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RELEASE: NOVEMBER 30, 1984

CATHOLIC THOUGHT ABOUT CAPITALISM

A committee of prominent Catholics has published a learned and eloquent "Letter" on the American economic system of private enterprise capitalism. In so doing, this committee has upstaged the U.S. Catholic Bishops who are now in the process of writing their collective views on the same subject.

The committee calls itself the Lay Commission on Catholic Social Teaching and the U.S. Economy. It is headed by William E. Simon as chairman and Michael Novak as vice chairman. They and the other members are a good mix of scholars and businessmen who know something about our economy because they've had to meet a payroll.

The Letter takes as its Biblical text Matthew's Parable of the Talents. The Lord praised and rewarded the man who invested his talents and doubled his money, and also the man who put his money out at interest. But the one who buried his talents in the ground and failed to increase their worth was punished and banished.

The Letter shows that Catholic social thought confirms the right to private property as a natural right and as a limitation on the power of the state. Some clerics are confused on this point because capitalism has a different meaning in Europe and in America.

The Letter explains for the benefit of the clergy how they and all people benefit from the enterprise society and from the creativity of the entrepreneur. It points out that the entrepreneur is absolutely essential to the creation of new jobs which are the only way the "cry of the poor" can be heard.

The Letter gives an eloquent defense of profit, which is the payment the entrepreneur receives for his skills and his risk-taking. Without profit, which is the incentive for creative invention and risk-taking, there can be little or no growth in jobs, and the economy simply spins its wheels in stagnation or decline.

Profit systems demonstrably raise standards of living far better than any other systems have done, while also preserving far greater liberties for moral and cultural life. "Profit rests upon a social decision to confer rewards on those who have resources

if they abstain from consuming them on luxuries for themselves in order to invest them in the creation of new industries, new goods and services, and new wealth."

That is what creates new jobs. For example, the creative Ray Kroc who invented the business concepts that built McDonald's gave more employment to teen-aged youths than all Federal programs combined. It didn't cost the taxpayers a penny; McDonald's even paid taxes for the privilege.

The American profit economy has produced such abundance that it supports the 40% of Americans whose income payments come from non-profit activities (including Social Security, other entitlements, education, churches, etc.). The Letter comments that it is ironic that most of the ideological attacks upon the profit motive come from those whose livelihood depends on the profits earned by others.

The Letter shows that the difference between the so-called rich and poor nations has nothing whatever to do with geographic or natural resources; the difference is a free-market, private-property, profit-incentive system versus a socialist system. Only the former succeeds in raising the living standards of the poor, as we see in the United States, Western Europe, Taiwan, South Korea, Hong Kong, Singapore, and Japan.

The Letter points out how the massive billions of dollars in loans to Third World countries have done nothing to reduce poverty in those nations. Poor nations are not poor because they have few natural resources, or are small, or densely populated, or because they were colonies, or because other nations are wealthy. It is because they have a statist, or planned, or socialist system.

The Letter is a good lesson for the clergy who need someone to explain to them that jobs do not simply happen, as fruit grows on trees; they must be created. The Letter urges education and church leaders to study and encourage the virtue of enterprise because, "like any other virtue, it responds to cultivation and occurs less frequently in hostile climates."

The Gospel tells us, "By their fruits, ye shall know them." All the "fruits" of experience teach us that planned societies cannot match free-market societies in raising living standards and eliminating poverty. The free-market system is not only conclusively proven to be superior in economic terms, but it is morally validated because it is the only system built on the liberty of its participants.