

Joseph Cardinal Ratzinger: Economics needs morality

The following address, "Church and Economy in Their Responsibility for the Future of the World Economy," was delivered on Nov. 19 by Munich's Joseph Cardinal Ratzinger, Prefect of the Congregation for the Doctrine of the Faith, to open the Church Symposium on Church and Economy at the Urbaniana University in Rome. Cardinal Ratzinger's speech lays out the marching orders which the Church has now moved to implement, with the convening of the Nov. 24 Extraordinary Synod of Bishops in St. Peter's Basilica.

In the name of myself and the two other Protectors, Cardinal Höffner and Cardinal Etchegaray, I warmly greet all of you who have gathered here for the Symposium on Church and Economy. I am pleased that, with the help of the Papal Lay Council, the International Association of Catholic Universities, the German Economic Institute, and the Konrad Adenauer Foundation, it has become possible to hold a worldwide discussion on a question which concerns us all. For the economic imbalance between the North and South of this planet is increasingly becoming a threat to the cohesion of the family of man. This is just as serious a long-term threat to the very continuation of our history, as are the arsenals of weapons with which East and West confront each other. Thus, we must renew our efforts to overcome this tension, since all previous methods have turned out to be inadequate; indeed, over the past 30 years, the misery in the world has increased to truly horrifying magnitudes. In order to find solutions which will truly lead us forward, we will need new economic ideas, which for their part, unless they receive a new moral impulse, might seem inconceivable and, most importantly, unrealizable. And from this comes the possibil-

ity and the necessity for holding a dialogue between Church and Economy.

Allow me to attempt more closely to specify the precise point in question, which will be occupying us in the coming days. For at first glance—from the standpoint of classical economic theory—it is impossible to fathom what Church and Economy should have to do with one another—if we leave aside for the moment the fact that the Church is also an economic entrepreneur and to that extent an economic power. But here she must certainly not be discussed in her capacity as an economic factor, but rather in her own capacity, as the Church. Here we are confronted with the objection, especially after Vatican II, that before all else we should respect the autonomy of the specialized disciplines, and that the economy should proceed according to its own rules, and not according to any externally applied moral considerations. Rather, this domain is governed by the tradition inaugurated by Adam Smith, that morality and marketplace are incompatible, since voluntary "moral" actions violate the rules of the market, and would simply eliminate the moral entrepreneur from the market. Thus, for a long time, economic morality has been treated like a white elephant, because economics was primarily concerned with effectiveness, and not with morality. The internal logic of the marketplace was supposed to free us from the necessity of relying on the greater or lesser morality of the individual entrepreneur; playing by the rules of the marketplace would be our best guarantee for progress and a just distribution of wealth.

For a long time, this theory's great success was able to obscure its inherent limits. But in a different setting, its unspoken philosophical premises, and thus its problems, be-

come more clearly defined. Although this conception aims at freedom for the individual entrepreneur and to that extent can be termed liberal, in actual substance it is determinist. It assumes that the free interplay of market forces—with men and the world such as they are—can work in only *one* direction, namely, toward self-regulation of supply and demand, economic effectiveness, and economic progress. But this determinism—by which man, with his apparent freedom, is in reality acting entirely according to the necessary laws of the marketplace—harbors yet another, perhaps even more astounding presupposition, namely, that the natural laws of the marketplace (if I may use that expression) are by their nature good, and that they must necessarily work to the good, regardless of the moral dispositions of individual human beings. Both assumptions are not entirely false—as is shown by the success of the market economy; but both are also not infinitely applicable and unconditionally true—as we can see from the world economy's problems today. Without going into this problem here in detail—that is not my task—I would merely like to highlight a passage from Peter Koslowski, who sheds light on the critical point: "The economy is not only governed by economic laws, but is also determined by human beings.

the ordering of the individual into a specific latticework of rules, it still cannot make the human being superfluous, cordoning off his moral freedom from economic life. Today it is becoming increasingly clear, that the development of the world economy also has much to do with the development of the world community, the worldwide family of mankind, and that the development of the powers of the human soul has vital significance for the development of that world community. The powers of the human soul are also a factor in economics; the rules of the marketplace can only operate when a basic moral consensus exists to uphold them.

The market economy

If up to this point I have attempted to indicate the tension between a purely liberal economic model and a moral question (thus outlining the first complex of questions which will play a role in this Symposium), I must now refer to the tension in the opposite direction. The question of marketplace and morality has long ceased to be a purely theoretical problem. Because of the internal imbalances between the various broad sectors of the world economy, which have endangered the free play of the market, ever since the 1950s attempts have been made to establish economic balance through development projects. But we can no longer overlook the fact, that these attempts, in their present form, have been a failure, and that the imbalance has become even worse. As a result, large parts of the Third World, which had initially looked toward development aid with high hopes; now see the market economy as the cause of their misery, viewing it as a system of exploitation, as a structure of sin and injustice. They have thus begun to view a centralized economy as an attractive

moral alternative, to which they could turn with a virtually religious fervor, and which itself could indeed become the content of their religion. For while the market economy relies on the required effects of egotism and its automatic restriction by other competing egotisms, here the idea of a just centralized guidance seems to predominate, a system whose aim is equal rights for all and equal distribution of all goods among all. To be sure, examples of this have not been encouraging up to now; but their hopes have not been extinguished, that the concept of morality might perhaps lead to success. If only everyone—so they think—became instilled with strong moral principles, we must succeed in reconciling morality and effectiveness within a society which is oriented not toward maximizing profits, but toward self-discipline and common service. Thus the dispute between economics and morality has increasingly turned into a dispute against the market economy and its spiritual foundations, in favor of a centralized economy, which they believe they can infuse with its rightful moral underpinnings.

The Marxist system

The entire span of the question before us, however, only comes into view when we also consider the third area of our economic and theoretical deliberations, an area which characterizes the panorama of our present situation: the Marxist world. From the standpoint of its economic theory and practical structure, the Marxist system, as a centralized economy, is the "radical opposite of the market economy." Prosperity is to be brought about through an absence of private control over the means of production, with supply and demand not being balanced through market competition. No room is allowed for the private profit motive, but rather all regulation emanates from a single centralized economic administration. But despite their radically differing economic mechanisms, both systems also share many things in common in their deeper philosophical assumptions. The first consists in the fact, that Marxism is also a kind of determinism, and that on the other hand, it holds out the promise that complete freedom will come as the fruit of that determinism. It is therefore a fundamental error to assume that a centralized system is a moral system, as opposed to the mechanistic system of the market economy. This becomes quite evident, for example, in Lenin's concurrence with Sombart's thesis that Marxism contains no grand morality, but only economic laws. Indeed, here determinism is far more radical and fundamental than it is with liberalism; the latter continues to recognize the subjective realm and sees it as the ethical domain, whereas in the former, all change and history are entirely reduced to economics, and the definition of any domain of one's own subjectivity is deemed opposition against the inexorable laws of history, and thus as an intolerable reaction against progress. Morality is reduced to the history of philosophy, and the history of philosophy degenerates into party strategy.

But let us return to the philosophical foundations which

Marxism and capitalism in the strict sense have in common. The second common assumption—as has already been hinted at—is that all determinism involves a renunciation of morality as an independent magnitude with its own relevance to the economy. In Marxism, this is dramatically demonstrated in the way all religion is traced back to economics, as the reflection of a specific economic system, and thus as an obstacle to progress according to the natural laws of history. But this assumes that history—which comes about through a dialectic between negative and positive—must somehow, by its own (unspecified) internal nature, finally end in total positivity. It is clear that from such a point of view, the Church could never make a positive contribution to the world economy; on economic questions, it could only play the role of an obstacle to be overcome. And this basic thesis is not altered by the idea that in the meantime, it could be used as a means to its own destruction, and thus as an instrument of “the positive forces of history”—an idea which has only recently gained currency.

Furthermore, the entire system only exists by virtue of its apotheosis of a centralized administration in which the *Weltgeist* must be at work, if their thesis is to hold water. The fact that this is a myth in the worst sense of the word, is simply an empirical observation which we see verified over and over again. Thus, precisely this radical rejection of a concrete dialogue between Church and Economy, becomes a confirmation of its own necessity, since it is upon this, that all their other theories are based.

The Church and the Third World

In my attempt to outline the constellation of a dialogue between Church and Economy, I have hit upon a fourth aspect. It comes into view with the well-known words of Theodore Roosevelt in 1912: “I believe that the assimilation of the Latin American countries by the United States will be long and difficult, so long as these countries remain Catholic.” Along the same lines, Rockefeller, speaking in Rome in 1969, recommended that the Catholics there should be replaced by other Christians—an undertaking which, as we know, is now well underway. In both statements, religion—or in this case one particular Christian confession—is assumed to be a social and thus also an economic factor, which can determine the subsequent development of political structures and economic possibilities. This reminds us of Max Weber’s theory of the internal affinity between capitalism and Calvinism, between the shaping of the economic order and a determinant religious idea. Here it almost seems as if the ideas of Marx have been stood on their head: it is not the economy which produces religious ideas, but the basic religious orientation decides which economic system will develop. The idea that only Protestantism can bring forth a free economy, whereas Catholicism does not provide the same education to freedom and the required self-discipline, but rather favors authoritarian systems, is certainly still quite

widespread today—and much recent history seems to speak in favor of this view. On the other hand, today we can no longer naively view the liberal capitalist system—even with all the corrections made to it in the meantime—as the same kind of world salvation it was during the Kennedy era, with its Peace Corps-optimism. The Third World’s questioning of this system may be one-sided, but it is not unfounded. Thus, what is certainly called for first, is a self-criticism by the Christian confessions with respect to their own political and economic morality. But this can not proceed as a purely internal church dialogue; rather, it will only be fruitful if it is conducted as a dialogue with those who are both Christians and who run the economy. A long tradition has led these people to view their Christianity as their subjective domain, whereas as economic persons they follow the laws of the economy; in the modern split between the subjective and objective world, both domains seem mutually untouchable. But it is precisely this touching with which we must deal, where both must fit together, unalloyed yet inseparable. It has become an increasingly clear fact of economic history, that the formation of economic systems and their grounding in the general welfare, depends upon a certain moral discipline which in turn can only be elicited and sustained by religious forces. And conversely, it has become equally obvious that a decline in this discipline also brings about a collapse of the laws of the marketplace. An economic policy which is oriented not only to the welfare of certain groups, and indeed, not only to the common weal of a particular nation, but to the common weal of the family of man, requires the highest degree of discipline, and thus the highest degree of religious force. The formation of the political will to bend the laws of economics to this end, seems almost impossible, all grand humanitarian assurances notwithstanding; it can only be realized, if entirely new moral forces are liberated to this end. A morality which believes itself incapable of riding roughshod over expert knowledge of the laws of economics, is not morality; it is merely moralizing, the opposite of true morality. An objectivity which thinks it can get by without ethos, is a misrecognition of the human reality, and is therefore anything but objective. Today we need the highest degree of economic expertise, but we also need the highest degree of ethos, so that we may put this economic expertise into the service of the right aims, and make that knowledge realizable and socially feasible.

But with all this, I neither wanted nor was able to answer the question concerning us all; I lack the economic expertise to do so. But I have attempted to point out the question which has brought us here together. It is of the greatest urgency. The very fact we are talking together, already makes this a great success. Let us hope, that with this necessary alliance between morality and economics, we can take a step forward, leading us to more knowledge and better action, and thus ultimately to more peace, to more freedom, and to more unity of the family of man.