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# CONSUMPTION-John Paul II, Catholic social thought and the ethics of consumption

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In the materialistic perspective interpersonal relations are seriously impoverished. The first to be harmed are women, children, the sick or suffering, and the elderly. The criterion of personal dignity – which demands respect, generosity and service – is replaced by the criterion of efficiency, functionality, and usefulness: others are considered not for what they “are”, but for what they “have, do and produce”. This is the supremacy of the strong over the weak (*Evangelium Vitae, 1995*, reprinted in *The Wisdom of John Paul II*).

The superiority of the common good, which corresponds to the transcendence of the individual, is experienced and accepted by conscience; if it is not, conflicts tend to arise. This is why research in the field of social ethics focuses on the question of the common good. The history of the nations of the world and the development of the different social systems have both shown that – despite all the efforts to attain the “true” common good, which might subsume the nature of the social “We” and the personal transcendence of the self – a wide variety of utilitarianisms, totalitarian systems, as well as forms of social egotism have arisen ... (*Toward a Philosophy of Praxis*, an anthology edited by Alfred Bloch and George T. Czuczka, New York: Crossroad Publishing Company, 1981).

## **The tradition of Catholic social thought**

The social encyclicals and pastoral letters – from Pope Leo XIII’s *Rerum Novarum (RN)* in 1891 through the US Bishops’ *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the US Economy* to Pope John Paul II’s *Centesimus Annus (CA)* – that form the foundation of Catholic social thought (CST), are fundamentally moral documents not economic treatises. Concern for the effects of the economy on the lives of millions of human beings led to their issuance. For example, the Bishops’ pastoral letter argues that, since people are made in the image and likeness of God, concern for human dignity in social solidarity is at the core of Christian faith. Because economic institutions and policies have a major impact on human dignity they are not only technical but moral concerns as well. Therefore, the Bishops argue, every perspective on economic life that is human, moral and Christian must be shaped by three questions: What does the economy do for people? What does it do to people? And how do people participate in it? In addition, the Bishops argue that in pursuing the common good special concern must be given to the economy’s impact on the poor and powerless because they are particularly vulnerable and needy.

The tradition of CST, therefore, is rooted in a commitment to certain fundamental values – the right to human dignity, the need for human freedom and participation, the importance of community, and the nature of the common good. These values are drawn from the belief that each person is called to be a co-creator with God (see *Laborem Exercens (LE)*), participating in the redemption of the world and the furthering of the Kingdom. This requires social and human development where the religious and temporal aspects of life are not separated and opposed to each other.

Ever since *Rerum Novarum*, CST has taught, and John Paul II has recently reaffirmed (*CA*) that both state socialism and free market capitalism violate these values. State socialism denies the right of private property, excites the envy of the poor against the rich, leading to class struggle instead of cooperation, and violates the proper order of society by the state usurping the role of individuals and intermediate social groups (*RN*, para 7-8; *CA*, para 13-14). Free market capitalism denies the concept of the common good and the “social and public character of the right of property” (*Quadragesimo Anno (QA)*, para 46), including the principle of the universal destination of the earth’s goods (*RN*, para 14; *CA*, para 6); and violates human dignity by treating labor merely as a commodity to be bought and sold in the marketplace (*RN*, para 31; *QA*, para 83; *CA*, para 33-35; *LE*).

The concept of the common good is rooted in a communitarian vision of society (see Hollenbach, 1979; Maritain, 1947; Pieper, 1966). Because of this, it emphasizes both the dignity of the human person and the essentially social nature of that dignity. Both civil and political liberties on the one hand and social and economic needs on the other are essential components of the common good.

*Gaudium et Spes* defines the common good as “the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment” (para 26). The common good is not the aggregate of the welfare of all individuals. Rather it is a set of social conditions necessary for the realization of human dignity which transcend the arena of private exchange and contract. For example:

such goods as political self-determination, participation in the economic productivity of an industrialized society, and enjoyment of one’s cultural heritage can be obtained by an individual only through participation in the public life of society (Hollenbach, 1979, p. 147).

Such conditions or goods are essentially relational. To exist they must exist as shared. Claims on these goods are social rights such as freedom to assembly, work, and adequate health care.

CST sees society as made up of a dense network of relations among individuals, families, churches, neighborhood associations, business firms, labor unions, and different levels of government. Thus, every level of society has a role to play in ensuring basic human rights and the common good. This is expressed as the “principle of subsidiarity”:

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Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help (*subsidium*) to the members of the body social, and never destroy and absorb them (*QA*, para 79; also *CA*, para 15).

This principle provides for a pluralism of social actors. Each, from the individual person to the federal government, has obligations. Higher levels should not usurp the authority of lower levels except when necessary. However, the principle works both ways. When individuals, families, or local communities are unable to solve problems that undermine the common good, the state governments are obligated to intervene, and if their resources and abilities are inadequate, then the federal government assumes the responsibility. This principle also extends into the international economy.

The right to private property and the principle of subsidiarity limit the role of the state while the principle of solidarity (*CA*, para 15) requires that society and the state intervene in markets to protect human rights. Since CST repudiates both state socialism and free market capitalism, what economic system does it endorse? Explicitly, none. As Pope John Paul II says: "The Church has no models to present" (*CA*, para 43) of the best economic system; that is for history to decide in each individual case. However, implied in CST is a preference for a regulated market economy that protects the poor, defends human rights, allows all to participate in social groups such as trade unions, and controls market failures such as environmental pollution. The degree of regulation is not a matter of principle but rather a case of prudential judgment in particular cases.

### **The ethics of consumption**

From the beginning the focus of CST has been on the problem of poverty and marginalization of the disadvantaged, first in the industrial countries and then of the Third World. In the last 25 years there has been a growing concern about too much consumption by the rich in addition to not enough consumption by the poor.

While there are a number of reasons to be concerned with consumption, there are three that have become prominent in CST. First, while it is recognized that consumption spending helps people by creating jobs, excessive consumption by some individuals and nations while at the same time other individuals and nations suffer from want is considered morally unacceptable. Income spent on luxuries could have been made available to others for their necessities. Typical is Pope Paul VI's statement:

...the superfluous wealth of rich countries should be placed at the service of poor nations... Otherwise their continued greed will certainly call down on them the judgment of God and the wrath of the poor... (*Populorum Progressio*, para 49).

The problem of consumption spending on products produced under sweatshop conditions is recognized but usually treated under the heading of the rights of workers and the obligations of employers.

Second, excessive consumption which threatens the earth's environment is also considered morally unacceptable. Pope John Paul II recently stated:

Equally worrying is the ecological question which accompanies the problem of consumerism and which is closely connected to it. In his (or her) desire to have and to enjoy rather than to be and to grow, man (or woman) consumes the resources of the earth and his (or her) own life in an excessive and distorted way (CA, para 37).

Third, treating consumption as the primary goal of life – that is, focusing on having instead of being – is seen as detrimental to human dignity. It is this third concern that I will focus on in the remainder of this essay. I begin by comparing CST to the neo-classical economic theory that is dominant in the USA.

In contrast to the communitarian basis of CST, economic theory is rooted in an individualist conception of society. Society is seen as a collection of individuals who have chosen to associate because it is mutually beneficial. The common good is simply the aggregate of the welfare of each individual. Individual liberty is the highest good, and, if individuals are left free to pursue their self-interest, the result will be the maximum material welfare.

Economic theory focuses on people as hedonists who want to maximize pleasure and minimize pain[1]. It assumes that pleasure comes primarily from the consumption of goods and services, and that pain comes primarily from work and from parting with income. Thus, given resource constraints, the goal of the economy should be to maximize the production of goods and services. In short, more is better.

CST condemns the materialist view of human welfare. In his 1968 encyclical, *Populorum Progressio (PP)*, Pope Paul VI wrote:

Increased possession is not the ultimate goal of nations or of individuals. All growth is ambivalent. It is essential if man is to develop as a man, but in a way it imprisons man if he considers it the supreme good, and it restricts his vision. Then we see hearts harden and minds close, and men no longer gather together in friendship but out of self-interest, which soon leads to oppositions and disunity. The exclusive pursuit of possessions thus becomes an obstacle to individual fulfillment and to man's true greatness. Both for nations and for individual men, avarice is the most evident form of moral underdevelopment (*PP*, para 19).

On the twentieth anniversary (1987) of *Populorum Progressio*, Pope John Paul II wrote in *Sollicitudo Rei Socialis (SRS)*:

All of us experience first hand the sad effects of this blind submission to pure consumerism: in the first place a crass materialism, and at the same time a radical dissatisfaction because one quickly learns...that the more one possesses the more one wants, while deeper aspirations remain unsatisfied and perhaps even stifled (*SRS*, para 28).

In his latest encyclical – *Centesimus Annus* – marking the 100th anniversary of *Rerum Novarum*, Pope John Paul II writes:

It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed toward "having" rather than "being", and which wants to have more, not in order to be more but in order to spend life in enjoyment as an end in itself (CA, para 36).

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Unfortunately, in modern industrial economies such as ours, it is perfectly rational for people to accept a philosophy of consumerism. People have little opportunity to choose meaningful work because the nature of jobs is determined by competitive pressures. The demand for labor mobility disrupts a satisfying sense of community. And the enjoyment of nature is attenuated by urbanization and the degradation of nature resulting from industrial and consumption practices. Thus, the only thing left under the individual's control is consumption. And it is true that consumption can substitute, however inadequately, for the loss of meaningful work, community, and a decent environment. With enough income people can buy bottled water, place their children in private schools, buy a mountain cabin, and obtain the education necessary to get a more interesting job.

**Consumption and human welfare: a personalist alternative**

It is not sufficient to simply reject the neo-classical economics position that satisfying individual preferences, as expressed in the market, is the only measure of economic welfare. Alternatives must be proposed and developed. Let me sketch out one possible alternative based on my reading of Catholic social thought (see also Gintis and Weaver, 1974; Goulet, 1971; Sen, 1985; Wilber and Jameson, 1983). At its core, CST is concerned with individual persons and how the economy affects the dignity of their lives. Focusing only on material welfare misses much that is important. For example, our economy's success in producing and selling consumption goods may be accompanied by an unthinking and unknowing neglect of peoples' spiritual needs.

Many working within the Roman Catholic tradition would argue, therefore, that we must broaden our view of human welfare from that of a simple consumer of goods and services with consumer sovereignty as the goal. Instead, drawing on cross-cultural studies which have attempted to find absolute needs or needs that are expressed in a variety of societies, three components of human welfare can be specified for an economy (see Goulet, 1971). These at least partially take into account peoples' spiritual needs.

The first is what Denis Goulet calls "life-sustenance", which corresponds generally to physiological needs or basic material goods. People need the basic goods that are necessary for life – adequate food, water, housing, clothing, education, and health care – and an economy is successful if it can provide them.

How can basic material goods be specified? One manner is to differentiate among three types of goods. The first are necessities such as food and water. The second type of goods are "enhancement goods", which make life more vital, more interesting, more worth living. Examples might be music, various forms of entertainment, some household goods, and so on. The third level of goods involves what are commonly known as luxury goods. Driving a Cadillac instead of a Chevrolet, buying a marble-topped table instead of a wooden one, and walking on a llama rug instead of polyester are all instances of consuming luxury goods.

We can all agree that basic needs must be met. Most believe that enhancement goods are worthy of pursuit. There is less accord on luxury goods. Traditional economics in the USA has claimed that individual wants are unlimited and that luxury goods satisfy wants, as do basic goods. If individuals want Cadillacs and llama rugs, and if the economy can produce such luxuries, it ought to. A second component of human welfare is esteem and fellowship. An economy should provide a sense of worth, of dignity to its citizens. One's goods can be a measure of societal esteem, but surely there are other important elements. The institutions in which citizens work should support them physically and give them a sense of belonging and of contributing to an important undertaking. Society should have clubs, churches, or other entities which support the individual. If the family is the basic social and economic unit, as is the case in the USA, the economy should provide support and encourage in families a sense of self-esteem that can help sustain them and a sense of fellowship with others.

For no society can function smoothly, without disruptive tensions, if there is no fellowship among its members. If people are alienated from one another and society is fractured into a myriad self-interested and self-centered individuals or groups, the common good will not be attainable. If no genuine concern for one's neighbors exists and if empathy for others disappears, then each small self-reliant entity (whether this be family, occupational group, or individual) will eventually withdraw unto itself and live at odds with others. No social system can endure which endorses or engenders such self-centeredness. Consequently, a key component of human welfare, in addition to the satisfaction of people's material needs, is the growth of widely shared esteem that yields a life-giving and life-sustaining fellowship.

The third component of human welfare is freedom. However, freedom is a difficult goal to specify clearly. It obviously does not mean that all individuals may do whatever they wish, for that would be anarchy and the death of society. At its weakest, an increase in freedom means that the range of options open to the individual or the group has increased, that there are more choices available. This has its physical side in choice of goods, but it can also operate in other spheres such as the political or religious.

There are three component parts to the goal of freedom. The first, and the one which is usually at the center of much economic theorizing in the USA is consumer sovereignty. Individuals should be able to choose the goods that they wish to consume.

The second part is worker sovereignty. People must have a choice of jobs, jobs they find meaningful and that enhance their human capacities. There must be mechanisms for finding peoples' preferences on work and creating the types of jobs required. A variety of mechanisms could satisfy this need: labor mobility among jobs of widely different character, control by workers over their job situations, or provision of capital resources to laborers to allow them to establish their own undertakings. Whatever the mechanisms, this characteristic is important because work plays a vital part in human development (see *LE*).

Third, a society must provide citizen sovereignty, a mechanism to aggregate peoples' preferences for community. What kind of community do people want? What kind of environment do they want? The concept of citizen sovereignty implies that a way to express preferences and to control communities is provided to the citizen. A number of mechanisms may be found which satisfy this requirement, in addition to the democratic voting procedures used in the USA. One way of enhancing citizen sovereignty could be through strengthening local groups for citizen participation in decision making, e.g. parent-teacher organizations, zoning boards, and citizen review boards of police departments and other public agencies. Or perhaps local residents might participate in the operation of local industries in their areas, by electing representatives to firms' boards of directors to minimize the negative aspects of industrial production such as noise and pollution.

In the light of traditional economists' claims about the importance of incentives for the operation of markets, is the personalist treatment of human welfare in CST viable? It could be argued that this broadening of the concept of human welfare may be impossible because of:

- (1) the way markets create a bifurcation of people as consumers/workers, coupled with the competitive pressures that force business firms to become ever more efficient; and
- (2) the consumerism which is rooted in human greed and the workings of the business system.

Let me take the provision of meaningful work as an example. Because of competition one firm cannot improve working conditions, raise wages, or democratize the workplace if the result is an increase in production costs (the easy case is where improved working conditions are also more efficient and thus both workers and employers have an incentive to make the changes). Competition from other firms will keep the costs from being passed on in higher prices and, thus, profits will decline. The bifurcation of people into consumers/workers means that what they prefer as consumers – lower prices – makes what they prefer as workers – better working conditions and wages, more meaningful work – less attainable. Reliance on the market as the primary decision-making mechanism bifurcates the decision into separate areas. What people want as workers will not be ratified by those same people as consumers. Since competition is now worldwide, even a whole country faces difficulties in mandating workplace improvements that raise costs.

The problem is reinforced, first by the fact that millions of Americans live in poverty and consume too little, not too much, and second by both human greed and the constant effort of business to promote consumption as the ultimate end of life. This creates constant pressure to reduce prices by reducing labor costs, undercutting attempts to improve the quality of work life.

Why do we accept this? The process, usually implicit, of teaching people that true happiness comes from consumption permeates our entire culture and

begins at a very early age. Gintis and Weaver provide a vivid example from an old Sears Roebuck Christmas catalogue.

Sears advertised...a new doll named Shopping Sheryl. Sheryl comes equipped with a supermarket which has a rotating checkout counter, a ringing cash register, a motorized check-out stand, shelves, cart, and groceries. Sheryl is a vinyl doll which picks things up with her magnetized right hand and grasps with her left hand. We can visualize Sheryl in her supermarket, picking and grasping, picking and grasping.

This is really the final result of the evolutionary process. People have emerged from the muck and the ooze, overcome the hardships imposed by nature, built dwellings, invented agriculture, etc. – so that our children can have Shopping Sheryl and learn early in life that the true purpose of life is consumption (Gintis and Weaver, 1974, p. 18).

### **What needs to be done?**

Can anything be done to reduce the emphasis on consumption and to increase the possibilities for meaningful work and the restoration of community? As a Christian and as an economist I would focus on two possibilities – the inculcation of more appropriate moral values and the judicious use of financial incentives.

#### *Moral values*

First, we need to develop habits of morally constrained behavior, reinforced by cultural practices, so that short-run rewards become less important. We need values that transcend the narrow self-interest of the economic model as the guide for individual behavior. Is it possible to rebuild a moral consensus wherein we re-learn habits of morally constrained behavior? Yes, this is a major point of CST, but economists must re-think their view of people as simply self-interested maximizers. They have made a major mistake in treating love, benevolence, and particularly public spirit as scarce resources that must be economized lest they be depleted. This is a faulty analogy because, unlike material factors of production, the supply of love, benevolence, and public spirit is not fixed or limited. As Hirschman says:

first of all, these are resources whose supply may well increase rather than decrease through use; second, these resources do not remain intact if they stay unused (Hirschman, 1986, p. 155).

These moral resources respond positively to practice, in a learning-by-doing manner, and negatively to non-practice. Obviously there are limits, and if overused they become ineffective.

A good example is a comparison of the system of blood collection for medical purposes in the UK. In the USA we gradually replaced donated blood with purchased blood. As the campaigns for donated blood declined, because purchased blood was sufficient, the amount of blood donated declined. In effect, our internalized benevolence towards those unknown to us, who need blood, began to atrophy from nonuse. In contrast, blood donations remained high in England where each citizen's obligation to others was constantly emphasized.

In *The Gift Relationship*, Richard Titmuss argues that the commercialization of blood giving produces a system with many shortcomings. A few of these



shortcomings are the repression of expressions of altruism, increases in the danger of unethical behavior in certain areas of medicine, worsened relationships between doctor and patient, and shifts in the supply of blood from the rich to the poor. Furthermore,

in terms of quality, commercial markets are much more likely to distribute contaminated blood; the risks for the patient of disease and death are substantially greater. Freedom from disability is inseparable from altruism (Titmuss, 1970, p. 205).

It is noteworthy that since the AIDS crisis started in the USA, physicians regularly recommend that patients scheduled for non-emergency surgery donate their own blood in advance.

The commercialization of certain activities that historically were perceived to be within the realm of altruism results in a conceptual transformation that inhibits the expression of this altruistic behavior. Contrary to the commonly held opinion that the creation of a market increases the area of individual choice, Titmuss argues that the creation of a market may inhibit the freedom to give or not to give.

A person is not born with a set of ready-made values, rather the individual's values are socially constructed through his being a part of a family, a church, a school and a particular society. If these groups expect and urge people to give their blood as an obligation of being members of the group, that obligation becomes internalized as a moral value. Blood drives held in schools, churches, and in Red Cross facilities reinforce that sense of obligation. As commercial blood increases, the need for blood drives declines. Thus, the traditional reinforcement of that sense of obligation declines with the result that the embodied moral value atrophies. In addition, the fact that you can sell your blood creates an opportunity cost of donating it free. Finally, there is an information problem. As blood drives decline it is rational for an individual to assume that there is no need for donated blood. The final outcome is that a typical person must overcome imperfect information, opportunity costs, and a lack of social approbation to be able to choose to donate blood.

This suggests that the type of policy recommended will have implications for the type of society that will develop. Inherent in the type of policy suggested is a preference as to the motivational attitudes that are appropriate and should be encouraged. The motivations on which the results are based are also important, that is, how we achieve these results needs to be addressed.

Beliefs and preference structures are important because they are the basis for individual motivation. An understanding of these also gives us a notion as to what are and what will encourage the continuation of certain valued feelings. When economists look to self-interest to solve social problems they are placing a higher value on and promoting their own beliefs about what is proper motivation.

I do not want to leave the impression that ethically based behavior and self-interest are always mutually exclusive. Proximity to self-interest alone does not defile morality. Moral values are often necessary counterparts in a system

based on self-interest. Not only is there a “vast amount of irregular and informal help given in times of need” (Arrow, 1972, p. 345); there is also a consistent dependence on moral values on which market mechanisms rely. Without a basic trust and socialized morality the economy would be much more inefficient.

It is easy to forget one of Adam Smith’s key insights. It is true he claimed that self-interest leads to the common good if there is sufficient competition; but also, and more importantly, he claimed that this is true only if most people in society have internalized a general moral law as a guide for their behavior (see Coats, 1971; Smith, 1861). Fred Hirsch reintroduces the idea of moral law into economic analysis:

truth, trust, acceptance, restraint, obligation – these are among the social virtues grounded in religious belief which...play a central role in the functioning of an individualistic, contractual economy....The point is that conventional, mutual standards of honesty and trust are public goods that are necessary inputs for much of economic output (Hirsch, 1978, p. 141).

The major source of this social morality has been the religious heritage of the precapitalist and preindustrial past. However, this legacy of religious values has diminished over time because of a twofold change. First, the repudiation of the social character and responsibility of religion has meant its banishment to a purely private matter. Second, the elevation of self-interest as a praiseworthy virtue in turn has undermined that privatized religious ethic. As Stanley Hauerwas has observed:

A social order that is designed to work on the presumption that people are self-interested tends to produce that kind of people (Hauerwas, 1981, p. 79).

The efficient operation of markets requires something beyond calculated self-interest. In the real world of interdependence and imperfect information, individual self-interest frequently leads to socially irrational results. The realistic assumption that each economic actor has less than perfect knowledge of the other’s likely behavior, gives rise to strategic behavior, or what game theorists call “moral hazards”. An example known as “The Parable of Distrust” will be helpful.

Both the employer and the worker suspect that the other one can not be trusted to honor his or her explicit or implicit contract. For example, the employer thinks the worker will take too many coffee breaks, spend too much time talking with other workers, and generally work less than the employer thinks is owed. The worker, on the other hand, thinks the employer will try to speed up the pace of work, fire him or her unjustly if given the chance, and generally behave arbitrarily. When this is the case, the worker will tend to shirk and the employer will increase supervision to stop the expected shirking. If the worker would self-supervise, production costs would be lower. The distrust between employer and worker thus reduces efficiency.

The pursuit of individual self-interest results in the worker and the employer as individuals and as a group becoming worse off than if they had been able to cooperate, i.e. not shirk and not supervise. The problem is simple and common. The employer and worker do not have perfect knowledge of what the other will

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do, and the resulting lack of trust leads to behavior that is self-defeating. Acting the way the other suspects reinforces the distrust. Morally constrained behavior to not shirk or not act arbitrarily could, given time, overcome the distrust. The problem is made worse if distrust is accompanied with feelings of injustice. For example, if the worker feels that the contract is unfair (low wages, poor grievance machinery), the tendency to shirk will be increased. The right human relations within a firm can increase efficiency through reducing distrust and increasing cooperation.

The point is that people are capable of changing their values. In fact a principal objective of publicly proclaimed laws and regulations is to stigmatize certain types of behavior and to reward others, thereby influencing individual values and behavior codes. For example, while law cannot make someone stop holding racist beliefs, it can punish certain types of racist behavior. With time that behavior, say refusing service in a restaurant, becomes delegitimized in public opinion.

However, families, churches and schools play the most important role in shaping behavior and inculcating values. Stanley Hauerwas argues that:

Christian enthusiasm for the political involvement offered by our secular polity has made us forget the church's more profound political task. In the interest of securing more equitable forms of justice possible in our society, Christians have failed to challenge the moral presuppositions of our polity and society. Nowhere is the effect of this seen more powerfully than in the Christian acquiescence to the liberal assumption that a just polity is possible without the people being just. We simply accepted the assumptions that politics is about the distribution of desires, irrespective of the content of those desires, and any consideration of the development of virtuous people as a political issue seems an inexcusable intrusion into our personal liberty (Hauerwas, 1981, p. 73).

Government sponsored cooperation between employers and workers, as recommended by the US Bishops in *Economic Justice for All*, has the possibility of reducing distrust. The inculcation of habits of benevolence and civic spirit can be furthered by bringing groups together to solve common problems. The bishops call for worker participation in management, and the development of worker and community ownership. They suggest negotiations between local communities and business firms regarding plant closings and relocations, and the establishment of advisory boards on employment policy that represent labor, business, and the public. These are steps toward a recognition that self-interest alone, even of an enlightened version, is insufficient.

#### *Financial incentives*

The use of financial incentives to guide people's behavior is dear to an economist's heart. These range from the most general, such as a value-added tax on consumer goods, to highly targeted ones, such as excise taxes on luxury consumer goods or on the carbon content of goods.

However, extensive use of financial incentives will be very difficult if not impossible. Economic growth in the USA has been based on the value of individual consumption. The awesome power of modern advertising has spread the free market gospel – the good life comes from increases in consumption of

individually marketable goods and services. People are urged to believe they must have individual washers and dryers instead of laundromats, and private automobiles instead of public transportation. This phenomenon is particularly important when viewed in a worldwide context.

Large corporations have compounded the problem by competing through product innovation and differentiation, resulting in an emphasis on stylistic and physical obsolescence. When goods are designed to be “thrown-away” after use, or to be used less than their physical capacity because of style changes, or constructed to fall apart sooner than necessary, the result is increased wastage of energy and natural resources and a need for people to continually buy more.

However, rising prices in the face of raw material shortages will force a reduction in some of these wasteful practices, and coping with a worsening environment will leave fewer resources available for wasteful consumption. However, they will also create unemployment and a crisis in economic growth, not only in the USA but around the world, if we do not plan ahead. If we wait and do nothing until the crisis is on us the adjustment will be painful indeed. Preventive measures, however, require political action and, here, the historical record is not hopeful. It is always easier to mobilize political will to correct an existing crisis than to anticipate one

This then is the challenge we face: how do we move from a consumption-based economy to one that is also concerned about the quality of work and the importance of community without creating havoc in the world economy? The “conservative” majority pushes the idea of smaller government, tax cuts, and let people spend their money the way they want. This philosophy must be challenged with the personalist philosophy of Catholic social thought. Guided by the principles of solidarity and subsidiarity, we have the possibility of creating a more human future by empowering families, schools, churches, and governments (from local to global) to rebuild the values and institutions necessary to morally constrain self-interest.

**Note**

1. This is not quite accurate. Many economists would say that in maximizing their self-interest people might choose to help others because it makes them feel good. But in practice economists focus on people wanting more goods and services.

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