

KATALIN BOTOS: ECONOMIC ETHICS OF CATHOLIC SOCIAL MESSAGE IN HISTORIC PERSPECTIVES

Introduction

In the early development of the modern economy, the Catholic Church was shocked to experience its consequences: proletarianization, social tensions, the disintegration of traditional social structures, first and foremost, that of the family, the corruption of morals and the spread of materialistic thinking. It considered the currents of thoughts which caused the given situation utterly wrong; at the same time, it deemed the trends of ideas for the cure of the former rather harmful. Primarily, it rejected socialism which wanted to turn the social order upside down, but it was against anticlerical and liberal ideas, too.

It took a long time to reveal that, eventually, liberalism fighting for modern human rights - when it was stripped off its anticlericalism - would find its theoretical basis in the essence of the Christian message, i.e. in the dignity and freedom of the individual. At the beginnings, Rev. Félicité Lamennais, the representative of the liberal trend of French Catholicism, whose slogan was 'God and liberty' and whose ideas were also close to those of the socialists, was rejected by the Church.

However, two things became obvious even for Catholic philosophers: on the one hand, if the emerging social tensions were not be treated on the basis of ideological commitments but efficiently, the Church would completely lose its influence over the masses who were falling under the influence of the ideas which proclaimed new and earthly redemption and paradise; on the other hand, it had to be realized that, parallel to the problems, the unfolding capitalist economic order resulted in irreversible progress, too. The unquestionable impacts of development reflected in the increase of average consumption, the lengthening of the span

of life and the growth of population indicated the fact that the new bourgeois system entailed not only difficulties but it might be able to cure the latter with the elaboration of a proper system of distribution due to the growth of productivity. The developments that ensued changed the legal and economic circumstances to the extent that the restoration of traditional forms became totally anachronistic.

The Catholic social message had to open two frontlines: it had to reject the communist ideas which were hostile to private property but, at the same time, it later had to disapprove of 'wild capitalism' as well, which was denoted as 'bare capitalism', 'unsociable capitalism' and 'pure economism'.

Beside anti-modernism, new scholastic and socio-romantic notions appeared, which tried to heal social troubles not against the ensuing processes but through their correction. Although the new scholasticism critically approached the progressive achievements of modernity, human rights as well as the phenomena of democracy and market economy, it is very important to note that it returned to the concept of the human being as an individual. It stresses that an individual as a physical, spiritual and intellectual unity has dignity and an inalienable and inborn right to possess private property.

However, based on the argumentations of St. Thomas Aquinas new scholasticism obliges people to use property, taking into account the benefit of the community, too. The promotion of common good - *bonum communa* - is the owner's responsibility and the basic task of politics. The socio-romantic trends are open to other directions: they became the forerunners of the ideas which urged social reforms going beyond capitalism and a corporative social system.

The socio-realistic trends which sought not to surpass capitalism but to reform and regulate it, seemed to be the most viable ones. It

can be stated that the emergence of the European market economies later relied on these principles.

The Catholic Society of Social and Economic Studies made up of the thinkers around G. Mermillod, Bishop of Fribourg, was the most influential intellectual circle. It laid down the foundations of the Encyclical entitled *Rerum Novarum (RN)* issued by Pope Leo XIII (1891) and called the *Magna Carta* of the social message of the Church by Pope John XXIII. [1]

The first forty years

Indeed, the change was of great significance. The Encyclical uses a system of new scholastic argumentations: it attributes '*private property*' to the nature of human existence. What has not been focused on up till now is perhaps the fact that Pope Leo XIII emphasized private property as the basis of the subsistence of the *family*. He considered the work of a labourer as *a sole (!) source of state economy* and he claimed that a wage should be considered worthy only if it were high enough for the subsistence of a family since in his opinion - not without any basis - the most destructive phenomenon of the changes was the disintegration of the natural basic unit of society, i.e. the family. In the field of the state's role-taking, he thought that laws on *workers' protection* (e.g. the restriction of female and child labour, measures of health and safety at work) should be framed.

The acquisition of properties by workers was to be assisted and it was just and proper for the workers to combine to safeguard their interests.

As far as the realization of the principles in practice was concerned, at the beginning, the Church urged the establishment of entirely Catholic organizations and this approach only later became ecumenical. The overall support of secular organizations for the safeguarding of workers' interests only appeared under the influence of Pope John XXIII. For example in Germany after the

repeal of the so-called 'Socialist Act' the number of workers' mutual funds and associations increased and one-third of Catholic workers gathered in them. The development of welfare legislation was demonstrated by the introduction of the compulsory social security system first in Germany, then in Austria and Hungary. (By the way, in Hungary the Act on Social Security was passed in the year of the issue of the Encyclical, i.e. in 1891.) In Germany, Christian trade unions, too, began to emerge and even if they were not so numerous as the socialist organizations, their proportion was considerable.

The author of one of the most comprehensive Catholic and Christian economics book was Heinrich Petsch, a Jesuit who characterized the message of the Church as *a system of solidarity* in his five-volume work. Regrettably, this interesting phrase has not become deeply rooted either in public knowledge or the terminology of the Church in spite of the fact that it indeed properly expresses the essence of the Catholic/Christian economic ethics.

The principle of solidarity is summarized by the author as follows: 'In general, solidarity is a social system which represents/enforces both interpersonal solidarity relations and those between the members of the natural communities of the family and the state in a proper way, i.e. according to the essence of the community of the age... The system of solidarity can be called a community principle which is free of exaggerations; respects the rights of the individual and those of the society as a whole as well as freedom and social responsibility, too. [2] It should also be noted that, at the same time, Pesch incorporated the ideas of the organization by vocation represented by the socio-romantic predecessors into his system of notions, too. This is why the otherwise thorough work was later pushed into the background. Although he was for the reformation

of capitalism through regulation and not for its rejection, the Great Depression hardly favoured his ideas. In Europe the distressing failure of capitalism led to more radical experimentations as a reaction to the practical challenges of Soviet reality.

The Encyclical *Quadragesimo Anno* (*QA*) issued by Pope Pius XI for the 40th anniversary of *RN* tried to reconcile the radical notions with those of the reformers with little success. A part of the Christian sociologists and economists considered it was much and the other part of them thought it was little included in *QA*. The so-called 'Vienna School,' whose mentality was close to that of the socialists, rejected it as a capitalist Encyclical while, for others, the recognition of the righteousness of a properly conceived class struggle was too socialistic. In addition, after national socialism came to power - despite the Pope's rejection of Mussolini's corporative state - the approach to *QA* became unfavourable: some said it was pro-fascist.

Although *QA* strengthened the right to private property, it expressed down that out of the common good the state was allowed to regulate its use. It expounded the idea that capital grabbed too large a share out of the total output of production despite the fact that labour and capital were *interdependent*. It pointed out that labour was *a primary force of property generation*, so acquisition of property had to be made possible for workers, including *co-ownership* in the factory where they worked. Worthy payment which had already been mentioned in *RN*, too, had to enforce three aspects: the subsistence of the worker and his family, the vitality of the factory, and the requirements of common good. It should be pointed out that the factors of a necessary compromise determined by these principles are still valid. *QA* emphasized that the workers' right to combination and co-operation was unquestionable. In connection with the state's role-taking it points out that *subsidiarity* is the principle which is considered even nowadays one of the most characteristic features of the Catholic social message.

The essence of this is that the problems raised should be solved at all levels and only the ones which cannot be settled at a lower level or by individuals should be passed on to higher authorities. *QA* actually calls the tendency a sin when problems solvable through individual actions are pushed to the provident state. It is also unable to get rid of the notion of the corporate integrations attached to trades, and the idea of the co-operation based on vocations that will later prove to be unrealisable.

However, it is a very important statement that *the market cannot be a sufficient controller of the economy* because, due to its automatic operation, it comes into a 'power-like state'. By the time of the publication of the Encyclical, it could be seen that the market economy spontaneously established monopolies and oligopolistic markets which, in the absence of regulation, realized profits not through meeting the needs of consumers to the greatest extent and this problem could only be solved by the community's regulation.

The murder of Chancellor Dollfuss in 1934 discouraged politicians from making social experiments with the establishment of a form of government based on the order of vocation; at the same time, there were many progressive events in the world economy.

As a consequence of the Great Depression, state interference and income redistribution increased significantly in all developed countries. The scope of social security widened and provision for pensions, too, appeared beside health insurance and the organized access to social allowances/benefits. Capital markets and banking supervisory bodies were reorganized; bank control was strengthened since the operation of the banking sector was considered to be responsible for the crisis and in the Crash many people lost their savings. All over Central Europe a wide network of savings co-operatives of the Raiffeisen type was established and provided financial and sales services; and a remarkable network of savings and loan associations were organized in the USA as well. In the framework of New Deal, new state companies were set up in

the home of free enterprise. Crédit Agricole established a broad network of co-operatives for financing the French agriculture and the mutual pension and health care funds ('mutuelles') still exist in France. Laws which regulated competition and labour legislation were enacted. One of the most urgent and insoluble institutional problems was the disintegration of the international monetary system. [3][4]

International trade, too, declined because of the Great Depression but it was also unable to develop because, due to the competition in devaluation and the absence of the gold standard, entrepreneurs of various countries were not able to calculate in the long term and settle their business in international relations. World War II brought change in the stagnation of economies with a war boom and the acceptance of the Bretton Woods system was a significant progress in 1944. Then international settlements became smoother and external trade grew dynamically.

The age of social market economy

After the collapse of the Third Reich, there was also a revival of Catholic public life in Germany and Austria. Concerning national frameworks, 'the German model', the social market economy emerged as a result of the co-operation between Ludwig Erhard and Konrad Adenauer. Consequently, the Catholic social message seemed to draw closer to its implementation.

In this the fact that during the former regime the Catholic Church was the least compromised institution since it had been also persecuted, played a role. [5] The role of the Church in education and its impact on social policy were great. In addition, at the international level an exceptional situation came about in Europe: in three countries (Federal Republic of Germany, France and Italy) committed politicians (the trinity of Europe's Catholic founding fathers: Adenauer, Schuman, de Gasperi) who were able and willing to arrive at a compromise of historic importance came to

power. [6] H. Young [7] describes Schuman as living 'in a monastic chastity, a bachelor and a scholar, expert in philosophy and theology' and he adds that the three men [Adenauer, Schuman, de Gasperi] 'were more than routine Catholics. Church was important to their project'. Indeed, they all attended Mass together and spoke to each other in German! The reconciliation between the Germans and the French, and the establishment of European Economic Community was the result of this exceptional co-operation.

Life seemed to legitimize the theoretical concept of the social market economy which had proper answers to the questions of all the fields in practice. The evolved system adequately embraced the requirements of economic and social subsystems. The liberal market economy was functioning but the socially sensitive state took care of the welfare of its citizens... The so-called Golden Fifties and Silver Sixties generated an extraordinarily swift development all over the world, at the same time, the collapse of colonial empires rearranged the world map: Asia, particularly the Far East turned out to be a new centre. (Japan's share in external trade had grown from 0% to 7% over a few decades) but from other aspects, too, the division of the positions of the great powers in the world in fact strengthened, along the lines of radically different ideologies. The emerging COMECON (CMEA) dominated over one sixth of the world. In the countries of 'existing' socialism, the anticlerical and atheistic state introduced planned economy and 'showed' what economic achievements would come about if the incentive and allocating role of the market were discarded. The role of money became rudimentary and, at the international level, trade by barter appeared. [8]

From time to time, social tensions came to the surface owing to political and economic causes. The most important one of these was the outbreak of the Hungarian Revolution in 1956. Later, too,

greater or smaller crises evolved in Central and East European countries.

However, for an outsider, the forcible (i.e. drastic) social transformation brought forth spectacular achievements and important results from military aspects. In the field of nuclear and space research, the Soviet Union cornered its one-time ally and actual adversary or, rather, its enemy, since propaganda permanently proclaimed the threat of the Cold War. The competition for colonies on the part of the countries striving for world power recruited many supporters to the socialist-planned economy in the newly-liberated colonies and, over relatively peaceful years, the two world systems 'contended with each other' there. Soviet and American 'experts' replaced each other in Egypt; Soviet and American armaments competed in the Arab/Israeli war. Some countries of Central and South America turned out to be the market for US capital exports. On both continents the activities of the Catholic Church increased and the ideological and real conflicts made fairly numerous martyrs. In the socialist 'camp', too, there were great tensions between the big communist countries of Asia and the Soviet Union. At the same time, in individual economies social mobility grew; there was a forced industrialization and the share of agriculture increased as compared to its pre-war one. Towns sprang up; health care improved and education became widespread. It is quite another question *what* was taught. Again, it is quite another question *what social destruction* was caused by rapid urbanization. It is difficult to assess *the scale of waste* in investments at the social level. Also, it is difficult to assess how high unemployment was and *what harmful environmental effects* had appeared due to so-called development. Just one of the Hungarian examples was that drinking water was available in all settlements but in half of them there was no drainage. The price of apparent achievement is environmental pollution. Actually, all this could not be seen from the outside and the existing socialism

seemed to be much 'rosier' than it was. Although the world was aware of the persecution of the Church, the militant atheism, the existence of nuclear armaments and the socialist colonialization, peace was given priority. Another world war had to be averted at any means! All the more so because new problems also emerged within the capitalist world system. The expansion of the multinationals began and in the redistribution of the world market, Western players, too, ruthlessly competed with each other.

All the aforesaid phenomena meant a new challenge for the social message of the Catholic Church.

Mater et magistra

The Church searched for answers by the convocations of the Second Vatican Council. The most concise summary of the social message is contained by the Encyclical entitled *Mater et Magistra* (*MM*) issued in 1961.

In this, the Pope discusses the lasting statements of *RN* and *QA* and supplements them in the spirit of the age. Practicality is one of the most important characteristics of the message. This approach is supported by a passage of the Gospel. It cites the words of Jesus addressed to his Father: 'I do not ask you to take them out of the world but to save them from the Evil.'

The common message of the previous two important Encyclical letters was that *the norms of economic life should be based on ethical foundations*. But the 19th century capitalism of free competition, which relied on profit-motivation itself in a highly arguable way, was replaced by ever more aggressive forms. As it is claimed in *QA*: 'Chase after profits was replaced by unrestrained rivalry for economic power.' (109) *The world of economy became awfully barbarous*.

Undoubtedly - at least, in Western Europe - this was changed by the implementation of the social market economy but in the international arena, cut-throat competition started and in international relations, too, several open questions cropped up.

With appalling far-sightedness, the Pope pointed out that stronger state interference carries newer dangers. Modern man deprived of his autonomy increasingly becomes used to the fact that every important question is decided by other people, which amounts to the hotbed of *manipulation*. The Pope poses the question *whether in the network of the increasingly complicated system of social relations people grow more and more stupid and their inner independence ceases. This is something to be refused.* (MM 62)

The structure of human coexistence is very important. The Encyclical reaffirms the idea of subsidiarity and the importance of the fact that people should actively participate in the settlement of their own affairs.

What is surprisingly new in the formulation of this Encyclical is that it contains very concrete guidelines for economic policy. *MM* is not content with the statement of general principles either according to which workers are worthy of a worthy wage but it expounds that it is expedient for them to set up organizations which safeguard their interests as well as the fact that they are entitled to have a share in ownership. Small and medium-sized businesses must be protected and supported; vital co-operations had to be established. These organizations had to be assisted by the state in the fields of education, taxation, credit conditions, security system and social policy. Attention was to be directed to the separation of the manager and the owner, and to the fact that the interests of large companies might clash with the public weal. (This practicality would be characteristic of the Encyclical '*Pacem in Terris*' issued by Pope John XXIII in 1963. Here, he expounds that measures for the provision of roads, drinking water and health care should be framed by the state. If we have it in mind that Galbraith's book on a new industrial state was published in 1961, it must be stated that the Church was able to take into consideration the requirements of modern times. While confirming the right to private property as this is the guarantee to human rights, the Pope

perceives the characteristics of the age, i.e. the growth of state ownership. (This is all the more so in the East!) He directs attention to the fact how important is the personal quality of the management of these bodies. With considerable idealism Keynes assumes that on part of the interfering state there are absolutely fair people who just represent public weal. The worry expressed by the Church is remarkable, namely, economic power within the state administration should not be grabbed by a narrow social stratum because it is utterly against the basic interests of the people. (*MM* 118). Again, it should be pointed out that this was unambiguously the case on the one sixth of the world and the impacts have not yet disappeared at all.

With the establishment of the industrial society the global phenomenon of urbanization raises several problems as well. The deterioration of the means of earning a livelihood in the country caused the Pope to take a definite stand in holding *the peasants' work* on high esteem. He formulated the expectations from the society as follows: the state should guarantee the same level of public services, a special agrarian economic policy - regulation of the market, capital allocation, necessity to develop an insurance system - the elaboration of fair conditions of taxation and the improvement of vocational education. The position taken up covered special questions like the gap between prices of agricultural produce and those of industrial products, the need for compensation for losses and the interrelationship between agricultural price incomes. There are excellent socio-economic observations in the Encyclical since it aims to reduce migration, to create worthy living and working conditions for this important social stratum which preserves traditions and values. It is thought provoking that the text of the Encyclical arrives at the far-fetched conclusion that *agricultural work is of the highest order because it is done in nature*. (*MM* 144). Agricultural work is also a model for others to reach the level of true humanity (*MM* 149). It also warns

us how important co-operation and setting up proper organizations are since interests may be enforced only in this way because 'one voice is lost in the roaring of the wind as wise man says!' (*MM* 146) With the knowledge of W. Röpke's work who is considered as the propagator of the third way in the history of economic policy, it can be seen that these thoughts reflect in many of his statements. (It was also noted by Röpke that after one of his lectures he was asked if he was a Catholic. The Protestant author replied that one did not need to be a Catholic to agree with the essence of the message of the Pope. [9])

The other far-reaching statement of *MM* is that *basic problems became global*. Amongst them the demographic question, neo-colonialism and military confrontation provoked fear. Although the approach of the Encyclical to the progress of science is positive, - it assumes that science will make possible a life worthy of man in spite of the growth of population - but, referring to Pope Pius XII, it advises us not to turn to be *a giant* in science while we remain *a dwarf* in spiritual and moral questions. (*MM* 242)

According to the Encyclical the humanization of the formidably barbaric world is the most important social objective and the element of economic ethics included in this process is of special importance.

After Vatican II

Out of the documents of the Council, the constitution *Gaudium et Spes* may be regarded as the summary of the Catholic social message which expounds the socio-ethical questions from the overall definition of the human mind. [10] The passage at 63-72 contains the summary of the statements of the ethics of economy. The documents of the Council terminate the former anti-modernist approach and urges a dialogue with the world.

By the late sixties, the abovementioned achievements of the economic miracle and the socialist practice resulted in a *transitory strengthening* of ideology of both dialogue-partners. The

modernization impetus concomitant with the 1968 movements pushed a considerable part of the intelligentsia to the left. And the representatives of liberal economic policy realized that, probably, market economy fares better without state interference. Stagflation, that meant the failure of Keynesianism, came about. It could not be claimed anymore that employment might be assured at the price of a little budgetary deficit and inflation because both inflation and unemployment lingered on. Still, in 1971 President Nixon said that they all were Keynesians, but it was that year when the dollar was devaluated against gold. Convertibility of dollar to gold was suspended and the first devaluation was soon followed by a second one in 1973. The Bretton Woods monetary system collapsed and the economic struggle between the system of currencies detached from gold once and for all and that of the floating ones began. The leading politicians of the world - Reagan and Thatcher - became Friedmanist... The ideas of monetarism which preferred global free competition took over the leading role. Economic life followed these ideas and soon a price and interest explosion swept over the world. The indebted developing countries - but also the Hungarian economy - were stuck in the debt trap and, fighting against economic restrictions they regrouped an increasingly greater part of their incomes to the developed countries, well provided with capital. A renowned economist Robert Triffin, who had already pointed out the absurdities of the international monetary system based on US-dollar dominance, characterized the situation like this: the seriously incapacitated transfuse blood to those with exuberant health. He called this situation a scandal and urged the reform of the international monetary system.

There were high-level and intensive debates over economy and society, raising *economic questions*. Latin American poverty and inhumanity evoked the ideological current turning into one of the most significant movements within the Church, i.e. the liberation theology concluding that definite actions to change society were

wanted. The proximity of the notions of this theology to Marxism gave rise to critical remarks but the rightfulness of the problems was recognized by the Church (*Libertatis conscientia*, 1986). At that time, the leftist academic intellectuals in the Western world raised the question whether socialist ideas proved to be wrong only in practice or their theoretical bases also had to be thrown away. [11] What is better: a transitory deficit or a prolonged inflation? It should be pointed out that posing a question like that was wrong. Deficit became almost a permanent phenomenon in socialism (where this was not reflected in the shortage of goods, soon high indebtedness appeared.) And inflation was kept well in hand by several developed countries.

By all means, life overstepped philosophy because it proved clearly, still in the year of the publication of the book cited, that *the system of socialism, which proclaimed egalitarianism but, in practice, deviated from this notion, was the loser in the competition with capitalism*, not only in relative but absolute terms as well. *It failed because it was unable to feed people*. This system was not realistic; it did not comprehend, or only just latterly and sporadically, that human fallibility necessitated material stimulation, including the possibility of the acquisition of property. *Little cannot be distributed well if there is a real alternative of more*.

The Catholic social message had not drawn a markedly new image over these years; the conception of labour, the rejection of unemployment as well as the appreciation and protection of natural resources, and the emphasis laid on the double nature of property enriched and deepened though. (*Laborem excersens*, 1981, *Sollicitudo Rei Socialis* (SRS), 1987). However, what could be seen as seeds even in the 1960s germinated into harsh reality today, i.e. *the world became globalized*. The international trade and monetary system had to be revised because its functioning was widening the gap between the developed world and the countries in the debt trap.

But how can it be done? Regrettably, there are no detailed replies to this in the Encyclicals, only it is uttered as a 'bitter truth' that the organizations set up for the international promotion of the common good have been monopolized by political forces to their own benefit. In order to overcome this situation, the organization of international life at a higher level would be needed. (*SRS* 43)

But what does it mean? Who should organize this multi-facet world?

By the centenary of the publication of *RN* this question seemed to be solved. At the birth of *Centesimus Annus* (1991) the socialist/communist system had practically already collapsed. With renewed efforts, on reasonable grounds, the Encyclical directed attention to the other notion, i.e. to the criticism of global liberalism, because for the transition countries the rejection of the former regime was typical. However, socialism was replaced not by the market economy but by 'wild capitalism'. The rapid privatization of nationalized wealth was performed by various methods, but eventually, with similar results: *foreign capital penetrated deeply into these countries*. And backing out of the dead-end as well as the transition to the market economy were concomitant with the rapid differentiation of incomes and it creation not of societies with a strong middle class similar to the Central European ones but rather drew the East European economies towards the social structures of the Latin American countries. In addition, the end of the millennium was shaken by serious financial crises all over the world. Competition between the centres of power grew increasingly aggressive. International financial institutions had no means to resolve the crises; they were confined to symptomatic treatment. Our colleagues in several important positions (Korten, Stiglitz) revealed to the public, in their critical papers, the inefficient activities of the aforementioned

institutions - and sometimes bringing about results contrary to those intended.

Iustitia contributiva

Contributory justice

To formulate the ethical norms of the new world order which is beginning to take shape is very difficult.

The message on *the structures of sin* in the Encyclical *SRS* issued by Pope John Paul II is an important element. In human behaviour not only the desire for power and profits *at any price* - that is a sin itself - must be seen but the institutionalization of structures which push the man of our age onto a fixed path. Although one intends to do good, but one is almost forced to do ill. Of course, the individual's responsibility may not be reduced. Every person must decide if he/she accepts the rules of the game. However, weighing the pros and cons becomes more and more difficult.

If, contrary to the liberal thinkers like the Nobel Prize winners Buchanan and Friedman, we accept the notion - the representative of which is Rawls - that we can speak about social justice, we have to define several kinds of justice. [12]

Iustitia commutativa is the justice of **exchange**, the typical territory of which is the framing of fair conditions of competition and worthy wages.

Iustitia distributiva means distributive justice, **the protection of the poor.**

Iustitia legalis assumes the justice of **procedural law** and the presumption of innocence and the principle to 'give both parties a hearing'.

In addition, *iustitia contributiva*, **contributory justice** is important. By this it is meant that *everybody may have the possibility to participate in the formation of the common good*. Human rights and civil rights are real only if we can make use of them. *Social rights* create the conditions for it. But to this consensus, which does not

permit pushing liberty either in the direction of collective egalitarianism or of individuality that lacks solidarity. *Iustitia contributiva* is a hard responsibility because it needs to make constant efforts. Citizens have to participate, continually, in the formulation of the legislative framework which makes decisions on the conditions of competition and probable redistribution. Let us see whether we have exercised our rights to vote and called our elected representative to give account of the public weal, at least, their promises; we have accepted the moral weaknesses of the politicians, and finally, whether we have made the same mistakes. Let us study whether we have made use of our right of combination and participated in the ideological struggles and political fights for a better and righteous world. If we have not done so, we have not met the minimum requirements of a Christian society or the ethics of economy. Then, we expect justice to be realized in economic practice in vain.

What should one do if in a *globalized world*, let us say, '*the rules of the game*' force one to be ruthless, to reduce quality, to defraud the Inland Revenue and to exploit his partners? Let us take an example! If, in international competition, the costs of the entrepreneur who provides for their workers with responsibility are higher than those of an Asian counterpart of his - who produces goods at the level of starvation wages or the one who lives under different natural and social conditions - indeed, he has hardly any choice under current circumstances but either to reduce the wages which he has considered worthy according to bargain or to face winding up his venture. In a worthy wage community allowances are also included. The denial or defrauding of the financial sources of the aforementioned is a rather hidden violation of the social contract since the social consequence of it, i.e. the deficit in the Budget is revealed only later. May the average of the minimum subsistence level of an employee in Lapland and that of the one around the Equator be calculated? May the common good in a state

framework interpreted at the international level where there is no or just a minimum level of redistribution?

The case of the state of global environmental protection is a similar ethical problem. Modern economic thinking arrived at a stage where methods radically different from reasonable solutions are considered economically rational. For example, according to the 'pollute pays' principle the manufacturer who caused the environmental damage should compensate for it. However, the consumer, too, may estimate how much a clean environment is worth for him. Let him pay for it if he wants. (If there is one who has enough money for it!) [13] For the manufacturer environmental-friendly production would mean additional expenses, so would the fines imposed on him: both would reduce his competitiveness. From an economic point of view the solution, too, that for the elimination of pollution the consumer should pay if he wants to live in a healthy way seems to be viable. Thus, the entrepreneur may continue to operate his venture and environmental protection also acquires its own resources. Of course, this solution is not good since it means that, in practice, production with a polluting technology may be continued in many places, owing to the fact that on the other side of our globe restrictions are not so strict. As for a solution, on such imported goods, a countervailing duty should be imposed but it would be difficult to establish the legal basis of this. The case is similar with labour-intensive products which pour into the advanced countries from states with low social security costs. However, nowadays the rights to health and social security of the citizens in developed countries would be clashing not only with the employees of the poverty-stricken Third World but also with the layers of the capital exporters and capitalists of their own countries since it is just the financial means of these capitalists that makes the inexpensive factories of the Third World produce their products! They moved there because production is cheaper in this part of the world. Will

there be enough democratic will to redress this problem? In addition, it would also mean that the exports of the developing countries to solvent developed ones would be aggravated ... What can the advanced world offer to the poor Fourth World in exchange? Zero percentage transfer?... Is it sure that the right of the citizens of the developed countries were framed at a proper level? Since the products imported in this way would also be more expensive for the consumers, although on the basis of common law they may think that they are entitled to cheap bananas, cheap energy carriers and raw materials. They are entitled to claim the credits with interest that were extended by them voluntarily to the countries which fell into a debt trap... They are entitled to take in capital and withdraw it from where they invested it if they think it right. Well, the leading powers of the world extended the four principles of liberty on a global scale, however, they think this seriously *only in the case of the flow of capital*. The migration of manpower on a world scale is limited by strict immigration rules.

These questions will remain open only if we have no idea of a *minimum world state* in mind. Some thoughts cropped up that following the general deregulation at the beginning of the 21st century some kind of *re-regulation* would be needed which would guarantee 'the common denominator' or the equalizing mechanism which will meet group interests. However, the question may be posed only if the interest relations established in the world economy make this possible since the keeping of expanding integration together is questionable; there are also severe objections against the federative notion.

Within the national framework, the regulation of spontaneous capitalism came about when it turned out that the unregulated operation of it was no longer profitable for anybody... The world economy after the Great Depression learnt from this bitter lesson. And the War induced the strong technological impetus which increased profitability to a great extent and assured a 'larger cake'

for redistribution. This was sweated out by the existential fear of mankind. Will progressive ideas be borne only at this price? May mankind realize the necessity of a joint regulation only when some kind of world cataclysm comes about?

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