ETHICAL REFLECTIONS
ON THE ECONOMIC CRISIS

Author – The Episcopal Commission for Social Affairs,

December 22, 1982

1 – Introduction

As the New Year begins, we wish to share some ethical reflections on the critical issues facing the Canadian economy.

In recent years, the Catholic Church has become increasingly concerned about the scourge of unemployment that plagues our society today and the corresponding struggles of workers in this country. A number of pastoral statements and social projects have been launched by church groups in national, regional and local communities as a response to various aspects of the emerging economic crisis. On this occasion, we wish to make some brief comments on the immediate economic and social problems, followed by some brief observations on the deeper social and ethical issues at stake in developing future economic strategies.

As pastors, our concerns about the economy are not based on any specific political options. Instead, they are inspired by the gospel message of Jesus Christ. In particular, we cite two fundamental gospel principles that underlie our concerns.

The first principle has to do with the preferential option for the poor, the afflicted and the oppressed. In the tradition of the prophets, Jesus dedicated his ministry to bringing “good news to the poor” and “liberty to the oppressed”. As Christians, we are called to follow Jesus by identifying with the victims of injustice, by analysing the dominant attitudes and structures that cause human suffering and by actively supporting the poor and oppressed in their struggles to transform society. For, as Jesus declared, “when you did it unto these, the least of my brethren, you did it unto me”.

1
The second principle concerns the special value and dignity of human work in god's plan for creation. It is through the activity of work that people are able to exercise their creative spirit, realize their human dignity and share in Creation. By interacting with fellow workers in a common task, men and women have an opportunity to develop further their personalities and sense of self-worth. In so doing, people participate in the development of their society and give meaning to their existence as human beings. Indeed, the importance of human labour is illustrated in the life of Jesus who was himself a worker, “a craftsman like Joseph of Nazareth.”

It is from the perspective of these basic gospel principles that we wish to share our reflections on the current economic crisis. Along with most people in Canada today, we realize that our economy is in serious trouble. In our regions, we have seen the economic realities of plant shutdowns, massive layoffs of workers, wage-restraint programs, and suspension of collective-bargaining rights for public sector workers. At the same time, we have seen the social realities of abandoned one-industry towns, depleting unemployment insurance benefits, cut-backs in health and social services and lineups at local soup kitchens. And we have also witnessed first hand the results of a troubled economy: personal tragedies, emotional strain, loss of human dignity, family breakdown and even suicide.

Indeed we recognize that serious economic challenges lie ahead for this country. If our society is going to face up these challenges, people must meet and work together as a “true community” with vision and courage. In developing strategies for economic recovery, we firmly believe that first priority must be given to the real victims of the current recession- namely, the unemployed, the welfare poor, the working poor, pensioners, native peoples, women, young people, small farmers, fishermen, some factory workers and some small business men and women. This option calls for economic policies which realize that the needs of the poor have priority over the wants of the rich; that the rights of workers are more important than the maximization of profits; that the participation of marginalized groups has precedence over the preservation of a system which excludes them.

In response to current economic problems, we suggest that priority be given to the following short-term strategies by both government and business.
First, unemployment rather than inflation should be recognized as the number one problem to be tackled in overcoming the present crisis. The fact that some 1.5 million people are jobless constitutes a serious moral as well as economic crisis in this country. While efforts should continually be made to curb wasteful spending, it is imperative that primary emphasis be placed on combating unemployment.

Second, an industrial strategy should be developed to create permanent and meaningful jobs for people in local communities. To be effective, such a strategy should be designed at both national and regional levels. It should include emphasis on increased production, creation of new labour-intensive industries for basic needs and measures to ensure job security for workers.

Third, a more balanced and equitable program should be developed for reducing and stemming the rate of inflation. This requires shifting the burden for wage controls to upper income earners and introducing controls on prices and new forms of taxes on investments income (e.g., dividends, interest).

Fourth, greater emphasis should be given to the goal of social responsibility in the current recession. This means that every effort must be made to curtail cutbacks in social services, to maintain adequate health care and social security benefits, and above all, to guarantee special assistance for the unemployed, welfare recipients, the working poor and one-industry towns suffering from plant shut-downs.

Fifth, labour unions should be asked to play a more decisive and responsible role in developing strategies for economic recovery and unemployment. This requires the restoration of collective bargaining rights where they have been suspended, collaboration between unions and the unemployed and unorganized workers and assurances that labour unions will have an effective role in developing economic policies.

Furthermore, all people of good will in local and regional communities throughout the country must be encouraged to coordinate their efforts to develop and implement such strategies. As a step in this direction, we again call on local Christian communities to become actively involved in the six-point plan of action outlined in the message of the Canadian bishops on unemployment: the human cost.
We recognize that these proposals run counter to some current policies or strategies advanced by both governments and corporations. We are also aware of the limited perspectives and excessive demands of some labour unions. To be certain, the issues are complex; there are no simple or magical solutions. Yet from the standpoint of the church's social teachings, we firmly believe that present economic realities reveal a “moral disorder” in our society. As pastors, we have a responsibility to raise some of the fundamental social and ethical issues pertaining to the economic order. In so doing, we expect that there will be considerable discussion and debate within the Christian community itself on these issues. We hope that the following reflections will help to explain our concerns and contribute to the current public debate about the economy.

2- THE ECONOMIC CRISIS

The present recession appears to be symptomatic of a much larger structural crisis in the international system of capitalism. Observers point out that profound changes are taking place in the structure of both capital and technology which are bound to have serious social impacts on labour. We are now in an age when transnational corporations and banks can move capital from one country to another in order to take advantage of cheaper labour conditions, lower taxes and reduced environmental restrictions. We are also in an age of automation and computers, when human work is rapidly being replaced by machines on the assembly line and in administrative centres. In effect, capital has become increasingly capital-intensive. The consequences are likely to be permanent or structural unemployment and increasing marginalization for a large segment of the population in Canada and other countries. In this context, the increasing concentration of capital and technology in the production of military armaments further intensifies this economic crisis, rather than bringing about recovery.
These structural changes largely explain the nature of the current economic recession at home and throughout the world. While there does not appear to be a global shortage of capital, large-scale banks and corporations continue to wait for a more profitable investment climate. Many companies are also experiencing a contemporary shortage of investment funds required for the new technology, due largely to an over extension of production and related factors. In order to restore profit margins needed for new investment, companies are cutting back production, laying off workers and selling off their investments. The result has been economic slow-down and soaring unemployment. To stimulate economic growth, governments are being called upon to provide a more favourable climate for private investments. Since capital tends to flow wherever the returns are greatest, reduced labour costs and lower taxes are required if countries are to remain competitive. As a result, most governments are introducing austerity measures, such as wage-restraint programs, cutbacks in social services and other reductions in social spending, in order to attract more private investments. And to enforce such economic policies, some countries have introduced repressive measures for restraining civil liberties and controlling social unrest.

3 – A MORAL CRISIS

The current structural changes in the global economy, in turn, reveal a deepening moral crisis. Through these structural changes, “capital” is reasserted as the dominant organizing principle of economic life. This orientation directly contradicts the ethical principle that labour, not capital, must be given priority in the development of an economy based on justice. There is, in other words, an ethical order in which human labour, the subject of production, takes precedence over capital and technology. This is the priority of labour principle. By placing greater importance on the accumulation of profits and machines than on the people who work in a given economy, the value, meaning and dignity of human labour is violated. By creating conditions for permanent unemployment, an increasingly large segment of the populations threatened with the loss of human dignity. In effect, there is a tendency for people to be treated as an impersonal force having little or no significance beyond their economic purpose in the system. As long as technology and capital are not harnessed by society to serve basic human needs, they are likely to become an enemy rather than an ally in the development of peoples.
In addition, the renewed emphasis on the “survival of the fittest” as the supreme law of economics is likely to increase domination of the weak by the strong, both at home and abroad. The “survival of the fittest” theory has often been used to rationalize the increasing concentration of wealth and power in the hands of a few. The strong survive, the weak are eliminated. Under conditions of “tough competition” in international markets for capital and trade, the poor majority of the world is especially vulnerable. With three-quarters of the world's population, the poor nations of the South are already expected to survive on less than one-fifth of the world's income. Within Canada, the top 20% of the population receive 42.5% of total personal income, while the bottom 20% receive 4.1%. These patterns of domination and inequality are likely to grow worse as the “survival of the fittest” doctrine is applied more rigorously to the economic order. While these Darwinian theories partly explain the rules that govern the animal world, they are in our view morally unacceptable as a “rule of life” for the human community.

4 – PRESENT STRATEGIES

There is a very real danger that these same structural and moral problems are present in Canada's strategies for economic recovery. As recent economic policy statements reveal, the primary objective is to restore profitability and competitiveness in certain Canadian industries and provide more favourable conditions for private investments in the country. The private sector is to be the “engine” for economic recovery. To achieve these goals, inflation are seen as the number one problem. The causes of inflation are seen as workers' wages, government spending and low productivity rather than monopoly control of prices. The means for curbing inflation are such austerity measures as the federal 6-and-5 wage-restraint program and cutbacks in social spending (e.g., hospitals, medicare, public services, education and foreign aid), rather than controls on profits and prices. These measures in turn have been strengthened by a series of corporate tax reductions and direct investment incentives for such sectors as the petroleum industry. In effect, the survival of capital takes priority over labour in present strategies for economic recovery.
At the same time, working people, the unemployed, young people and those on fixed incomes are increasingly called upon to make the most sacrifice for economic recovery. For it is these people who suffer most from layoffs, wage restraints and cutbacks in social services. The recent tax changes, which have the effect of raising taxes for working people and lowering them for the wealthy, add to this burden. And these conditions are reinforced by the large scale unemployment, which tends to generate a climate of social fear and passive acceptance. Moreover, the federal and provincial wage-control programs are inequitable, imposing the same control rate on lower incomes as on upper incomes. If successfully implemented, these programs could have the effect of transferring income from wages to profits. Yet there are no clear reasons to believe that working people will ever really benefit from these and other sacrifices they are called to make. For even if companies recover and increase their profit margins, the additional revenues are likely to be reinvested in some labour-saving technology, exported to other countries or spent on market speculation or luxury goods.

5 – ALTERNATIVE APPROACHES

An alternative approach calls for a reordering of values and priorities in our economic life. What is required first is a basic shift in values: the goal of serving the human needs of all people in our society must take precedence over the maximization of profits and growth, and priority must be given to the dignity of human labour, not machines. From this perspective, economic policies that focus primary attention on inflation and treat soaring unemployment as an inevitable problem, clearly violate these basic ethical values and priorities. There is nothing “normal” or “natural” about present unemployment rates. Massive unemployment which deprives people of the dignity of human work and of an adequate family income, constitutes a moral evil. It is also a major economic problem, since high unemployment rates are accompanied by lower productivity, lower consumption of products, reduced public revenues and increasing social welfare costs. So alternative strategies are required which place primary emphasis on the goals of combating unemployment by stimulating production and permanent job creation in basic industries; developing a more balanced and equitable program for curbing inflation; and maintaining health care, social security and special assistance programs.
An alternative approach also requires that serious attention be given to the development of new industrial strategies. In recent years, people have begun to raise serious questions about desirability of economic strategies based on “mega projects”, wherein large amounts of capital are invested in high-technology resource developments (e.g., large-scale nuclear plants, pipelines, hydroelectric projects). Such “mega projects” may increase economic growth and profits, but they generally end up producing relatively few permanent jobs while adding to a large national debt. In our view, it is important to increase the self-sufficiency of Canada's industries, to strengthen manufacturing and construction industries, to create new job-producing industries in local communities, to redistribute capital for industrial development in underdeveloped regions and to provide relevant job-training programs. It is imperative that such strategies be developed wherever possible on a regional basis and that labour unions and community organizations be involved effectively in their design and implementation.

6 – NEW DIRECTIONS

In order to implement these alternatives there is a need for people to take a closer look at the industrial vision and economic model that govern our society. It is becoming more evident that an industrial future is already planned by governments and corporations. According to this industrial vision, we are now preparing to move into a high-technology computer age of the 1990's. In order to become more competitive in world markets, the strategy for the eighties is to retool Canadian industries with new technologies, create new forms of high-tech industries (e.g., micro-electronic, petromechanical and nuclear) and phase out many labour-intensive industries (e.g., textile, clothing and footwear). This industrial vision in turn, is to be realized though an economic model of development that is primarily: capital-intensive (using less and less human labour); energy-intensive (requiring more non-renewable energy sources); foreign controlled (orienting development priorities to external interests); and export oriented (providing resources or products for markets elsewhere rather than serving basic needs of people in this country).
There are of course alternative ways of looking at our industrial future and organizing our economy. This does not imply a halt to technological progress but rather a fundamental reordering of the basic values and priorities of economic development. An alternative economic vision, for example, could place priority on the value of human labour and on an equitable distribution of wealth and power among people and regions. What would it mean to develop an alternative economic model that would place emphasis on: socially useful forms of production; labour-intensive industries; the use of appropriate forms of technology; self-reliant models of economic development; community ownership and control of industries; new forms of worker management and ownership; and greater use of the renewable energy sources in industrial production? As a country, we have the resources, the capital, the technology and, above all else, the aspirations and skills of working men and women required to build an alternative economic future. Yet the people of this country have seldom challenged to envision and develop alternatives to the dominant economic model that governs our society.

At the outset, we agreed that people must indeed meet and work together as a “true community” in the face of the current economic crisis. Yet in order to forge a true community out of the present crisis, people must have a chance to choose their economic future rather than have to have one forced upon them. What is required in our judgment, is a real public debate about our economic visions and industrial strategies, involving choices about values and priorities for the future direction of this country. Across our society there are working and non-working people in communities – factory workers, farmers, forestry workers, miners, people on welfare, fishermen, native peoples, public service workers, and many others – who have creative and dynamic contribution to make in shaping the economic future of our society. It is essential that serious attention e given to their concerns and proposals if the seeds of trust are to be sown for the development of a true community and a new economic order.
For our part, we will do whatever we can to stimulate public dialogue about alternative visions and strategies. More specifically, we urge local parishes or Christian communities, wherever possible, to organize public forums for discussion and debate on major issues of economic justice. Such events could provide a significant opportunity for people to discuss: (a) specific struggles of workers, the poor and the unemployed in local communities; (b) an analysis of local and regional economic problems and structures; (c) major ethical principles of economic life in the Church's recent social teachings; (d) suggestions for alternative economic visions; (e) new proposals for industrial strategies that reflect basic ethical principles. In some communities and regions, Christian groups in collaboration with other concerned bodies have already launched similar events or activities for economic justice. And we encourage them to continue doing so.

We hope and pray that more people will join in this search for alternative economic visions and strategies. For the present economic crisis, as we have seen, reveals a deepening moral disorder in the values and priorities of our society. We believe that the cries of the poor and powerless are the voice of Christ, the Lord of History, in our midst. As Christians we are called to become involved in struggles for economic justice and to participate in building a new society based on gospel principles. In so doing, we fulfill our vocation as a pilgrim people on earth, participating in Creation and preparing for the coming Kingdom.