount of wealth is needed. The act of producing must be something great. However, he explains that: “The chief act of virtue is the inner choice, which virtue can have without wealth or tank, and so even a poor man can be magnificent. But external acts of the virtues require the blessing of fortune as a means. In this sense the poor man cannot practice an outward act of magnificence with materials actually great, although he may do so with material comparison with others of its kind. For as Aristotle says, small and great are relative terms:” (IIa-IIae, q. 134, art. 3, ad. 4). Practically speaking, Aquinas directs the virtue of magnificence to those in control of large amounts of wealth. The power of the rich is significant to the direction and health of the economy. Yet, Aquinas does not want to be exclusive concerning virtuous deeds. The poor and uneducated who organize to build or repair their communities are just as magnificent as those investors who contribute millions of dollars to build low cost needed housing. Particularly today, the virtue is not limited only to the rich since the practice of investment is accessible to those with moderate incomes.

Aquinas associates the virtue of magnificence with the virtue of courage. Magnificence, like courage, strives “for what is arduous and difficult” (IIa-IIae, q. 134, art. 4) But whereas the task of courage is more life-threatening, the task of magnificence jeopardizes the loss of resources. Since the virtue of magnificence directs resources toward the good of the community as well as economic return, and not solely toward the return of profits, the person acts courageously by incurring more financial risk (IIa-IIae, q. 135, art. 1; this question treats the vices that are opposed to magnificence). However, magnificence, like courage, can be distorted by recklessness and imprudent judgment. The virtue of magnificence is never governed by a mindless heart. It must entail reason and the virtue of prudence. Aquinas explains that: “the function of the magnificent man to use reason well in estimating the outlay involved in a work which is to be done. This is especially necessary in view of the greatness of both work and expense, for without careful calculation there would be a definite risk of serious loss” (IIa-IIae, q. 134, art. 4, ad. 3). Such a serious loss would prevent the person from contributing to the good of the community and undermine the possibility of practicing magnificence in the future (IIa-IIae, q. 135, art. 2; the overspending and misuse of expenditures is called by Thomas the vice of waste).

⁶⁰ William Drummond, *Social Justice* (Milwaukee: Bruce Publishing Co., 1956), 70.

⁶¹ Pius XII, “Address to the International Congress of Popular Credit,” June 9, 1956; quoted in Calvez and Perrin, 105.

⁶² Pius XII, “Address to the International Labor Organization,” March 25, 1949; quoted in Calvez and Perrin, 187.

⁶³ Pius XII, “Address to the Catholic International Congress for Social Study,” quoted in Calvez and Perrin, 187-188.

⁶⁴ Pius XII, “Address to Italian Workers,” June 13, 1943; quoted in Calvez and Perrin, 256.