

ECONOMIC DEMOCRACY (Continued)

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(At the conclusion of the first part the following general principle was stated: THE FREEDOM OF PRIVATE ENTERPRISE MUST BE RESTRAINED WHENEVER IT ENDANGERS THE SECURITY OF THE GENERAL WELFARE, A DECENT, HUMAN STANDARD OF LIVING FOR ALL.)

III. PARTICULAR PRINCIPLES

Private Property, the Norm



HIS principle in no way violates the integrity of the right to private property. Catholic teaching has always affirmed property has both an individual and a social character. This is evident from the fact that necessary riches have been distinguished traditionally from superfluous goods, and different norms have been established to regulate both. Pope Pius XI insisted that a person's superfluous income, that is, the material goods which he does not need to sustain life fittingly and with dignity, is not left wholly to his free determination. Limitation of the individual's holdings is imposed by the demands of the common welfare.

Since the statement of our third principle depends upon the kinds of arguments used in establishing the right to private property, it is necessary to review briefly the traditional doctrine of private property elaborated in the Middle Ages by Saint Thomas Aquinas.

To understand the teaching of Aquinas one must keep in mind that there are two types of natural rights. The first consists of positive demands of nature; these rights are based immediately on the natural law and are termed rights of the first degree. The second flows from these demands and is known through a process of reasoning recognizing a universal fact or human need, and then concluding from the fact and demand of nature to a natural right of the second degree. This right is said to be founded in the law of nations as distinct from the natural law from which it flows as a conclusion.

The primary right to property is based on the fact that "man has a natural dominion over external things, because by his reason and

will, he is able to use them for his own profit, as if they were made on his account; for the imperfect is always for the sake of the perfect."¹⁴ Although the natural law gives men the right to use external things, it is indifferent to the *mode of possession*. In other words, it neither commands nor forbids common or private property.

Reason concludes from a contingent fact of experience and from this absolute right of use to the truth that private possession is necessary for man. Thus, private property is a right of the second degree, which reason recognizes from its analysis of the real, historical conditions of men as required for the best human goods. The facts Aquinas assigned for the necessity of private property are logically exhaustive of all possible considerations of the temporal status of man; consequently, all arguments for private property may be reduced to them. The first considers man as an individual; the second, in his relation to society; the third treats of human society itself.

Private property is necessary to human life for three reasons: First because every man is more careful to procure what is for himself alone than that which is common to many or all. . . Secondly, because human affairs are conducted in more orderly fashion if each man is charged with taking care of some particular thing himself, whereas there would be confusion if everyone had to look after any one thing indifferently. Thirdly, because a more peaceful state is ensured to man if each one is contented with his own. Hence it is to be observed that quarrels arise more frequently where there is no division of things possessed.¹⁵

These reasons are based on man's nature as it is, has been, and always will be. Hence, they are valid for yesterday, today, and always. Certitude in this regard lies in the fact that the root of greed is the weakening of the human will resulting from original sin. Innocence, of course, may live from a common larder; but never greedy men bearing on their souls the effects of sin.

In his address on the fifth anniversary of the war, Pope Pius XII recalled and reaffirmed a fundamental teaching of Pope Leo XIII:

Our immortal predecessor Leo XIII in his famous encyclical *RERUM NOVARUM* already established the principle, that for any legitimate economic and social order 'there must be laid down as the basic foundation the right of private property.'

¹⁴ *Summa Theologica* II II Q. 66 a. 1.

¹⁵ *ibid.* a. 2.

This is the nucleus of a second positive principle the wording of which comes from Pope Pius XII :

THE SOCIAL AND ECONOMIC POLICY OF THE FUTURE, THE CONTROLLING POWER OF THE STATE, OF LOCAL BODIES, OF PROFESSIONAL INSTITUTIONS CANNOT PERMANENTLY SECURE THEIR END, WHICH IS THE GENUINE PRODUCTIVITY OF SOCIAL LIFE AND THE NORMAL RETURNS ON NATIONAL ECONOMY, EXCEPT BY RESPECTING AND SAFEGUARDING THE VITAL FUNCTIONS OF PRIVATE PROPERTY IN ITS PERSONAL AND SOCIAL VALUES. . . . FOR THE SAME PURPOSE SMALL AND MEDIUM HOLDINGS IN AGRICULTURE, IN THE ARTS AND TRADES, IN COMMERCE, AND INDUSTRY SHOULD BE GUARANTEED AND PROMOTED.

There is a serious objection against this principle. Small holdings cannot meet the demands of business on a large scale ; in order to maintain productive capacity, they must tend inevitably towards monopoly. Pope Pius XII was well aware of the force of this objection. Immediately after enunciating the above principle, he answered it :

And it should not be said that technical progress is opposed to such a scheme, and in its irresistible current carries all activity forward toward gigantic business and organizations, before which a social system founded on the private property of individuals must inevitably collapse. No. Technical progress does not determine economic life as a fatal and necessary factor. It has indeed too often yielded timidly to the demands of rapacious, selfish plans calculated to accumulate indefinitely ; why should it not then yield also to the necessity of maintaining . . . private property for all, that corner stone of social order ? Even technical progress as a social factor, should not prevail over the common good, but should rather be directed and subordinated to it.

Social Use, The Check

In the notion of subordination of technical progress to the common good is contained another aspect of property which must be considered, its social quality.

The Christian conscience cannot admit as just a social order which either denies in principle or renders impossible or nugatory in practice, the natural right to property. . . . But neither can it accept those systems which recognize the right to private property according to a completely false concept of it. . . . Accordingly where, for instance, "Capitalism" is based on such false concepts and arrogates to itself an unlimited right over property, without any subordination to the common good, the Church has condemned it as contrary to the natural law.

In the traditional doctrine, private property is considered primarily as ordained to social use. When Pope Leo XIII treated this phase of possessions, he consecrated the words of Saint Thomas by making them his own: "In this respect man ought to possess external things, not as his own, but as common, so that he is ready to communicate them to others in their need."¹⁶ This means that the use of private property is not limited to the attainment of an individual's private good; rather, it must be extended to include the common welfare of the community. The charge of the common good belongs to the state, not to the individual. Hence, the state has the right to regulate private property. Pope Pius XII admitted this right: "Positive legislation regulating private property may more or less restrict its use."¹⁷

How far does the state's right of regulation extend? Pius XI affirmed that actual ownership was in the province of the state whenever the power consequent on the holding of certain types of property is so great that it is dangerous to the common good to entrust them to individuals. Pope Pius XII has reaffirmed this right: "The state may, in the public interest, intervene by regulating private property's use or even, if it cannot equitably meet the situation in any other way, by decreeing the expropriation of property, giving a suitable indemnity." Hence the following principle must be stated as a determination of the mode of restraints placed on private initiative. **WHENEVER PRIVATE OWNERSHIP ENDANGERS THE SECURITY OF THE COMMUNITY'S WELFARE, THE STATE HAS THE RIGHT AND DUTY TO ASSUME POSSESSION.**

Co-operation, The Synthesis

No one can set down absolute rules determining precisely what

¹⁶ *op. cit.*

¹⁷ Pius XII, Christmas Message 1942.

property relations are to be observed in different states, for nature does not define clearly where private possession ends and state ownership begins. Rather, men by their own industry, "under the guiding light of the natural and divine law" determine these limits in particular cases. A just balance is struck only when the common welfare is directly ensured.

The principles enumerated above were determined through an analysis of the common good of communities. Nevertheless, they do not constitute principles immediately proximate to action. The rugged reality of historical processes must be considered. Our present economic mechanism is based upon large scale industry, which is in the control of a few private citizens. To place control of these industries in the hands of the state is simply to transfer this power to a group of politicians. Little is to be gained by such action; those who were propertyless under the regime of private enterprise are still propertyless under a socialized system. Of such an arrangement it may still be said:

Take away from the worker, the hope of acquiring some goods as personal property, and what other natural incentive can you offer him to make him work hard, to save, to live soberly, when not a few men and peoples today have lost all and have nothing left but their capacity to work? Or perhaps men . . . want to lie down before the dictatorship of a political group which will, as the ruling class, dispose of the means of production, and at the same time of the daily bread and hence of the will to work of individuals.

In order to escape this threat of the complete subjugation of the individual to the state, the Popes have insisted on private property and small holdings as the norm of reconstruction.

Nevertheless, we must admit that large scale business techniques have gained for mankind many benefits which small holdings seem incapable of providing. To break up giant monopolies at the present time and to parcel them out to small investors would cut off the source of many economic goods. At the same time, we must not ignore the threat to the economic security of all which is inherent in the unbridled liberty of private enterprise. Some socializing checks are necessary, and it is the duty of the state to provide them.

Any practical policy of reconstruction must take these factors into consideration. The plan proposed by the Popes fulfills these conditions. The essence of the plan is contained in the so-called principles of subsidiarity. Pope Pius XI has expressed it thus:

Just as it is wrong to withdraw from the individual and to commit to the community at large what private enterprise and industry can accomplish, so too it is an injustice . . . and a disturbance of the right order for a larger and higher organization to arrogate to itself functions which can be performed efficiently by smaller and lower bodies. This is a fundamental principle of social philosophy . . . and it retains its full truth today. Of its very nature, the true aim of all social action should be to help individual members of the social body, but never to destroy or absorb them. *The state should leave to these smaller groups the settlement of business of minor importance.*¹⁸

This remedy proposes a form of property intermediate to private and common possession, "associative property" which, although ordained to the common good, is not directly and immediately controlled by the state.

Pope Pius XII has indicated what form of association is most practical for modern economic conditions. His words on this subject constitute our last principle. They require neither commentary nor explanation; they demand action:

CO-OPERATIVE UNIONS SHOULD SECURE FOR THEM (SMALL OWNERS) THE ADVANTAGES OF BIG BUSINESS: WHERE BIG BUSINESS EVEN TODAY SHOWS ITSELF MORE PRODUCTIVE, THERE SHOULD BE GIVEN THE POSSIBILITY OF TEMPERING THE LABOR CONTRACT WITH A CONTRACT OF CO-OWNERSHIP.

¹⁸ Pius XI, *Quadragesimo Anno*.