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THE MYSTIQUE OF TRANSNATIONAL BUSINESS AND
THE VISION OF A JUST SOCIETY

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Capitalism and Social Justice

During the sixties the conceptions of society and social justice defended by capitalism underwent a profound change. This was particularly true in regard to policies of employment and distribution of income, while there was also a general shift in attitudes to development policies and the problem of the environment. To use the language of the present-day capitalist ideology, these new positions can be summed up in the term anti-interventionism. In fact all the policies in question had been the object of increasing government intervention.

The change which took place drew on inspiration from social theories dating from the forties or even earlier. Just as the policy of growing intervention by the bourgeois state had been based on Keynesian thinking, so this anti-interventionism sought the support of anti-Keynesian ideas. The most influential author of such ideas is undoubtedly Friedrich von Hayek while the best known is Milton Friedman. Both are connected with the Chicago School which began to develop in the forties.

The new capitalist ideology which made its appearance with the Chicago School acquired political significance above all in the 1970s, a historical moment which was particularly propitious to the development of an ideology such as this, for it marked the end of the economic boom experienced by the countries at the centre of the capitalist system following the Second World War. This fact became increasingly apparent from 1973 onwards, as a result of the oil crisis.

Capitalism's new ideology emerged and developed as an ideological response to this economic crisis. However, although this crisis was comparable to other previous crises in the international capitalist system, the ideological response in this case differed from many of those that had preceded it. World crises of similar intensity and duration had occurred before, especially in the thirties of the present century and in the thirties and forties, and seventies and eighties of the last century. The ideological response to the crisis of the 1830s and 40s was Manchesterism, an ideology which was entrepreneurial in the extreme, while in the 1870s and 80s the ideology which emerged was rather one of state intervention linked to the promotion of a degree of social security. In the thirties of the present century the ideological response took the form of greater state interventionism, involving an economic policy of full employment (Keynesianism). In the current crisis, however, the ideological response has reverted to an extreme entrepreneurial ideology entirely similar to the Manchesterism of the nineteenth century and even to some extent repeating its theoretical schema. When compared with the crisis of the thirties, today's ideology is new; in terms of the history of crises in capitalism, however, this new ideology from Chicago is already old.

The Chicago ideology interprets the current economic crisis in a quite specific way, seeing it as a crisis of the interventionist

state and organized capitalism. It portrays the crisis as the direct result of interventionist attempts to head off an economic crisis. It therefore contends that, were it not for interventionism, this economic crisis would never have occurred and claims to show that the blame for it lies with interventionist politicians and Keynesian theorists.

In this way the terms are reversed. There is unemployment because of the policy of full employment. There is impoverishment because the policy of redistribution of income destroys incentives, causing a decline in the social product. There is an environmental crisis because there has not been enough private control of the environment. By implication this also means that underdevelopment itself is the outcome of developmentalist interventionism in that the latter hampers the forces of development thereby widening the gap.

State intervention is thus presented as the real culprit in the economic crisis and what needs to be done is to dis-organize organized capital, which implies transforming the interventionist state into a repressive police state. For the anti-interventionist ideology is not an anti-state ideology. Quite the contrary, it is a question of destroying the state which intervenes in economic and social affairs and replacing it by a police state clearly capable of repressing all demands likely to lead to government interference in matters of this nature. Police repression means liberty, social spending means slavery: this is the motto of the anti-interventionists.

Nonetheless, in their criticism of interventionism the Chicago ideologues rightly highlight what is actually a critical problem in interventionism in this form. For the economic crisis of the seventies did in fact expose the limits of state interventionism. This happened chiefly because Keynesian economic policies proved incapable of sustaining the full employment which had been achieved in the central capitalist societies from about the mid-fifties onward. Under these circumstances the rapid growth of unemployment inevitably produced a spate of additional social costs which had to be borne with a social product which was either stagnant or declining. Given the interventionist capitalist state's inability to guarantee full employment, therefore, interventionism itself was tending to generate national crises at the very time when a world crisis was looming.

But, being a bourgeois state with all the limitations this implies, the interventionist state could not take the further steps that were needed, namely, more planning of investments with an effective policy of full employment, for the simple reason that such policies would have called in question the bourgeois nature of the societies concerned. Given this situation - and barring solutions of a more socialist nature - a radical turn-about had to be made in the economic policy of the international capitalist system. This involved a return to the beginnings of capitalism before the principal mechanisms of intervention used by the bourgeois state had been set up. The only foreseeable alternative forms of interventionism being based on socialist conceptions of political economy, which it rejects, it was inevitable that the new ideology of the international system should be anti-interventionist.

Thus we have, on the one hand, the need for state interventionism to develop along lines which would take it beyond the limits of bourgeois societies and, on the other, an alternative bourgeois ideology which had reverted to being unequivocally entrepreneurial and anti-interventionist. This dilemma arose in all parts of the world in the course of the seventies. Today, however, it is this Manchesterist entrepreneurial alternative which has the powerful support of the transnational corporations (TNCs) with their rationale based on the accumulation of capital. As the whole world gradually becomes the manoeuvring ground for their activities they are backing strong police states which are, however, anti-interventionist in economic affairs. This has led to a new alliance of power: anti-interventionism, transnational capital and the combined repressive apparatus of the capitalist world.

Anti-interventionism and its Concept of Social Justice

At the heart of the Chicago ideology is a quasi-mystical conception of the market, money and capital. On the basis of this mystique it has constructed a whole vision of reality in which trading relations take the place of immediate reality. Concrete reality is seen as a by-product of commercial relations and the human being is what such relations make of him.

This concerns the very core of human freedom. In the Chicago view, human beings are free to the extent that prices are free. Human freedom is a consequence and by-product of price freedom. By allowing free rein to prices, the human being gains his own freedom. The upshot of this is the refusal to acknowledge any human liberty as taking priority over trading relations and the market. It also means denying any exercise of freedom which may come into conflict with the laws of the market. Freedom is the market and there can be no freedom except by reference to it. Freedom is the submission of the human being to the laws of the market and it recognizes no human right which does not derive from a position on the market.

What this ideology leads to is actually a mystique of mercantile relations. This emerges clearly in the following quotation from a commentary by Milton Friedman on Israel's economic policy in 1978, published in 'Newsweek': "The measures adopted by Israel in her economic policy ... show the same mixture of audacity, acuteness and courage as the six-days war or the freeing of the hostages at Entebbe. And they are likely to be no less important for Israel's future. Twenty-nine years of socialist rule ... Now all that has changed. For the first time since the state of Israel was founded, its citizens can now freely buy and sell dollars without requiring stamped permission from some bureaucrat... Essentially this means they have ceased to be treated as wards of the State and are now a free people able to control their own life... away with socialism, forward to the free market and capitalism. They promise greater personal freedom... they promise a better, a healthier and a stronger society.

If Israel's move towards freedom is successful, then - I predict - it will experience the same economic miracle as Germany did when it made a similar step in 1948... As things are in Israel this miracle will especially benefit those groups of the population which are least advantaged... What is more, the greater freedom of the economic and political system will attract more money and more emigrants from the developed countries of the West". ('Newsweek', as reported in Die Zeit, 6/1/78. Our underlining.)

This quotation puts the mystique of the market and money cultivated by the Chicago ideology more or less in a nutshell. Everything hinges on the freedom of the dollar, to which Friedman likens the liberation of the hostages at Entebbe. So long as the dollar was not free the whole people was being held hostage. Now the dollar is free, and its freedom means that the whole people are free and able to control their own destiny.

Friedman goes on to speak like a prophet: "I predict - the same economic miracle... "By freeing the dollar not only does the people gain its freedom, but it will enjoy an economic miracle and have more money and more immigrants. Here we apparently have a whole world of virtues and sins, with their respective punishments and rewards. In terms of the market, the virtues are those which lead to a free dollar, free prices and free enterprise. Correspondingly, the sins against the market are those which lead to social and economic intervention by the state, which Friedman considers without more ado as socialism. The market virtues correspond to freedom and the reward of history is an economic miracle. The sins against the market mean the people are treated as the wards of the State and the punishment is chaos. Virtues and sins alike are repaid in this life: the virtues by an economic miracle, the sins by economic chaos, unemployment impoverishment, underdevelopment and the destruction of the environment. Although this concept leaves room for repentance and correction, no-one can escape the final judgement: world history.

Against the background of this monetary mystique, the Chicago School's position in regard to social justice has recently become clearer. Indeed, the task of this mystique is to justify the group's position on social justice and, at the same time, to mask it.

According to this view, any demand for any social justice whatever is in itself evil. The Chicago ideologues do not say there is not enough money to provide for social justice; rather, they say there should be no social spending because the demand for social justice is by definition an evil. There is no justice outside the market. Quite simply, the market is justice and what the market does is just. And there shall be no other god besides it.

To take this radical denial of social justice to its logical conclusion, the Chicago ideology is obliged to deny the personality of the individual, in other words, his existence as an autonomous person. Although this ideology describes itself as individualist, it is actually based on a denial of the subjectivity of the human person, in two respects. Firstly, as a subject with the right to live. And

secondly, as a rational being. It acknowledges neither the subject's right to independent life, nor his right to independent thought, and this denial of the subjective existence of the human person is the root from which its denial of social justice springs.

1. The Chicago ideology must, of course, gloss over its denial of the right to life. It is therefore presented in a very particular way as the denial of each individual's subjective right to life, for which it substitutes the survival of the species. The right to life belongs not to the subjective human being as an individual person but to human beings in general, as a species. This leads to what Hayek has called a 'computation of lives':

"A free society requires certain moral rules which in the last instance can be reduced to the preservation of lives; not the preservation of all lives because it could become necessary to sacrifice individual lives in order to preserve a greater number of other lives. Consequently, the only moral rules are those which lead to a 'computation of lives', namely, property and contract" (Friedrich von Hayek, in an interview in Mercurio, Santiago de Chile, 19/4/81.)

What Hayek's computation of lives really amounts to is a computation of deaths which serves to hypostasize property and contract. The reasoning goes as follows: property and contract - i.e. capitalist productive relations - are the safeguards of technical progress. This is the only basis which can ensure a steady increase in productive forces and, hence, make it possible to provide for a constantly growing quantity of population. Although at any given time the guarantee provided by property and contract may imply sacrificing a certain number of individual lives, the increase they ensure in the forces of production will guarantee the conservation of a greater number of lives in the future. The sacrifice of lives in the present is, therefore, irrelevant when it comes to judging property and contract, for this fact is always offset by their effectiveness in the development of productive forces and the consequent preservation of life in the future.

By this means it claims to safeguard the right to life in general for the whole species, denying a subjective individual right to life. The result is unadorned social Darwinism.

2. To sacrifice the subjective right to life is inevitably also to sacrifice the validity of individual and subjective reason itself. For no subjective, i.e. individual, reason can accept the denial of the subjective right to life. Any society which does not guarantee this right is bound to appear irrational in terms of subjective reasoning. This is what has happened with the capitalist system. Given its inability to guarantee a subjective right to life, it comes into conflict with the subjective reason of individual persons as marginalized from society. The Chicago ideology therefore denies the validity of subjective reason, the reason of the individual person, for which it substitutes a 'collective and miraculous' one

(Hayek):

"Reason does not exist in the singular, as something given to the individual to be at his disposal, as the rationalist procedure seems to suppose, but should be understood as an inter-personal process in which the input of each and every one is reviewed and corrected by others" (cf. F.A. Hayek in: Individualismus und Wirtschaftliche Ordnung, Erlenbach-Zurich, 1952, p.27.)

Once again we find this collective reason propounded by the Chicago ideology embodied in the market and commercial relations. No valid judgement can be made on society based on the situation of its individual subjects. If reason is objective, then reason - which here means the market - judges the situation of individual subjects and the result may be that the lives of some individuals are deemed superfluous. This collective reason, the market, judges over life and death but cannot itself be judged in terms of the effect it has on the life and death of every individual.

The result of this mystique is a hypostasis of the market. Ultimately, individual lives are sacrificed as required by the survival of capitalist conditions of production. But in order to justify such a sacrifice it also has to sacrifice the intellect itself. The sacrifice of lives involved in Hayek's 'computation of lives' requires a corresponding sacrifice of the intellect, i.e. of subjective reason itself. The market is elevated into the reason or logic of life and the intellect.

Hayek expands this point of view into a veritable metaphysics of sacrifice with flagrantly pseudo-religious undertones. Acceptance of this sacrifice of individual lives and reason is interpreted as 'true humility' while the demand for respect of the subjective right to life and reason is seen as pride.

"The basic guideline for true individualism consists in humility in regard to the processes by which humanity has achieved objectives which were neither planned nor understood by any one person and are in fact greater than individual reason" (Hayek, op.cit. Our underlining.)

This virtue of humility can thus be understood as the root of the Chicago ideology's mystical conception of the market and money. But it is also the source of its condemnation of demands for social justice in face of the consequences of the market. As the only true reason which exists, the market is also the only social justice that exists. To recognize this is to show humility; on the other hand, to demand social justice in relation to the market is to show pride, it is to forget the human condition, it is a revolt against humanity, it is Lucifer, it is rebellion against God himself. It represents an attempt by individuals to gain access to knowledge which is hidden from man, knowledge which belongs only to God.

The claim to be able to organise the economy in a better way than the capitalist market is thus perceived as a claim to knowledge which is available only to God and not to any human beings. Hayek puts it as follows:

"The key point had already been seen by those outstanding precursors of the modern economy, the Spanish scholastics of the 16th century, who insisted that what they called the pretium mathematicum, the mathematical price, depended on so many circumstances that God alone could know them all. Would that our modern mathematical economists would take this statement seriously!" (F.A. Hayek, Claim to Knowledge, lecture on receiving the Nobel Prize, 11/12/74.)

So the demand for social justice is seen as a claim to omniscience and, as such, a claim to be equal with God, that is, 'hybris' or pride.

For human beings, however, the result of trying to be like God is to become like the devil. Those who pursue social justice are, therefore, a demonic force which is turning the world into bedlam. It is they who prevent the blessings of capitalist productive relations from developing in all their splendour. Another ideologue close to Hayek and the Chicago ideology, Karl Popper, puts it like this:

"Like others before me, I too have come to the conclusion that the idea of utopian social planning is a will-o'-the-wisp on a grand scale which is luring us on into the swamp. The hybris which prompts us to try to realize heaven on earth is misleading us into turning the earth into an inferno; an inferno such as can only be wrought by some human beings working against other human beings." (cf. Karl Popper. Das Elend des Historizismus, Tübingen 1974. p.VIII.)

Here we have the same process of reasoning. To try to provide for social justice means subjecting commercial relations to comprehensive planning. But the attempt to do this is condemned first as utopian, then as a 'will-o'-the-wisp' and finally as 'hybris'. In condemning planning - only God can plan effectively - the demand for social justice is also implicitly condemned as a claim to be equal to God, the insidious whisper of the serpent, the call of the devil.

By this process the Chicago ideologue places himself in the position of Michaelangelo, crying to heaven, 'Who is like God!' He demands humility, in other words, recognition of the market as the ultimate court of appeal for life and death, and in so doing expresses precisely the ideology of transnational capital. God and transnational capital arm in arm to defend themselves against the pride and hybris of the hungry peoples of the earth who are demanding social justice and whose demand is the cry of the devil.

So the drama of transnational capital in confrontation with the peoples of the world is presented in terms of a messianic battle.

God, together with transnational capital, is fighting to liberate the earth from the demands for social justice coming from its peoples. And the very fact that those peoples are demanding social justice of the market and capitalism proves how they are in the clutches of Lucifer.

If the world is seen in these terms, the Chicago ideology has the ring of a glorious message of salvation. This being so, it claims absolute powers because the position it defends is absolute. Once again Hayek has expressed this:

"When a government is bankrupt there are no known rules; it is necessary to create rules to say what can and cannot be done. And in those circumstances it is practically inevitable that someone will have absolute powers. Absolute powers which ought to be used precisely to avoid and limit all absolute power in the future." (F.A. Hayek in an interview in Mercurio, Santiago de Chile, 12/4/81.)

Hayek calls for absolute power in order to limit any absolute power in future. In the context of his ideology this means: absolute power to silence the peoples' demands for social justice for ever. Once they have been silenced the power will cease to be absolute. It will, however, have to return to being absolute if demands for social justice again begin making themselves heard. To camouflage this position, Hayek presents it elsewhere in his writings as a new republic of the wise, i.e. of those who have understood that human destiny is best assured whenever human beings refrain from trying to control it and accept the destiny decreed for them by the fortunes of the market and the accumulation of capital.

Here we have a brief outline of the ideology of capital in the modern era. It is an ideology which has been developed principally by the Chicago school, picking up the Manchesterism of the 19th century. Its main standard-bearer, on the other hand, is capital, especially transnational capital in its battle against the nation-states with their tendency to intervene in social and economic affairs. To an increasing extent this ideology is seeking to penetrate the repressive mechanisms of capitalist societies, offering them practically absolute power over their respective society. That they have been extremely successful in this process of penetration is already evident today. Something similar is also happening now in the universities and intellectual life in general, with the gradual establishment of control by patterns of thinking moulded by this central ideology of transnational capitalism. In the sphere of intellectual life this control is gaining a progressive hold by means of the so-called 'critical rationalism' formulated by Karl Popper.

This is a completely comprehensive ideology whose interpretation extends not only to human society but to everything that exists between heaven and hell. No human phenomenon is omitted from its considerations and it judges everything exclusively in terms of commercial relations, money and the accumulation of capital. It is a total

ideology or, to put it another way, an ideology of the total market. In the present world crisis, the ideology of the total State which marked the fascist societies spawned by the crisis of the thirties has been succeeded by an ideology and a system which are equally totalitarian in their intentions but which are centred on the market. History has in fact seen the transition from the total State to the total market. In both cases we are dealing with totalitarianism.

The effectiveness of this ideology is obvious. For many people it has already come to be seen as a kind of common sense, an essential condition if a whole system of power is to succeed in asserting itself together with this ideology. The fact that the current President of the United States arrived in power on the ticket of this ideology, is ample evidence that we are at present witnessing an attempt to construct a new system of power on the basis of this ideology, a system built on the total market.

Some Fundamental Elements of a Just Society

The only possible starting point for the affirmation of social justice is the affirmation of the human being as subject. As such, man is, on the one hand, a subject who produces or works and has needs and, on the other, a subject who thinks and is capable of conceptualizing his life and work. Human subjectivity must be affirmed on both levels. Recognition of the subjectivity of the human being as a person who works and has needs, demands full recognition of his right to work and have a share in the social product which will enable him to meet his needs. Recognition of the human being's subjectivity as a thinking person demands recognition of his capacity to judge the socio-economic system from the standpoint of his personal situation. The connection between his capacity to judge and his situation as a person who works and has needs that have to be met, is the fact that it is impossible for anyone to judge as rational a society which does not allow him to integrate into it through his work, and to satisfy his needs through the results of his labour.

To affirm human subjectivity is to recognize the human being as a person. It is the very opposite of individualism as understood by the Chicago ideology, which rests on the denial of the human being as a person. As conceived by the Chicago ideology, the human being is simply a cog in the machine known as the market, while his integration into society as a worker and the satisfaction of his needs by means of his labour are fortuitous, mere by-products of the functioning of the market, depending on whether it can use him or not. The affirmation of human subjectivity, on the other hand, subordinates the market to recognition of the human person and imposes the corresponding requirements.

This personalist view of man is not entirely foreign to the liberal tradition where it crops up in thinking on the sovereignty of the people, especially in the work of Rousseau. Although Rousseau remained within the bourgeois framework in his social thinking, he

always makes it conditional upon recognition of the human being as a person with needs. He is obliged to do so by the fact that he admits the individual's capacity and right to judge the rationality of society. However, the whole body of individual subjects cannot accept as rational a society which is incapable of including each one of them, enabling them to work and satisfy their needs. So the concept of the sovereignty of the people itself makes it necessary to admit a subjective right to life for each and every member of a society. Although this is not clearly set out in Rousseau's work, it nevertheless follows logically from his position, given his notion of sovereignty of the people. This being so, it was only logical that 19th century socialist theories should appear to follow in the tradition of Rousseau's thinking on the subject. But it is equally understandable that the interventionist states which began to emerge towards the end of the 19th century should likewise consider themselves heirs to the same tradition of sovereignty of the people's line of thinking.

On the other hand, this very fact explains why the Chicago ideology violently rejects any idea of the sovereignty of the people which it dismisses as 'rationalist'. The liberalism which this ideology defends is, therefore, anti-rationalist, or 'critical rationalism', i.e. it denies the rational capacity of the individual subject and the subjective right to life.

The point is that acceptance of the human being as a subject represents a direct threat to capitalist production relations. By its very structure, the capitalist system is incapable of recognizing the subjectivity of the human person because to do so implies recognizing that person's right to work which will enable him to satisfy his needs. The principle on which capitalist society functions - maximization of profits on free markets - precludes recognition of man as an active subject and, hence, of the human person.

In this respect, the crisis of the interventionist state is a matter of crucial importance, for the system of state intervention rests on the belief that capitalist production relations backed by appropriate government intervention could ensure work for everyone and enable all members of society to satisfy their needs by means of their labour. As this proves to be impossible and the belief in its feasibility wanes, the contradiction between capitalist production relations and the affirmation of human subjectivity emerges more and more starkly. This is the real significance of the crisis of Keynesianism today. The illusion of a reformed capitalism, of capitalism with a human face, is fading. It is becoming clear that the alternative is either capitalism - which means total market capitalism - or else a society built on a belief in the human being as subject, that is, respect for the human person.

With this affirmation of the human person as our starting point, it should then be possible to set out general criteria for a society which is concerned to establish social justice. While we can only do this in very general terms here, these criteria should enable us to go some way from our initial position. The basic principle of

all social and economic organization should be the inalienable right of every individual to be integrated into society through his work and to be able to satisfy his needs by means of his labour. This means that everyone who is able to work should have the opportunity to do so.

Given that market mechanisms are not automatically capable of achieving this, our basic affirmation of the human person thus implies the need to undertake appropriate social and economic planning to guarantee this opportunity to work and live for one and all, consequently relegating market mechanisms to a secondary position. This is not to say that commercial relations are unimportant. Their importance lies in the fact that they allow for decentralization of decision-making. But commercial relations are not in themselves capable of ensuring that the appropriate decisions are taken regarding the basic direction of the economy. This has to be done by planning, which thus becomes an essential precondition if the human being is to be recognized as a person. Within this framework of the basic policies set out by planning - which necessarily includes planning of investments - decentralization then has its place and indeed is of key importance in ensuring that everyone participates in the life of the economy. This participation takes place at two levels: the first is political participation, participation in the process of determining the basic policies to be imposed by planning. Participation at this level does not take place by way of commercial relations or market mechanisms. The second level is participation which is essentially based on market mechanisms, namely, the participation of the producer in his enterprise, and the organization of all enterprises in a way which enables every producer to perceive his job as meaningful.

All this, of course, calls for a general criterion covering the relationship between public and private ownership. Public ownership has to be extended to a degree which will ensure that planning effectively enforces the basic policies reached by political decision. This means the economy cannot be given over exclusively to private ownership, but it also means that it need not necessarily be exclusively under public control. In this way, the relation between public and private ownership can be seen as a problem of convenience rather than a matter of principles. It has to be such that the basic policies defined by planning can be fulfilled, leaving as much scope as possible for individual initiatives.

This dual-level structure of all economic decisions (basic policies imposed by planning, with decentralized decision-making by way of commercial relations governed by such basic policies) and a corresponding dual-level of participation (political participation in determining the basic objectives to be achieved by central planning, and participation in commercial relations which are decentralized but nevertheless subject to basic policies) are the essential condition on which all human actions in society must rest if that society is to be capable of acknowledging the subjectivity of the human person. This applies particularly to technological policies and policies concerning the environment as a whole. All policies, whatever specific

field they may concern, have to be integrated into a planned overall framework of this kind if they are not to develop to the detriment of the human being and his right to life.

This position on planning and popular participation based on the concept of the sovereignty of the people should not be confused with the participationist ideology which favours self-management of enterprises and is especially in vogue at present among the Christian Democratic parties of Latin America. The latter concept proposes an economic system based on competition among self-managed enterprises on all markets. In fact this system is simple a variation of the system of competition proposed by the Chicago ideology, for the simple reason that in order to offer a solution to the problems of unemployment and distribution of income, it has to use exactly the same arguments as the Chicago school does for its market theories. Placing the management of enterprises on a basis of self-management by the workers again comes back to setting up the market as the supreme overlord of life and death for the population, and is not an effective means of safeguarding respect for the human person over against the market. Participation in this form suffers from one insuperable defect, namely, that it forces the worker to participate in determining who will not have work and who, therefore, will be condemned to suffer impoverishment. What we are trying to do, however, is to create a society in which no-one is condemned to unemployment, and this a system of enterprises run by workers' self-management is no more capable of doing than a system of private enterprise. The only way to ensure that no-one is superfluous is by planning which can impose basic policies on the system of enterprises and ensure that they develop within the general framework of full employment and a distribution of income which gives everyone the means of satisfying their needs, regardless of the specific nature of the work they do. For this reason, the sovereignty of the people has to be put into effect at two levels: on the one hand, in determining the basic policies to be imposed by planning. This involves political decision-making for which the right to self-management at enterprise level can never be a substitute. And on the other hand, participation at enterprise level which can take a wide variety of forms ranging from self-management to cooperative management, from private ownership to systems of co-ownership. It is precisely the recognition of the need for basic policies to be imposed on the economy by planning which is the key-point in distinguishing between a form of Chicagoanism involving self-management, and an economy with a truly human basis.

Although these remarks on the basic criteria of a society which aspires to social justice are necessarily of a general nature, since they refer to the general overall structure of such a society, they nevertheless indicate where the real point of conflict lies in the critique of capitalism and the demand for socio-economic relations based on greater justice. The crucial issue is undoubtedly the question of subjecting commercial relations to socio-economic planning.

To conclude, let me add a final word of reflection on the latest papal Encyclical, Laborem exercens. To many people's great surprise, this Encyclical introduced an abrupt change of direction in the Catholic Church's social teaching, apparently breaking with the body of doctrine which has formed its social teaching since the time of Leo XIII. For the first time the Pope in effect spoke out against ~~human subjectivity~~ ^{Capitalist System} and so considers the human being as a person and not, as has almost invariably been the case in the past, simply as the owner of property. Our description of a society concerned for social justice, therefore, coincides in almost every respect with the ideas set out in this Encyclical. It remains to be seen, however, whether this new approach will manage to assert itself in the Catholic Church's social teaching.

Should it do so, then for the first time the Roman Catholic Church's social teaching will be in conflict with the existence of the capitalist system itself and, therefore, with the economic policy it is at present seeking to impose. In the meantime, it will enter into a phase of critical dialogue with socialist countries and movements in the world. For the Vatican, this means breaking off one of its traditional political alliances: its alliance with Christian Democratic parties whose ideology draws on the Church's social doctrine of the last ninety years. The papal break with this doctrine implies the end of a political alliance which has long been untenable.

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