

SOCIAL CATHOLICISM ON DEMOCRACY, STAKEHOLDING AND GOVERNMENT

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Recent proposals to reform capitalism by extending worker participation and ownership² resonate deeply with earlier and current streams in Catholic social thought. In particular, contemporary concern about growing social inequality suggests it is time to revisit earlier debates about social reform and socialism, and about how to humanise virulent new forms of capitalism.

The influence of Catholic social thinking in Australia has been varied and developed sometimes in contradictory ways, making generalisations about Catholic social thought hazardous. Some commentators have looked back to earlier periods through the lens of the Australian Labor Split in the 1950s, when views among Catholic and Labor militants polarised, leaving a legacy of distrust that poisoned the wells of collaborative social thinking for decades.

Yet from late in the nineteenth century, Australian Catholic views tended to be highly critical of capitalism and more favourable to forms of socialism. This might surprise more recent observers, for the anti-communist militancy of key Catholic groups later left many with the impression that the Church was strongly opposed to all forms of socialism. The Australian Catholic social activist, Kevin Kelly, attested that for his father's generation and up until about 1930, the term socialism did not bear the major weight of opprobrium; rather it was 'Liberalism', the philosophy of capitalism, which was seen as the major enemy of the Church and human progress.³

Race Mathews in *Jobs of our own: Building a Stakeholder Society*,⁴ has reminded us how closely the thinking of Social Catholics early in the twentieth century developed in relation to forms of socialism.⁵ The British social writers, particularly the Catholic and Anglican Distributists, the Guild Socialists and the Fabians debated precisely over which form of socialism best preserved the values of freedom, a better distribution of wealth and productivity.

My topic, 'Social Catholicism on democracy, stakeholding and government', is couched in terms which were unfamiliar to earlier generations. However, the terms refer to fundamental concerns in human governance: how can as many people as possible have a

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² See Will Hutton, *The Stakeholding Society: Writings on Politics and Economics* (Cambridge: Polity Press, 1999); Will Hutton and Anthony Giddens (eds), *On the Edge: Living with Global Capitalism* (London: Jonathan Cape, 2000); and Jeff Gates, *The Ownership Solution: Towards a Shared Capitalism for the Twenty-First Century* (Penguin, 1998).

³ Quoted in my 1987 PhD thesis, 'From Ghetto to Crusade: a Study of the Social and Political Thought of Catholic Opinion-Makers in Sydney during the 1930s' (Department of Government, University of Sydney), 33.

⁴ Race Mathews, *Jobs of our own: Building a Stakeholder Society* (Annandale NSW: Pluto Press, 1999).

⁵ See Paul Misner, *Social Catholicism in Europe: from the Onset of Industrialization to the First World War* (London: Darton, Longman and Todd, 1991).

responsible voice in the social, political and economic affairs of their society and nation? The term, 'stakeholding', I understand to mean that all those involved in an enterprise, group, society or nation have a right to represent their interests through various forms of participation and, when appropriate, control.⁶

In Australia, similar ideas were popularised by a group of English Catholic writers, who argued for the extension of democratic rights won in the political arena into the economic sphere. As Hilaire Belloc and G. K. Chesterton would have it, political democracy can be an outer shell harbouring manipulation and class rule. Where wealth is concentrated in the hands of a few, then political power will be as well, and decisions will tend to favour those special interests against the common weal. Hence political reform is incomplete unless property is widely and equitably distributed. Belloc and Chesterton were aptly called Distributists. Belloc's adage was: 'Property for the people', because with property went power, both economic and political. Belloc's 1912 book, *The Servile State*, was not aimed at socialism or communism, but at a form of capitalism that guaranteed high living standards at the cost of personal freedom.⁷ Perhaps in recent times Singapore might not be too far from what he had in mind.

Foresight of *Rerum Novarum*

The collapse of communism in the Soviet Union provided an opportunity for Pope John Paul II to re-evaluate Social Catholicism in relation to currents both of capitalism and of socialism.⁸ In his 1991 encyclical, *The Hundredth Anniversary*, on the centenary of Pope Leo XIII's social encyclical, *Rerum Novarum*, John Paul noted how prescient his predecessor's words had been on:

- the ultimate unworkability of collectivism;
- the need for private property as the basis for sustained productivity and avenue for personal initiative;
- the right to form trade unions so that workers could assert their rights under capitalism;
- the rights to freedom of speech, association and religion;
- and rejection of forms of socialism based on materialism and coercion.

At the same time, Pope Leo condemned the abuses of capitalism, which concentrated wealth and power in the hands of a few leaving the masses almost destitute. He called for

- the State to intervene in the economy to protect the rights of its citizens, particularly the poor;
- just wages;
- the redistribution of wealth, opportunity and power, so that every worker could share in the ownership of the means of production (which Pope Leo seemed to understand primarily as land) and accumulate a certain 'modest fortune'; and
- the establishment of co-operatives and benefit societies so that workers could take control of their own economic destinies and avoid exploitation.

⁶ The 'stakeholder economy and society' are defined in Hutton's *The Stakeholding Society* as 'a free, moral, socially cohesive society based on universal membership, social inclusion and organized around the market economy' (p. 88).

⁷ See Bruce Duncan, *The Church's Social Teaching: from *Rerum Novarum* to 1931* (Melbourne: CollinsDove, 1991), 140 ff.

⁸ *ibid.*, 48 ff.

Leo was greatly influenced by the Catholic social movements in France and Germany, as well as by England's Cardinal Manning, but in some ways retained a medieval caste of mind and did not break free of an ideal of independent small farms so predominant in the Italy of his time.

Nevertheless, the encyclical had a lasting impact, encouraging Catholics into a more productive encounter with social reform movements. In Australia, Sydney's Cardinal Moran defended 'Christian socialism', distinguishing it from the anti-religious forms of socialism in Europe that the encyclical opposed.⁹ Moran thus fostered the incipient nexus between many Catholics and the nascent Labor Party. Significantly, *Rerum Novarum* influenced Justice Higgins in his 1907 determination of the living wage case,¹⁰ but the encyclical did not lead to strong alliances between the Church and socialist movements. Why was this?

Many of the socialist movements, especially in Europe, were militantly anti-clerical and anti-religious, and often based on a materialist philosophy inimical to Christianity. In particular, the metaphysics and dialectics of the class struggle, which Marxism proclaimed, were at odds with Christian belief. The Church had long recognised the historical fact of class struggle, but refused to elevate it as a metaphysical principle into the social engine of the Hegelian dialectic impelling history through to the parousia of communism. The Church also rejected the crude dialectical materialism of Engels, the messianic role of the proletariat, and the utopian view of revolutionary violence.

From the Catholic side, the initially promising social engagement advocated by Leo XIII was overwhelmed by the conservative reaction against Catholic social reformers by the next pope, Pius X (1903-14), who unleashed a severe 'anti-Modernist' campaign against many leading Catholic thinkers and theologians, and condemned the Catholic socialist societies which had developed. 'Modernism' was an imprecise, grab-bag term summarising various contemporary trends to update Church thinking in many fields.¹¹ The panicky anti-Modernist campaign was secretive and excessive, and greatly damaged Church efforts to renew its social and intellectual endeavours. Pius X even tried to condemn the Christian Democratic movements in Germany, but was strongly resisted by some of the German bishops.¹² The Church's most destructive enemies were churchmen and Catholics who claimed most militantly to serve it, but in reality were victims of their own reactionary ideas.

Because of the anti-Modernist climate, then, Catholic writers and social activists during the early part of the twentieth century had to tread with great care. Nevertheless, a number of English writers had a significant influence in Australia. The Distributists, with Belloc and Chesterton in particular, emerged with proposals closely linked to Guild Socialism which wanted to see associations of workers owning their means of production.

I would like here to identify three lines of argument:

1. Historically, some but not all currents of Catholic social thought, notably the Distributists, have drawn strongly from forms of socialism, particularly Guild Socialism;

⁹ *ibid.*, 168.

¹⁰ John Richard, *H. B. Higgins: the Rebel as Judge* (Sydney: George Allen & Unwin, 1984), 173-74.

¹¹ See my *Church's Social Teaching*, 94 ff.

¹² *ibid.*, 104-105.

2. That in Australia this emphasis was submerged by the anti-communist militancy, particularly of B. A. Santamaria's Movement, but that the compatibility of at least some forms of socialism and Catholicism continued as a substantial objective within his thinking;
3. And that more recent Church thinking, especially recent papal critiques of 'economic liberalism', has highlighted the importance of social equity and economic participation in a way that echoes earlier rhetoric of industrial democracy.

1. The Distributists and industrial democracy¹³

Catholic writers like the Distributists supported proposals for 'industrial democracy', which had been promoted by Sidney and Beatrice Webb in England. The Webbs also had a profound influence on the leading US author, Fr John A Ryan, who incorporated many of their ideas into a major statement endorsed by the US bishops in 1919, *Social Reconstruction*, with 60 proposals for social reform. Ryan was particularly influenced by the Webbs's *Industrial Democracy*, a phrase he made central to his own vision of how property and capital could be redistributed more widely. He particularly favoured co-operative and voluntary stock and profit-sharing schemes.¹⁴ Ryan considered that the critique of forms of socialism by some European writers had been overdone, and instead concentrated his work on a careful study of US capitalism and how wealth could be better distributed.

In this, he identified the weaknesses in much Catholic social writing. Clerical writers in particular had little or no training in economics, and tended to work from *a priori* arguments or social philosophy, rather than analysing carefully how the economic system functioned, and what practical measures might be taken to improve social equity and the distribution of wealth.

From the point of view of the papacy, it was unavoidable that its statements, which had to cover a vast range of circumstances across all countries, would have to be very general. Nor was it the Church's role, normally at least, to develop concrete proposals for social reform. Instead, lay people inspired by Christian social principles were to make proposals for reform on their own accountability and using their own expertise. Unfortunately few countries at the time had the resources or trained personnel among their Catholic populations to develop such an economic critique.

In Australia, the Sydney Catholic journalist, P. S. Cleary, followed Ryan's proposals closely and drew from him the ideas on industrial democracy, which he made a major plank in the platform of the Democratic Party in NSW in 1920. Cleary distilled various socialist proposals, rejecting State socialism, in which control over the means of production would remain in the hands of the State, and instead favoured the Guild system of 'One Industry, One Union', which would be incorporated into a co-operative society so workers would have control.¹⁵ When writing the platform of the Democratic Party, Cleary borrowed from the 1919 US bishops' statement. He intended the Democratic Party to become a Christian Democratic party like the Centre Party in Germany, but the NSW party aroused sectarian fears and was heavily defeated at the elections. His proposals for industrial democracy received little attention in the tumult of sectarian conflict.

¹³ *ibid.*, 124 ff.

¹⁴ *ibid.*, 148 ff.

¹⁵ See *ibid.*, 196-97.

Curiously, the 1921 Socialist Objective proposed by James Scullin has affinities with the Guild Socialist proposals, and, as I have argued elsewhere, it is not unreasonable to assume that he was aware of this debate among the Distributists, Guild Socialists, Fabians and collectivists about the best form of socialism to replace capitalism, and did not see the Objective as opposed to Church teaching, despite the view of LF Crisp to the contrary.¹⁶

The onset of the Great Depression in 1929 forced a new assessment of socialist currents in what many thought were the death throes of capitalism. Belloc and Chesterton were the dominant influences among the *Campion Society* and other groups that emerged in major Australian cities during the 1930s. Belloc's critique of the 'welfare state' as a mere palliative that avoided the main issue of redistributing property was echoed in the *Catholic Worker* newspaper from 1936, but other Catholic voices, particularly in Sydney, also strongly opposed expanding government powers as a threat to freedom.

Comprised of young students and professionals and fired by the social distress of the Depression, the *Campion* societies and similar groups generated a sustained intellectual engagement, particularly through the monthly *Catholic Worker*, the Australian Secretariat of Catholic Action from 1938, and after he departed in disagreement with the *Catholic Worker* group, through Bob Santamaria, leader of the anti-communist Movement from 1942-43.

Unexpectedly, however, Pope Pius XI in his 1931 encyclical, *Quadragesimo Anno*, had condemned even moderate forms of socialism which rejected violence and Marxist determinism. 'No one can be at the same time a sincere Catholic and a true socialist' (#117). He explained that it was the socialists' materialist concept of life he condemned, but it did not occur to him that he could as well have condemned capitalism on those grounds. Key bishops in the English-speaking countries, including auxiliary Archbishop Michael Sheehan in Sydney, developed tortuous explanations of why the condemnation did not apply to the forms of 'Christian socialism' embraced by the Labor parties. 'Socialism, with us, may have a perfectly innocent meaning', he wrote.¹⁷ Such explanations allowed Catholics to remain in the Labor Party, and some like Arthur Calwell, continued to call themselves Catholic socialists. But for others the question of socialism remained highly problematic. From this time 'socialism' began to emerge more distinctly as a term of opprobrium to challenge 'Liberalism' as the Church's prime enemy.

A major initiative to emerge out of *Quadragesimo Anno* was to propose that capitalism could be reformed and the class struggle eliminated if industry were reorganised into 'ordines' (variously translated as 'industry councils', corporations or vocational groups). Pius presumably used the vague Latin word, 'ordines', precisely to avoid identification with the Italian Fascist corporations.¹⁸ By emphasising that these groups be free, the writer of the encyclical, Fr Nell-Breuning, intended this proposal as a critique of Mussolini's state-controlled 'corporations', but in the political climate at the time, many commentators saw the proposals as disguised support for Fascism. Indeed, Pius XI's 'corporations' were used in Portugal and Austria to support authoritarian regimes. Many Catholic writers in English-speaking countries loyally supported the

¹⁶ See *ibid.*, 198 ff.

¹⁷ Duncan, 'From Ghetto to Crusade', 98 and 102; and *Church Social Teaching*, 119 ff.

¹⁸ See Jean-Yves Calvez and Jacques Perrin, *The Church and Social Justice: the Social Teaching of the Popes from Leo XIII to Pius XII* (London: Burns & Oates, 1961), 416-17.

concept for many years, mistakenly believing they were required to hold such views on religious grounds.¹⁹

Quadragesimo Anno vehemently condemned the forms of capitalism that had led to the Depression and left workers in destitution, reiterating the demand from *Rerum Novarum* that wealth and economic power be redistributed. Pius XI denied that free competition and open markets constituted 'a principle of self-direction better able to control' the economy than 'any human ingenuity', and insisted on the need for public authorities to regulate markets to ensure social justice (#88).

Quadragesimo Anno (#79) also articulated the principle of 'subsidiarity', derived from the Latin word for 'help', *subsidium*. According to this principle, economic and social power was to be exercised by lower or smaller organisations as far as possible, or by persons or groups in so far as that was appropriate. This anti-statist principle insisted on the devolution of power and implied the maximum expansion of personal freedom and initiative in the circumstances.

However in the turmoil of these years, Australian Catholics lacked the economic expertise and experience to develop a thoroughgoing critique of capitalism. Most Catholics channelled their political energies into support for the Labor Party but were dismayed with its disintegration during the Depression.

The Depression posed Catholics with a terrible dilemma: capitalism and democracy seemed as if they might be in terminal crisis; but they viewed with growing dread and horror the radical alternative of forms of collectivism or communism to which so many of their Labor colleagues were drawn. Communist atrocities in Russia, and particularly the savage and relentless drive to exterminate Catholics and other believers, were on an unprecedented scale. Catholic papers reported on these atrocities regularly and reasonably accurately. *Quadragesimo Anno* was a gamble by Pope Pius XI to find some middle way between communist barbarism and failing capitalism.

The Australian Campion Societies looked particularly to the English writers, Hilaire Belloc and G. K. Chesterton, for a lead on social reform. By the 1930s both men had been disillusioned with British parliamentary democracy, which they regarded as a disguised autocracy ruled by big moneyed interests. Strongly opposed to communism, they also considered that British Labour had in the late 1920s abandoned its aims of worker control in industry, in exchange for better wages. Disaffected from Labour politics, the Distributists advanced back-to-the-land proposals and co-operative production to establish self-sufficient rural communities free from the political manipulation of the rich. Especially after G. K. Chesterton's death in 1937, many Catholic Distributists leant to Fascism, even Christopher Dawson arguing for an authoritarian state. As Margaret Canovan wrote, the Distributists' analysis was faulty, relying on cheap populism and conspiracy theories, including a sometimes crude anti-Semitism.²⁰ Their views were challenged by the more careful and scholarly writers of the Catholic Social Guild at Oxford, particularly Fr Leo Watt SJ, who relied more directly on papal social thought and its European commentators. But the Distributists had a predominant influence in Australia where their disenchantment and critique of the British capitalists seemed to resonate so deeply with the Australians' own experience.

¹⁹ For a discussion of the authority to be accredited to various official Catholic statements on social matters, see my *Church Social Teaching*, 219-222.

²⁰ Margaret Canovan, *GK Chesterton: Radical Populist* (New York: Harcourt Brace & Co., 1977), 9.

2. Santamaria, anti-communism and the Movement

While Catholic social thought in Australia was strongly critical of contemporary capitalism, as also of extreme forms of socialism, it was generally conciliatory to the socialist rhetoric used in the Labor Party. Like others at the time, Social Catholics struggled to find some answers to the acute distress resulting from the Depression. The Australian *Catholic Worker* vigorously articulated this radical and left-leaning critique of capitalism consistently from early 1936, often quoting Christopher Dawson, Belloc and Chesterton. Curiously, its first issue, written by Santamaria, proclaimed itself to be 'Christian Communist'. Not communism but capitalism was public enemy number one, since it dominated the world. In a classic conspiracy theory, its second issue declared that the Soviet communists and British capitalists were operating in collusion: 'It has always been our argument that the so-called struggle between the Capitalist and the Communist is so much eye-wash.' The four-page penny broadsheet was unexpectedly successful, and reached an average circulation of 50,000 by October 1937, utilising the networks of the Champion Society and its associates throughout Australia.²¹ By then, however, disagreement between Santamaria and the *Catholic Worker* group over the political scope of Catholic Action resulted in him being edged out of the paper.

Surprisingly, Santamaria himself claimed not to be much influenced by Belloc and Chesterton, and rarely quoted them. Instead, he referred in his autobiography, *Against the tide*, to some US Protestant Distributists. Fundamentally, however, he used these authors as confirmation for values that he had absorbed from his Italian culture, with an idealised view of peasant farming.²² Santamaria's early views were vehemently anti-capitalist, but also, in marked contrast to papal social thought, anti-industrial and anti-urban. From 1939 he vigorously promoted them through the National Catholic Rural Movement. His lack of expertise in contemporary economic debate was seriously to weaken his social analysis and proposals for change.

From November 1936, the Spanish Civil War had wrought a decisive change in the thinking of some Catholics, who expected an imminent communist onslaught on the Church in Australia. The emphasis in some Catholic publications rapidly switched from anti-capitalism to anti-communism.²³ Within the Labor movement, opinions polarised over the Spanish Civil War.

Santamaria in 1938 joined the Australian National Secretariat of Catholic Action (ANSCA) in Melbourne as assistant secretary. Within a few years, he was drafting the bishops' annual social justice statements. The first in 1940 evaded the Bellocian attack on democracy and the *Catholic Worker's* more radical rejection of capitalism. The bishops' statements generally argued for the reform of capitalism, with improved wages, home ownership for all, and a more equitable distribution of wealth.²⁴ The 1941 statement, *Justice Now!*, urged that the wage system be replaced by 'the co-operative working of industry, giving to the workers an adequate share in the profits, the management and the control of industry' through Industrial Councils (its preferred translation of Pope Pius XI's 'ordines'). Santamaria at this time said co-operatives were essential if Australians were to avoid tyranny.²⁵

²¹ Duncan, 'From Ghetto to Crusade', 183-84.

²² See my *Conspiracy or Crusade? Catholics and the Anti-Communist Struggle in Australia* (Sydney: UNSW Press, 2001), 15 and 400.

²³ Duncan, 'From Ghetto to Crusade', 188 ff.

²⁴ Duncan, *Crusade or Conspiracy?*, 32-33.

²⁵ *ibid.*, 38-39.

The bishops' social justice statements in following years reiterated this call for Industrial Councils, the re-establishment of industry and agriculture on a co-operative basis, and government control of credit, especially in the 1943 statement, *Pattern for Peace*, which embodied the formal Catholic response to government consultations for post-war reconstruction. Santamaria hoped that the War Agricultural Committees (WACs) set up by the government to co-ordinate rural production in war-time conditions would form the basis after the war for more systematic co-operative farming, with the eventual formation of a 'parliament of agriculture' separate from the political parliament.²⁶ However the government disbanded the WACs at the end of the war.

Santamaria energetically advanced proposals for the reconstruction of the capitalist system. When he launched his newspaper, *Freedom*, in September 1943, it endorsed the 20-point program of the inter-denominational Christian Association for Social Justice which heavily concentrated on economic reform:

- 1 public control of monopolies
- 2 public control of credit
- 3 the institution of "Industrial Councils"
- 4 assistance to small owners
- 5 part ownership of industry by workers
- 6 co-operation in all its aspects – producers, consumers, marketing, insurance and credit...

With the exception of the 'Industrial Councils', similar proposals were already widely accepted in the Labor movement.

Freedom wrote in an open letter to Prime Minister Curtin that industrial councils were needed to give workers 'complete equality in deciding the policies' of the industries. 'We must convert political democracy into industrial democracy.'²⁷

The view that the power of the banks had to be curtailed and industry reformed along co-operative lines was widely accepted in Catholic papers and journals. Against the State collectivism of the communist LL Sharkey, Dr Paddy Ryan, the prominent Sydney priest social commentator, insisted that Christian ownership meant 'the widest possible distribution of productive wealth' so workers would share 'in the ownership, management and control of industry'. Ryan considered the old industrial capitalism as 'essentially unjust' because of the maldistribution of ownership.²⁸

The 1945 bishops' social justice statement, *The Land is YOUR Business*, again drafted by Santamaria, reiterated the need for rural co-operatives and credit societies, and called on the government to act in favour of co-operatives, even to take a 'ruthless attitude to certain selfish industrial interests', and to limit the growth of cities to 100,000 people.²⁹ Subsequent social justice statements reiterated the need for co-operative organisation and industrial councils.

Freedom in 1945 foresaw reconciliation between socialists and Christians, but excluding the communists. And the *Catholic Worker* held that 'Some who call themselves socialists will realise that their form of socialism is very similar to Christian Social teaching'.³⁰

²⁶ *ibid.*, 54-55. It is interesting to compare this with Scullin's 1921 proposed parliament of industry.

²⁷ *ibid.*, 64-65.

²⁸ *ibid.*, 69, 338-39.

²⁹ *ibid.*, 87.

³⁰ *ibid.*, 111.

Meanwhile Santamaria's Movement was contesting communist power in the unions and ALP, especially after 1942. Initially many Labor leaders and others supported the Movement's struggle to wrest control of key unions from the communists. But by the early 1950s many of these Movement allies considered that Santamaria had expanded his goals beyond an industrial struggle, and broke away from him. The dispute over the Movement within a few years overshadowed all other considerations and the highly conflictual politics within Labor made progress in Catholic-socialist understanding extremely difficult.

However, the question of socialism remained important to Santamaria, since before the Labor Split in 1954-55 a condemnation of the ALP version of socialism would have forced Catholics out of the Party and destroyed the Movement. From early 1945 Lloyd Ross was discussing with Santamaria interpretations of socialism acceptable to Catholics. Ross told a national conference of the National Catholic Rural Movement, of which Santamaria was also the national secretary, that as a socialist he found much in common with the Rural Movement.³¹

Under the pen name 'John Williams', Santamaria debated with Lloyd Ross from 1947 about where socialist and Catholic thinking might agree. Ross was the son of R. S. Ross who had moved the socialist objective at the 1921 Brisbane Labor Party conference. Lloyd Ross had been expelled from the Communist Party in 1940, and collaborated with the Movement to break the power of the communists in the NSW ARU. One can only wonder what this long discussion over socialism between Ross and Santamaria may have led to in other circumstances. Had Santamaria not been so intent on giving absolute priority to the fight against communism and to his own idiosyncratic reform program, especially his agrarian views, a much more practical Labor program may have been hammered out.

Debates over the compatibility of capitalism with Catholic thought also remained a steady undercurrent beneath the swirl of anti-communist agitation. Even the Movement's 1944 handbook, *Battleground*, reported that the Pope 'unequivocally condemned modern capitalism' and implored Christians 'not to confound the defence of private property with the defence of capitalism and plutocracy.'³²

Worker proprietorship remained an important goal within later Movement thinking. Co-operatives were seen as a way to break the power of financial capital, and many Catholic parishes, for instance, from the late 1940s had their own credit unions. However, the various rural experiments in co-operative or communal living, at Whitlands and Maryknoll in Victoria, and San Isidor outside Wagga, failed to provide models on which to build a new agrarian-based civilisation.

Santamaria himself was too deeply involved in the anti-communist struggle to devise practical schemes for co-operative and industrial reconstruction. However, he had encouraged Frank Maher, the previous director of ANSCA whom Santamaria in 1945 replaced, to prepare substantial studies, including in 1944 *Self-government in Industry*. Lloyd Ross in 1947 regarded this as almost the only constructive thinking along these lines, and called for closer collaboration between socialists and 'distributivists' for the nationalisation and democratisation of basic industries.³³

³¹ *ibid.*, 71.

³² *ibid.*, 75.

³³ *ibid.*, 113.

However, the debate over nationalisation in Australia from 1944 demonstrated that Catholic views varied greatly. The formal Catholic position was clear: Pope Pius XII in late 1944 had said that 'If private property is an obstacle to the achievement of an equitable distribution of wealth, then the Government may intervene and expropriate, but small and medium holdings of property should be encouraged.' Interpretations of how this was to be applied differed. Against Santamaria's view, some Catholic commentators interpreted socialism in a collectivist sense as the complete expropriation of the means of production. Sydney's *Catholic Weekly* argued that if taken literally, the ALP socialist Objective would prevent Catholics belonging to the party.³⁴

In response to this burning issue, Santamaria drafted the 1948 social justice statement, *Socialisation*, disapproving of strict socialism (with the State taking over the entire economy) but allowing 'State ownership or control of basic industries and monopolies which cannot safely be left in private hands...' Nationalisation should only be a last resort but, *Socialisation* continued, citizens had to make their own judgments if governments should control credit policy, and hence banks could be nationalised, as long as the day-to-day banking was left in the hands of co-operatives.³⁵ Santamaria resurrected the 'Blackburn Interpretation' that nationalisation would only affect those industries in which it was needed to eliminate exploitation and ensure the public good. Santamaria argued for the wide distribution of property, and co-operative forms of ownership if productive property could not be broken up.³⁶ A prolonged political debate ensued, with Santamaria's *News-Weekly* then in support of bank nationalisation.³⁷

After the defeat of the Chifley Labor government in 1949, the debate among Catholics over the legitimacy of socialism subsided. But instead of developing a consensus within wide sections of the Labor movement about socialism and how to reform capitalism, Santamaria and the Movement concentrated on first winning political dominance within Labor by force of numbers. The Sydney bishops especially considered this an illegitimate politicisation of a Church organisation, and intervened against Santamaria, but did so too late to avoid the 1954 Split in the Labor Party. Thereafter, so deep was the animosity and distrust sown by the Movement dispute that little substantial progress in developing co-operative forms of production, marketing and exchange was possible across the Labor divide. Nevertheless, Santamaria's *News Weekly* in later years continued to promote worker participation in the management and ownership of firms, and regularly featured the Mondragon co-operatives.

3. Recent Catholic thinking on 'economic liberalism' and capitalism

The shock of the totalitarian ideologies and the Second World War on the Catholic Church in Europe was profound, utterly discrediting conservative or reactionary Catholic groups that had favoured right-wing regimes or ideologies. Key Catholic thinkers developed a more nuanced critique of the various competing streams within liberal and other social and political philosophies. Jacques Maritain was particularly important in articulating a systematic social philosophy which rejected the elitist, inequitable and anti-democratic elements of 'big-L' Liberalism, especially in its European and US variants, and reconciling key elements in 'small-l' liberalism with Catholic political philosophy.³⁸

³⁴ *ibid.*, 110-111.

³⁵ *ibid.*, 117-118.

³⁶ *ibid.*, 117 ff.

³⁷ *ibid.*, 142.

³⁸ See Bernard Doering, *Jacques Maritain and the French Catholic intellectuals* (Notre Dame: University of Notre Dame, 1983).

This implied a complete rejection of the reactionary views of Pius IX's 1864 *Syllabus of Errors*, which had condemned many of the freedoms of political liberalism. Maritain also helped prepare the way for the Church's abandonment of Pope Leo XIII's theory of Church and State at the Second Vatican Council in 1965, recognising officially what had long been the practice, especially in English-speaking countries, that many of the values of political liberalism were also inherent in the Gospels.

The shifts in the Church's socio-political views became possible because Church leaders realised that solutions could not simply be derived from philosophical principles and norms without careful analysis of actual situations, drawing on history, economics and the social sciences. This new methodology in the socio-political arena is now generally accepted in the Church, in contrast to areas of personal and sexual morality in which moral theologians are still debating the role of psychology and other disciplines in relation to traditional moral norms. Meanwhile, Church authorities have insisted that the older methodology retains its force in these latter areas.

Modern Catholic thinking has consistently opposed the philosophy of competitive individualism underlying the recently dominant free-market ideologies, and insisted that the market is to serve the people, not to instrumentalise them to amass greater wealth for the dominant elites. The justice of an economic system can be seen by how well it meets the needs of ordinary workers and especially the poor.

Catholic social teaching also placed a strong emphasis on community and the social obligations of citizenship, which underlie the Church's emphasis on the principle of the common good. This principle is not the utilitarian principle of the greatest good of the greatest number, nor an abstract good in the head of the Platonic ruler, but was defined by the Second Vatican Council as embracing 'the sum of those conditions of social life by which individuals, families and groups can achieve their own fulfilment in a relatively thorough and ready way'.³⁹ It assumes that the person is not the atomistic individual of classical Liberalism, or the material cog of a collectivist machine, but a person in a social setting, with rights and obligations. The role of the State is to help provide the conditions so people can lead happy, fulfilling lives.

Pope Paul VI, who was deeply influenced by the political views of his friend Maritain, continued to appropriate many of the values of small-l liberalism in his 1967 encyclical, *The Development of Peoples*. In this urgent call to address the problems of global inequality and development, Paul VI extolled the search for a 'new humanism', by removing unjust and oppressive structures and providing more humane living conditions for everyone.

The Pope strongly attacked 'Liberal Capitalism' or 'economic liberalism', which he understood as a 'system... which considers profit as the key motive for economic progress, competition as the supreme law of economics, and private ownership of the means of production as an absolute right that has no limits and carries no corresponding social obligation... One cannot condemn such abuses too strongly by solemnly recalling once again that the economy is at the service of man'.⁴⁰ He continued that 'private property does not constitute for anyone an absolute and unconditioned right', especially when others were in dire need. In such cases, governments may be entitled to expropriate such property to meet the demands of the common good.⁴¹

³⁹ Pastoral Constitution on the Church in the Modern World, #74, in Walter M Abbott SJ, *The Documents of Vatican II* (New York: Guild Press, 1966), 284.

⁴⁰ Pope Paul VI, *Development of Peoples*, #26 (Melbourne: ACTS Publications, 1967).

⁴¹ *ibid.*, #23-24.

Like Leo XIII, Pius XI, Pius XII and John XXIII, Paul VI insisted that the free market was subject to the demands of social justice. Hence if the positions of trading partners were too unequal, as between rich and poor countries, 'the consent of the parties does not suffice to guarantee the justice of their contract', for in such circumstances free competition 'too often creates an economic dictatorship'. 'One must recognise that it is the fundamental principle of liberalism, as the rule of commercial exchange, which is questioned here.'⁴² Paul VI noted that many nations had developed mechanisms to distribute wealth and opportunities better, and he urged that similar policies be adopted between rich and poor countries. 'Without abolishing the competitive market, it should be kept within the limits which made it just and moral, and therefore human', especially be restoring 'a certain quality of opportunity' to the participants.⁴³

This critique of capitalism remained closely linked to advocacy for new mechanisms of participation and initiative for everyone involved in an enterprise. Important Catholic thinkers in Europe had long advocated the reconfiguring of industries so that power and decision-making were shared throughout an industry. After the Second World War, these ideas had a strong influence on the 'codetermination' schemes on which German industry was so successfully rebuilt.

The themes of worker participation in management and ownership of industries have continued as major themes in modern papal social statements. Pope John XXIII highlighted what he called people's 'right to participate', not just in the political arena, but in all areas of decision-making affecting those people. His 1961 encyclical, *Mother and teacher*, stressed that taking responsibility for one's life and activity was a basic demand of human nature, and applied also in economic life and in the enterprise (p. 18-19).

In his 1971 document *On the Eightieth anniversary of Rerum Novarum*, Paul VI detailed how this right to participate extended into political and economic arenas, and between nations as well. To counter trends in technology, he called for 'modern forms of democracy' so that everyone could be involved in a shared responsibility (#47).

Response to globalisation issues

With the swing to the Right in economic and social policy since the 1980s, with globalisation, deregulation, and the promotion of more competitive markets, even the richest countries have experienced acute and painful adjustments, with the gap between rich and poor growing wider. Catholic social thinkers have tried to respond to this new situation.⁴⁴

John Paul II also vigorously criticised economic and social injustice. Many commentators have recognised how important was his role in helping undermine the communist regimes of Eastern Europe, but there has been less understanding of his commitment to democracy and participation.

⁴² *ibid.*, #58-59.

⁴³ *ibid.*, #60-61.

⁴⁴ For an overview of official Catholic social thought, see Donald Dorr, *Option for the poor: a hundred years of Vatican social teaching* (Maryknoll NY: Orbis, 1992). See also Marvin L. Krier Mich, *Catholic social teaching and movements* (Mystic CT: Twenty-third Publications, 1998), and especially Judith A. Dwyer (ed.), *The new dictionary of Catholic social thought* (Collegeville MN: Michael Glazier, 1994); and *Catholicism and Liberalism: Contributions to American Public Philosophy* by R. Bruce Douglass and David Hollenbach (Cambridge: Cambridge University Press, 1994).

His first encyclical, *On Human Work* in 1981, highlighted these ideas.⁴⁵ In a remarkable adaptation of Marx's thinking, Pope John Paul saw human work as the key to the whole social question (#3). For the Pope, the struggle was to make the person the 'subject' of work, meaning that through intelligent, self-directed activity, persons more fully realise their humanity (#6). He criticised those forms of collectivism and capitalism which reduce the person to 'merchandise', or a mere instrument of production. He rejected forms of liberal capitalism as 'economism' which was based on a 'practical materialism' (#13) and restricted the exercise of economic initiative to the owners of capital alone (#7). Instead he talked about the 'priority of labour over capital', so that capital remained the instrument in the production process; persons were not to be so instrumentalised (#12).

In addition, he restated that private property is only justified if it is 'subordinated to the right to common use, to the fact that goods are meant for everyone' (#59). Hence he supported 'proposals for joint ownership of the means of work, sharing by the workers in the management and/or profits of businesses, so-called shareholding by labour. Etc.'

Moreover, he employed key socialist terms, and talked of 'socialising' property, that is, 'when on the basis of his work each person is fully entitled to consider himself a part-owner of the great workbench at which he is working with every one else. A way towards that goal could be found by associating labour with the ownership of capital, as far as possible, and by producing a wide range of intermediate bodies...' (#14). Thus far from condemning all forms of socialism, Pope John Paul talked of 'socialising' the means of production as an ideal for Catholics to work towards. Given the fierce debates over socialism in the last century, this was a very significant change.

At the same time, Pope John Paul has sharpened his critique of contemporary capitalism. In *The Hundredth Anniversary* in 1991, Pope John Paul warned that 'a radical capitalism ideology could spread, after the collapse of communism, blindly entrusting problems to the development of free market forces. He accepted the legitimacy of capitalism or market forces only if they were circumscribed by a 'strong juridic framework' serving human freedom in its totality (#34, #42). The market needed to be controlled by society and the State to ensure the basic needs of all were met.

The collapse of Soviet Marxism-Leninism helped clear the air for a fresh debate about how to socialise production, ensure a more equitable distribution of wealth and life opportunities, and extend democratic participation from the political into the economic arenas. However, the 1990s failed to realise their promise to advance social and economic reforms. Not only have there been no major reductions in global poverty and inequality, but there seems to have been little progress in developing new models of partnership and co-operation in industrial organisation.

Pope John Paul II has made social responsibility and 'a commitment to history' a central theme of the Jubilee celebrations of the year 2000, and in a further major letter in January 2001 urged Catholics everywhere, in collaboration with all others of good will, to work against warfare, poverty, suffering in all its forms, and injustice. He insisted that this social commitment and the 'option for the poor' were as important for fidelity to the Gospel as correct doctrine.⁴⁶ He added that the Church had no 'magic formula' for social

⁴⁵ See Jonathan Luxmore and Jolanta Babiuch, *The Vatican and the red flag: the struggle for the soul of Eastern Europe* (London: Geoffrey Chapman, 1999).

⁴⁶ John Paul II, *Apostolic Letter Novo Millennio Ineunte* (*At the Beginning of the New Millennium*), 6 January 2001, especially #48-50, on www.vatican.va/holy_father/john...0010106_novo-millennio-ineunte_en.html.

reform, only the words and example of Jesus in the Gospel to inspire people to use all their resources and energies to create a more just world.

His stress on the obligations of Christians to advance social reform is tempered by his repeated acknowledgment of past failures of the Church and of Catholics, even of popes, especially in the promotion of human dignity and respect for human rights. In March 2000 he apologised to the world for past failures, and committed the Church to strive, with a new humility and a greater willingness to listen to those of differing views, for greater transparency and commitment in its work for justice and human wellbeing.

The Catholic Church in past centuries had made many mistakes in its response to the various forms of liberalism and socialism. However, recent years have seen the Church adopt a much more positive and productive role as it recognised more forcefully that work for social justice was a central part of its mission. But the tasks of social improvement are vast and pressing, and much will depend on how well Catholics and other believers can co-operate with people of other philosophical and social traditions to shape more just social structures.