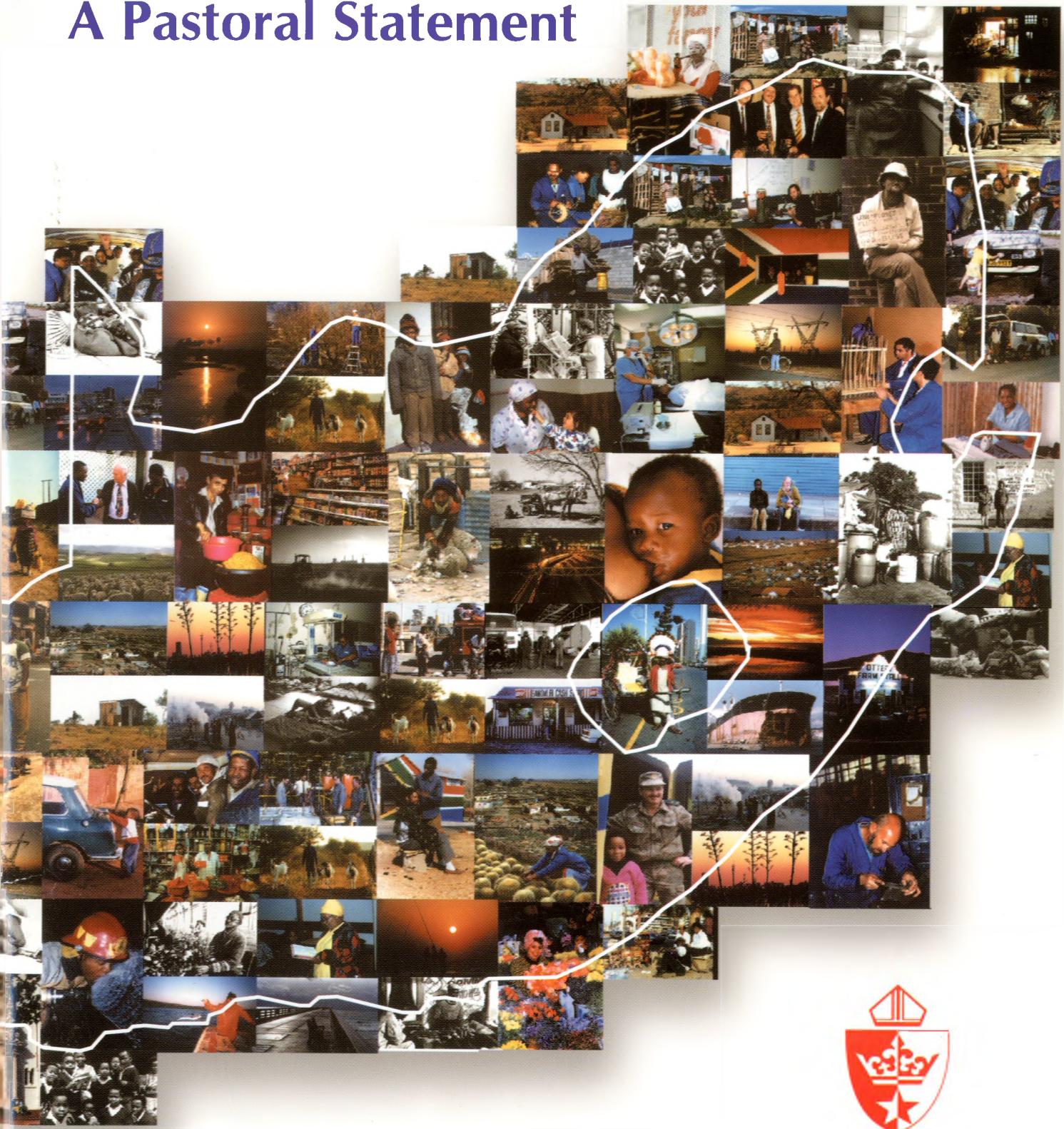


Economic Justice in South Africa

A Pastoral Statement



Southern African
Catholic Bishops' Conference

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Notes

Throughout the statement quotes appear in the margins next to the main body of text. They are drawn from Papal Encyclicals, from statements by the SACBC and by other Catholic bishops' conferences, and from one or two other sources of the Church's social teaching. These quotes are intended to highlight, and in some cases to substantiate, points made in the text, and to indicate that the present statement seeks to contribute, however modestly, to the rich tradition of Catholic Social Teaching.

Comments on and responses to this statement are welcome, and should be addressed to:

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Summary

The **Introduction** to the statement explains that its aim is to contribute to the search for a more just, equitable and sustainable economic dispensation. It reminds people that, as a nation, we have overcome the horrors of apartheid and made significant progress towards peace and stability. However, we are sitting on an economic time-bomb; if we do not strive for economic justice we must expect a deepening of our social problems such as crime, lawlessness, poverty and unemployment.

The second section considers the **Church's Prophetic Duty** to speak out and to bring Gospel values to bear on political, economic and social matters. A second transformation is needed: massive, and overwhelmingly positive, political change has occurred, but the same has not yet happened in the economy, with the result that the majority of our people still have little chance of fulfilling their reasonable hopes for a better life.

Section three turns to the question of **Discerning Economic Justice**. It is asserted that every economy has a moral quality which makes it possible for us to pass judgements as to whether or not it is a just economy. In order to make such judgements the presence or absence of various factors must be assessed, including poverty, unemployment, discrimination, materialism and environmental degradation.

Next, the statement deals briefly with **Economic Structure**. The fact that economies are complex, and that most people are unfamiliar with economic terminology, results in many people feeling powerless. They believe that, as individuals, they have no influence over, or responsibility for, the way an economy operates. Some of the negative consequences of such a belief are mentioned, and it is pointed out that we have a moral duty to make the correct choices, even in complex matters.

Section four, **Christian Economic Values**, offers some guidelines for those striving to make these choices. The section summarises some of the main concepts and principles developed by the Church as ways of making concrete the commandment to 'love your neighbour as yourself'. These include the common good, solidarity, the option for the poor, the common destiny of goods, and the integrity of creation.

The South African Economy is analysed in section six, according to the criteria mentioned in section three. Poverty, unemployment, materialism, greed, the lack of women's economic empowerment, debt and corruption are among the features identified as contributing to economic injustice in our country. But the gap between rich and poor is singled out as the defining characteristic of our economy, with millions of South Africans surviving, like Lazarus, on crumbs from the rich man's table.

No country's economy exists in isolation, free from outside influences. Therefore, in section seven, some attention is given to **The World Economy**, especially to aspects which affect South Africa. The point is made that international factors can act as powerful constraints on moves towards economic justice at home, without their being, however, an excuse for a lack of effort in this direction.

When statements such as the present one are published, people have a right to expect the authors to make specific and practical recommendations. This is attempted in section eight, **What Can Be Done?** The major role-players in the economy are identified and various steps are suggested for each of them; these range from fiscal initiatives to encourage job-creation, through changes to personal taxation and measures to improve productivity and training, to the promotion of the interests of the unemployed. However, it is conceded that even the most enlightened economic measures will not be able to withstand selfish and destructive attitudes. The question of people's attitudes to each other and to economic choices is therefore addressed, with particular emphasis being placed on the role of the religious community in this regard.

By way of **Conclusion** the statement points out that economic justice is demanded not just by the poor and by forthcoming generations, but by God. In striving for a just economy we are carrying forward Jesus' great task of bringing fullness of life to all people.

Introduction

1

It is gratifying for South Africans to realise that their country evokes a high level of admiration for the manner in which it has moved away from the horrors of apartheid into a new political dispensation that, in principle, upholds the rights of its citizens.

However, we remain painfully aware of the many social problems that beset our country: crime, corruption, lawlessness, a lack of respect for life, an incidence of HIV/AIDS infection among the highest in the world, a frightening degree of poverty and a totally unacceptable rate of unemployment.

As we prepare for our second democratic election, the Southern African Catholic Bishops' Conference has decided to single out for special attention the issue of the economy and its effect on people's lives. We live in a world in which a quarter of the earth's population consumes 80% of its resources; and in a country with one of the highest differences in income between rich and poor.

If these situations continue to exist dire consequences are inevitable. Indeed, many of the social problems we have just mentioned are either the result of, or are exacerbated by, these basic economic injustices. It is no exaggeration to say that, both in South Africa and in the world as a whole, we are sitting on an economic time-bomb. Our present approach to the way in which we produce and consume goods, and to the distribution of wealth, is not only deeply inequitable, it is also unsustainable. The poor who are with us today and the generations of people yet to be born have a right to demand of us that we strive for a more just, a more equitable and a more sustainable economics.

It is our hope that this pastoral statement will contribute towards this search. We contend that the key to achieving economic justice lies in human attitudes, for it is our attitudes that underlie our actions and inform our decisions. As individuals and as a nation we need to develop a social conscience which recognises the injustice of poverty and unemployment and which leads us to take action against it.

Undoubtedly, the development of an effective social conscience will not happen quickly. It will have to be striven for and the striving will have to be widespread, involving all sectors of society. We

***Only improved living conditions will bring stability and stability is essential if our young democracy is to survive.
If we want democracy and peace we must tackle our economic problems.***

SACBC Pastoral Letter 'Free At Last'
(1994) para 5.

therefore invite government, business, labour, civil society and ordinary men and women to study this pastoral statement, to respond to its ideas and suggestions, and to consider other ways in which we can advance the cause of economic justice.

The goal of a just economy may seem far off, even unattainable. But let us remember what we have already achieved as a nation - the end of apartheid, the beginning of national reconciliation, and significant progress towards peace and stability. As in the past, we should place our faith in the grace of God and in the goodwill of our sisters and brothers as we embark on this stage of our journey towards full social justice.

The Church's Prophetic Duty

2

It is a matter of record, and it is accepted even by many of those who upheld it, that the system of apartheid was a great evil. It robbed people of their God-given human dignity, it caused untold suffering, it dehumanized both its victims and its perpetrators. Thank God, through the hard work and sacrifice of so many South Africans, we have achieved a new, just and democratic political life in our country. It is not perfect, but it is incomparably better than what went before.

Democracy will help to bring political freedom to South Africa, but on its own it cannot solve all our problems. We also need economic justice, that is, a fair distribution of the wealth of the country among all its people. At the moment we have a society in which there is a sinful difference between the very rich and the very poor.

SACBC Pastoral Letter 'A Call to Build a New South Africa' (1992)
para 17.

It would be a grave mistake, however, to believe that this new political justice has brought with it an end to suffering and an end to oppression, and that full human dignity has been restored to our people. It cannot yet be said that all South Africans have an equitable share of the opportunities and the material conditions which are necessary to ensure their full human development. For this to be achieved a second transformation is needed, a transformation of our economic system from one which now, as in the past, tends to serve the interests of a minority at the expense of the rights of the majority, to one which accommodates the rightful and reasonable hopes and ambitions of all our people. It is the need for this transformation which is the focus of this letter.

We are aware that when we opposed apartheid and called for a just and democratic dispensation, people often asked why the Church was 'interfering' in politics. Similar voices may now question why we are speaking out in the area of economics. In both cases the idea is put forward that matters of religion, faith and morality must be kept separate from 'worldly affairs'; that the Church should focus on the 'next world', and leave politics to the politicians and economics to the economists.

The Church rejects this idea. We have a sacred duty to preach the Good News and to spread the values of the Gospel. And it is these values, of truth, justice and love, that compel us to speak out against injustice of whatever kind in whichever sphere of life it is found. We do so not only as a way of helping to lift the burden from

The joys and the hopes, the griefs and the anxieties of the people of this age, especially those who are poor or in any way afflicted, these too are the joys and hopes, the griefs and anxieties of the followers of Christ.

Second Vatican Council 'The Church in the Modern World'
para 1.

the victims of injustice, but also in order to bring those responsible for unjust systems and practices to see the harm they are causing. The Church is deeply concerned about all aspects of human life and strives to promote not only the spiritual, but also the social, cultural, political and economic development of all people. If the Church were to fix its gaze on heaven, to the exclusion of those things which so profoundly affect the day-to-day lives of the people of God, we would be failing in our duty of faithfulness to the Gospel of Jesus.

Discerning Economic Justice

3

When we speak of 'the economy' or 'an economic system' we are speaking of the policies and plans which control the wealth and resources of a country, about how resources are distributed between people, and about how the means of production - such as land, factories and technology - are owned and controlled.

It is sometimes suggested that economic laws, like the basic laws of nature, are beyond human control; that we can no more influence them than we can defy gravity or stop the motion of the planets. Therefore, it is argued, the existence of poverty and unemployment, and the inequitable distribution of wealth, are the result of inescapable economic laws, and must be accepted as such. When suffering and even death flow from these 'inevitable facts of economic life', that is simply unfortunate, it is said, just as it is unfortunate when suffering and death result from a natural disaster. Although we sympathise with the victims of an earthquake or a flood, we do not consider such natural occurrences unjust or immoral. In the same way, the argument continues, we should not regard an economic system as unjust or immoral, though we regret the suffering that may be part of such a system. Some people will be poor and some rich, inevitably and unavoidably, just as some will be the victims of earthquakes and floods, and some will not.

All economic life should be shaped by moral principles; economic choices and institutions must be judged by how they protect or undermine the life and dignity of the human person, support the family, and serve the common good.

National Conference of Catholic Bishops (USA) 'A Catholic Framework for Economic Life' (1996) para 2.

This argument must be rejected. It fails to take into account the fact that economic consequences come about as a result of human agency. At the heart of every economic system lie human needs, human abilities and human decisions, and it is the choices which we make in addressing those needs, sharing those abilities, and making those decisions, that determine the justice or injustice of the economic system. (The more powerful our economic position, the greater our freedom of choice, with the poor and the marginalised having very little effective choice in their economic decision-making.)

There is thus a moral quality about an economy, a quality which has its roots in the morally correct or incorrect choices made by people; and it is the moral quality of the economy that enables us to make judgements about whether or not it is a just economy.

It must be clearly stated, however, that these moral judgements are not made simply on the basis of the type of economic system under consideration. Various economic systems exist, each with its own theoretical foundation and its own practical application. For example, in a free-market economic system, people are largely free to make their own decisions about economic matters, with little or no intervention by the state. Factors such as supply and demand, and profit and loss, guide the choices that people and businesses make - if a certain product or service is demanded, someone will supply it, as long as there is a profit to be made in the process.

In a centrally-planned economic system, to give another example, we find that the state does intervene. Supply and demand, or 'market-forces' as they are sometimes called, are not regarded as capable of meeting the needs of the people. Consequently, the state exerts control over the economy and limits people's freedom of choice in economic matters.

The Church does not judge on economic grounds between these various systems, partly because they are continually changing to meet new circumstances and challenges, and partly because, in practice in most countries a mixture of these systems prevails. In addition, and very importantly, understanding how the different economic systems work tells us little or nothing about which of them is more, or less, just than the other. To judge the morality of an economic system we must look to other factors, factors which may be present regardless of the underlying economic system itself:

Poverty is neither an inevitable nor a necessary part of human life. It is ultimately a product of human decisions and actions and can therefore be eradicated through human decisions and actions.

Australian Catholic Bishops' Conference 'A New Beginning: Eradicating Poverty in Our World.' (1996) p7.

- **Poverty:** It is often taken for granted that poverty exists and that it is simply the fate of some people to be poor. Indeed, Jesus' words that "You have the poor with you always..." (Mt 26: 11) are often used to justify this assumption. In the modern world, however, it has long been the case that sufficient wealth and resources exist to wipe out poverty, if only they were properly distributed. The same is true for most individual countries, apart perhaps from the very poorest nations in the world. The fact that so many people, even in rich countries, still struggle to survive from one day to the next - and that untold thousands die every year from lack of food, lack of basic health-care and lack of shelter - is an indication of economic injustice in those countries. In essence, the problem is not that these economies are *unable* to meet the basic needs of all their people, but that they are organised in such a way that they fail to do so.

- **Unemployment:** Most people rely on work in order to earn a living. It may be formal employment, earning a wage in exchange for giving labour, or it may be through some form of self-employment such as small-scale farming. Either way,

Unemployment, either in general or in certain sectors, is the opposite of a just and right situation. (It is) always evil and sometimes a real social disaster.

Pope John Paul II 'On Human Work' (1981) para 18.

It is a fact that in many societies women do work in nearly every field, but they must be able to do so without discrimination or exclusion from jobs, and also without hindering their specific role in the family and in society.

Pope John Paul II 'On Human Work' (1981) para 19.

there are very few people who do not have to work for a living. One of the main tasks of an economy, therefore, is to ensure that there are enough jobs, or opportunities to work, to meet people's need to earn a living. Where there is high unemployment we have an indication of an unjust economy.

- Rich and Poor: In many economies there is a small number of very rich people and a large number of very poor. Even if no-one is living in absolute poverty, the existence of this gap indicates that the interests of one group are favoured in relation to the interests of the rest of the population. This denies to the majority their rightful share in the available wealth and resources, and an economy which permits or encourages such a situation is unjust.

- Discrimination Against Women: All too often women are denied equal economic opportunity. Certain jobs or professions are closed to them, they are paid less than men for the same work, or employment practices do not accommodate women as mothers. An economy which treats women in this way is unjust in that it denies the inherent dignity and worth of half the population.

- Materialism: A materialist approach is one which elevates the importance of material things such as money, possessions and status, above that of people and of people-centred values such as love of neighbour, the well-being of the whole community, and concern for the poor. When material considerations enjoy priority such values will be undermined, and a materialist economy will inevitably be an unjust one.

- Greed: The desire of individuals for ever-greater wealth, well beyond what they will ever require to live a comfortable and secure life, can only be satisfied at the expense of other human beings and of the planet. In all economies, even those with high rates of growth, there is only a limited amount of wealth available for distribution. Greed and selfishness on a large scale result in some people monopolising a disproportionate share of this wealth, causing others to go short of the necessities of a decent standard of living and destroying the environment. The planet cannot sustain an economy based on a principle of unlimited growth.

- Threats to Family Life: The family is the basic social unit; anything which harms family life will inevitably harm society as a whole as well as its constituent individual members. An economic system which encourages migratory labour, mandatory overtime work and Sunday labour, and which fails to provide wages which are sufficient for the needs of a family, is unjust.

- Environmental Degradation: An economic system that damages the environment - air, water, and the earth itself -

Today, the dramatic threat of ecological breakdown is teaching us the extent to which greed and selfishness are contrary to the order of creation, an order which is characterised by mutual interdependence.

Pope John Paul II 'Peace with God the Creator, Peace with All of Creation' Message for World Day of Peace. (1990) para 8.

causes harm not only in the present, but in the future. The unnecessary production of pollution and hazardous waste; the destruction of indigenous eco-systems; the extinction of species; the unsustainable use of natural resources - all these are examples of economic injustice which will have an even greater effect on coming generations than on those currently alive.

These, then, are some of the characteristics of an unjust economy. But what do we mean when we talk of an unjust economy? In reality, an economy has no autonomous existence of its own; it is a product of human activity. Therefore, when we say that an economy is unjust, we are really judging the human actions, decisions and behaviour that manifest themselves in what we call 'the economy'. We are passing judgement as to the rights and wrongs of the choices already referred to. Clearly, then, all of us - since we are all active in the economy in one way or another - bear a moral responsibility for the economic choices we make; and, through them, for the general well-being of society.

However, the moral responsibility of people when they make economic choices is often obscured by the existence of a complex series of relationships, rules, practices, ways of doing things, and patterns of behaviour. This complex series, which also occurs in other spheres of life, such as the family and politics, needs to be understood before we can move on to a more practical analysis of our own economy.

Economic Structure

4

An economy is created by millions of people playing various roles at various times. Most people operating within an economy can be compared to the bricks in a building - each plays a role, but an insignificant one, and each can be replaced without changing the look of the building. In the same way, most of our individual economic activities can be changed without affecting the overall economy; but if enough of us change our economic behaviour, the economy as a whole will change.

There are some whose economic decisions have a much greater impact - bankers, financiers, politicians, chief executives, economists and so on. They are like the lintels, the reinforcing, the beams of a building - even a small change in their behaviour can have a major effect on the whole edifice. Thus, such people have a much greater influence on the economy, and the consequences of their economic choices are more profoundly felt.

There are others who are pushed to the margins of the economy, who have little or no role to play. They may have been useful at some point, but they have been denied a permanent place in the economy. These people are like the rubble, the broken bricks and the excess sand and stone which, once the building is functional, are taken away and dumped.

Then there is the type of economy, be it capitalist, communist, socialist or perhaps some combination of these. Each brick and each structural piece of a building comes together according to a plan or a blueprint. It is this plan which determines what kind of building it is, how well it fulfils its purpose, and how it impacts on those who use it. Similarly, we conduct our economic lives in the context of an overall plan or set of policies. We may live in a system where the means of production are privately owned - capitalism - or in one where they are owned by the state - communism. Just as the plan of a building provides the basic structure into which the bricks and other components must fit, so the policies according to which

our economy is operated provide the economic structure in terms of which we live our economic lives.

Of course, it is much easier to think of a building as a building, rather than trying to imagine all the different bricks and other parts individually. Similarly, we tend to think of the economy as a whole; it would be impossible to imagine each and every economic action or decision individually. However, the fact that the economy is so complex can lead to certain problems in the area of our moral responsibility for our economic choices:

- We can very easily start to believe that we are insignificant as individuals; that the economy is so complicated and so huge that our individual actions and decisions are of no consequence. As a result, we lose a sense of responsibility for those actions and decisions, thinking that whatever we choose to do is only a 'drop in the ocean' and therefore not really important. Thinking in this way can soon result in our choosing the convenient or the selfish option, regardless of its 'ripple-effect' on others and on the economy as a whole.

The greatest obstacle to change is the belief that 'what is' is 'what should be', since such a belief simply plays into the hands of all those who profit from the many injustices in the world.

Australian Catholic Bishops' Conference 'A New Beginning: Eradicating Poverty in Our World.' (1996) p9.

- We can come to believe that things are simply 'the way they are', and that the negative aspects of the economy, such as poverty and unemployment, are inevitable. We accept that these 'economic realities' are somehow pre-ordained, rather than the result of human agency. This lessens the responsibility we should all feel, especially when our economic choices may be adding to those negative consequences.

- The idea of bringing about a change in the economic system, or an adjustment in the way it is run, or simply of dealing with its negative consequences, begins to seem impossible. We resign ourselves to the fact that such a large and complicated structure cannot be modified or altered to become more just. And if change is impossible then we can absolve ourselves of any responsibility for things remaining as they are.

- Finally, we transfer our responsibilities to certain abstract concepts, and we pretend that it is these concepts, rather than ourselves, that are accountable for the way the economy works. For example, we are told that 'capital is leaving the country' when what is really happening is that people with money are deciding to invest it overseas; we hear that 'the market is worried' about interest rates when it is actually people who have money to invest, or who need to borrow money, who are worried; we talk of 'market-forces' being responsible for the success or failure of a business, when in fact it is we who decide whether or not to buy what that business has to offer. Behind these various concepts lie human actions and decisions, real economic choices made by all of us. Of course, there is nothing wrong with using these concepts as a sort of 'shorthand', a way of talking about economics. The problem arises when we use them, intentionally or not, to diminish or

exclude our own responsibility. We impute human qualities, as it were, to these concepts and make them answerable for the consequences of our actions and decisions.

In the face of so large and so complicated a structure as the economy, it is all too easy for us to neglect our moral responsibilities. Each of us, even the most influential, is but a small part of the whole; economic trends are largely unpredictable and bringing about significant and worthwhile change is extremely difficult. Any number of well-intentioned interventions can be seen, with hindsight, to have done more harm than good. Given all this, and the simple fact that by far the majority of us are not confident of our grasp of economic issues and discourse, it is perhaps understandable if we prefer simply to get on with our lives, avoiding the difficult choices and the complex arguments. For the Christian, however, and for all people of goodwill, this is not an acceptable option. We cannot abandon our moral responsibilities, even when it is difficult to fulfil them.

Sin is everything in us and in society that negates the will of God. Sin that is structural, social and objective is the manifestation of sin that transcends the individual arena and becomes concrete in objective historical dimensions, with their structures, agents and mechanisms. Thus, for example, racism, militarism, infant mortality, and the foreign debt represent the embodiment of sin that contradicts the salvific plan of God.

V Araya 'God of the Poor' (1987)
Orbis Books

When the Church considers the morality of an economic structure or of an economic decision, it is primarily interested in the impact of that structure or decision on people. When an individual economic decision has an unnecessarily negative impact on people it is easy enough to say that it is sinful. Decisions motivated by greed, for example, can be judged this way. But we can also judge economic structures. An economic structure based on racism or which perpetuates third-world debt is itself sinful; those who benefit from such structures are tainted by that sin, and bear a responsibility for the suffering that inevitably flows from sin.

In answer to the moral problems that arise from ever-changing economic systems, the Church has over a long period of time formulated a coherent body of social teaching on this subject. This teaching establishes certain basic principles which can be applied to any economic system or phenomenon. Thus, while much social teaching, especially in this century, was a response to the conflict between Western capitalism and Soviet communism, the central principles can equally well be applied, for example, to the contemporary trend known as globalisation. By using these principles - which we will explore in the next section - as guidelines for our economic lives, we can be confident of making the correct choices and of developing appropriate structures.

Christian Economic Values

5

At the heart of the Christian Gospel is Christ's commandment: "You must love your neighbour as yourself" (Mk12: 31). If everything we did was measured in terms of this instruction we could be sure of acting justly in all matters. But it is sometimes difficult to apply such a broad statement to our everyday activities, especially when we are dealing, as we have seen above, with the complex and highly-structured area of economics. It is often hard to know what exactly the consequences of our economic choices will be. Let us consider, therefore, some of the concrete measures of 'love of neighbour' developed by the Church, which we can use to guide our economic actions and decisions.

- **The Common Good:** Throughout history people have been bound together in community with one another. As it is sometimes said, human beings are 'social animals'; we depend upon each other for our well-being and development, and it is impossible for any of us to live fully human lives as isolated individuals. From this it is clear that we have duties and responsibilities towards each other, and that we should order our lives in such a way that we advance not only our own interests, but the interests of the whole community. Indeed, the only way in which we can truly advance our own interests is by recognising and promoting the community's interests, or in other words, the common good. In the field of economics, therefore, we should avoid those choices which, while they may appear to be to our individual advantage, are not favourable to the good of the community as a whole, the common good. This does not mean

that there is no room for personal advancement, or that we have to put aside our own desires and ambitions and concern ourselves exclusively with the good of the rest of the community. It means, rather, that we must find our own interests within the framework laid down by the common good. We must recognise that what is good for the community is good for us, and what is bad for the community is bad for us. Because we are bound together and dependent on each other, it is an illusion to think that a choice which harms the community can, in the long run, be anything but harmful to us as individuals.

(Solidarity) is a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all.

Pope John Paul II 'On Social Concern' (1987) para 38.

- **Solidarity:** Our awareness of the importance of the common good leads us to order our lives and adapt our behaviour accordingly. We adopt an attitude of solidarity towards others and towards the whole community; we become aware of the needs and concerns of others, and 'make them our own'. Solidarity is not simply a question of feeling sorry for others, a vague notion of wanting to contribute to their well-being, but a joining with others in a deep commitment to the common good. As such, it acts as a clear and powerful motivation, a guideline for the way we live our lives.

A very important aspect of solidarity - when we are discussing the economy - is a commitment to regional co-operation. Economic justice cannot be confined to one's own country. All too often prosperous economies, which largely succeed in providing for their own people, exploit their neighbours, whether by undermining the latter's industries or by trapping them into unfavourable trade relations. Thus, solidarity cannot be limited to a purely domestic virtue; it must reach across national borders as well, especially to the poor of the nations with which we trade.

In working with others for a better society we should always seek to empower the poor and the disabled, the aged and the youth, and women from every group, as these, unfortunately, tend to be neglected in every culture, religion and nation.

SACBC Pastoral Letter 'A Call to Build a New South Africa' (1992) para 26.

- **The Option for the Poor:** Since, in practice, the common good is not sufficiently highly cherished, and since too many people fail to live in solidarity with the community, it is inevitable that there are those who suffer as a result of these failures. These are the poor, the oppressed, those living on the margins of the community, those whose interests have been neglected or ignored. As such, they are especially entitled to solidarity, to the special commitment of the rest of the community to remedy the situation in which they find themselves. It is this special commitment which the Church calls the 'preferential option for the poor'. In practical terms it means that our economic actions and decisions must not only avoid harming the interests of the poor, but must actually contribute to their upliftment. For this reason economic efficiency is not the primary consideration; the poor must be given privileged treatment, even at the cost of some measure of technical inefficiency.

The option for the poor can be exercised not only in favour of the materially poor, about whom we are mainly concerned

The 'option for the poor' is not an adversarial slogan that pits one group or class against another. Rather, it states that the deprivation and powerlessness of the poor wounds the whole community. These wounds will be healed only by greater solidarity with the poor and among the poor themselves.

National Conference of Catholic Bishops (USA) 'Economic Justice for All' (1986) para 88.

(I)t is an injustice... to transfer to the larger and higher collectivity functions which can be performed and provided for by lesser and subordinate bodies.

Pope Pius XI 'Quadragesimo Anno' (1931).

People should regard their lawful possessions not merely as their own but also as common property, in the sense that they should accrue to the benefit, not only of themselves, but of others.

Second Vatican Council 'The Church in the Modern World' para 69.

here, but also towards those who have been marginalised because of race, gender, disability, religion, or for whatever reason; indeed, such classes of people often tend to be materially poor as well, as a direct result of being marginalised. Also, it must be understood that the poor are not passive recipients of this option, but active participants in its exercise - they must demand what the common good requires for them, and they must exercise the same solidarity among each other as the community as a whole must show to them.

Of course, the option for the poor is not an option against the rich - as we have said, we are bound together and what serves the interests of the common good also serves our interests as individuals. Therefore, the option for the poor is a call to the rich to participate in the upliftment of the poor, to the benefit of the whole of society.

- **Subsidiarity:** The principle of subsidiarity protects the rights and dignity of individuals and groups in the face of the powerful, especially the state. It holds that those things which can be done or decided at a lower level of society should not be taken over by a higher level. As such, it reaffirms our right and our capacity to decide for ourselves how to organise our relationships and how to enter into agreements with others. In the modern world the increasing concentration of economic power in the hands of a minority, and the growing power of large corporations, tend to deprive individuals and groups of such rights and capacities. Economic policies and choices can reinforce this effect and lead to ever greater power accruing at higher levels of the economy. We can and should take steps to encourage decision-making at lower levels of the economy, and to empower the greatest number of people to participate as fully as possible in economic life. On the other hand, there will always be a role for the state and the large corporation, especially in coming to the assistance of individuals or groups which are incapable of acting alone. Indeed, even at the level of global economics there are states which need this assistance; here the United Nations and other international institutions have an important role to play.

- **The Common Destiny of Goods:** The Church has always upheld the right to private property, seeing it as an essential aspect of human freedom. However, this is by no means an absolute right - it is subject to the overriding consideration that all created goods are intended for the good of humanity as a whole. Thus, the way owners of property use their goods - be they land, money, technology, natural resources or manufactured things - must take into account the fact that they belong in the first instance to the community as a whole, and that we, as individuals, have a right of use over them for the common good. We abuse this right when we use goods in a selfish manner, when we deprive others of their right to those goods and to the benefits which flow from them. This can

occur through wasteful or extravagant use of our property, or through attempts by the few to gain greater and greater wealth at the expense of the majority. Such behaviour harms the common good of the community, and is a denial of God's purpose in providing us with the created world and its resources.

Each generation takes the natural environment on loan, and must return it after use in as good or better condition as when it was first borrowed.

Catholic Bishops' Conference of England and Wales 'The Common Good and the Catholic Church's Social Teaching.' (1996) para 107.

- **The Integrity of Creation:** While it is true that we have been given the created world in all its richness and diversity, creation is not ours to do with as we choose. We show our respect for the Creator by the way in which we relate to all that God has created, the things of which the book of Genesis says: "God saw that they were good" (cf. Gen 1). We are called to a stewardship which we have to exercise with due reverence and responsibility. Our economic activity must respect the inherent goodness, indeed, the holiness, of the created world. Activities which result in ecological destruction or which unduly deplete natural resources are not only an abuse of what has been given to us, but a denial of that gift to others, especially to future generations.

- **People-Centredness:** Economic decisions must always take into account the interests of the people who will be affected by those decisions. These, rather than the maximisation of profit or the achievement of financial targets or the fulfillment of theoretical or ideological goals, must be prioritised. Another way of thinking about this is to consider the manner in which we talk about people in the economy. People are often described as 'human resources', an economic ingredient along with various material resources such as capital, land, technology and so on. The danger here is that we place these different resources on a par, and value them equally, when in fact 'human resources', precisely because they are human, must be treated differently. People are both the cause and the purpose of economic activity, whereas other resources are only the instruments, the means we employ in the economy to reach its true end - the well-being of all, the common good. The economy exists for people, not people for the economy; for this reason the Church teaches that labour - meaning workers and management - must enjoy priority over capital.

These values - the common good, solidarity, the option for the poor, and so on - operate as beacons to guide us on our economic journey. Whether we are speaking of the profound and far-reaching economic policy decisions made by governments, or of the role of business, or of the day-to-day economic choices made by individuals and groups, such as where to invest money, how to spend it, or how to use our talents and abilities, we need to refer constantly to these values. If we allow these values to guide us in our economic actions and decisions we can be sure that we are promoting just economics; and the resulting economy will be a just one, in which poverty, greed, materialism and unemployment will have no place.

We turn now to an examination of the South African economy, analysing it in the light of what we have said concerning those things which indicate economic injustice, and bearing in mind the Christian economic values which we have just considered.

The South African Economy

6

It is impossible for any South African to be unaware of the large numbers of our people who still lack the basic necessities of a decent life. Poverty, homelessness, unemployment, lack of access to proper health-care and education - all these are apparent to anyone with eyes to see. At the same time the government is cutting back on expenditure in many areas. Welfare grants have been reduced, teachers have been retrenched, there appears to be no money to employ more police and court officials, and so on. It is tempting, in the face of all this, to think that South Africa is a poor country, with the same lack of wealth and resources as many other African countries, and that our economy is simply unable to provide for the needs of our population. According to this view, the millions of poor South Africans have little to look forward to, and relief from their poverty is but a vague dream.

Such an attitude would be mistaken, and would contribute nothing to the much-needed solution to our economic problems. South Africa is in fact not a poor country, but a relatively rich one, incomparably better off than our neighbours. As an indication of this, we need only glance at the respective average yearly incomes of individuals in some other African countries, as compared with South Africa. In US dollars the average income in Senegal is 570, in Ghana 390, in Mozambique 85, and in South Africa 3160. Further afield, in Sri Lanka it is 690, in India 340, and even in Poland, an industrialised European country, average income is 2270. These figures explain

why, rather than being seen as a poor country, South Africa is classified by the World Bank as an upper middle income country.¹

All this raises the question as to how it is that, given such relatively favourable figures, half of our population lives in poverty. The answer, of course, is to be found in the defining characteristic of our economy, the vast disparity in income between rich and poor. While a small minority of our people enjoys an extremely high level of income, many millions find themselves with Lazarus, surviving on the crumbs from the rich man's table (cf. Lk 16:19ff.). Our analysis of the South African economy must start with an investigation of this phenomenon.

Rich and Poor

There must come a point at which the scale of the gap between the very wealthy and those at the bottom of the range of income begins to undermine the common good. This is the point at which society starts to be run for the benefit of the rich, not for all its members.

Catholic Bishops' Conference of England and Wales 'The Common Good and the Catholic Church's Social Teaching.' (1996) para 71.

As we have said, even where no-one lives in absolute poverty, the existence of a glaring disparity in income levels indicates an intolerable imbalance in the way wealth and resources are distributed. How much more so, then, is this the case in our country, where up to 53% of our people are indeed living in poverty². The situation is even worse when we consider the average income figures given above - clearly, the simultaneous existence of such high levels of poverty and such relatively high levels of average income can only mean that a very small number of people hold a shockingly disproportionate share of the wealth. This is borne out by the shameful fact that South Africa has one of the highest Gini coefficients in the world, 0.58, as compared to an average of 0.46 for developing countries and 0.34 for developed countries³.

It may be argued, of course, that those who enjoy the highest levels of income have achieved this through hard work and that they deserve the benefits of their efforts, regardless of the poverty afflicting others. There are many reasons for rejecting this argument. Firstly, it is sinful to keep for oneself an overabundance of wealth when one's brothers and sisters are suffering and even dying for want of simple necessities. In such a situation it is of no consequence how and why some people come to be excessively wealthy while others starve; Christian justice demands that sufficient sharing takes place to ensure that the basic needs of all are met.

Secondly, in the context of South Africa it cannot be denied that our painful history has resulted in a state of affairs in which a small minority was, and to a large extent still is, able to appropriate to itself the lion's share of the country's wealth and resources; in fact, both colonialism and apartheid were intended to produce just this result. Whether through

¹ See, for example, *Business Report*, 13 April 1999, p2.

² In August 1997 the SA Non-governmental Organisation Coalition (SANGOCO) reported that 53% of South Africans were living below the R301 per month poverty line ('NGO Matters' vol 2 no 9, p7). The government report 'Poverty and Inequality in South Africa', issued in May 1998, calculated the poverty line as R353 per month, and found that 19 million people, or just below 50% of the population, lived on or below this line.

³ The Gini coefficient is an economic indicator which measures inequality in income distribution. If income is perfectly equally distributed among a country's population the co-efficient will be 0, while if all the income goes to one person the figure will be 1. Thus, the higher the figure, the greater the inequality in income distribution. The figure of 0.58 is given in the report 'Poverty and Inequality in South Africa.'

While an enormous mass of people still lack the absolute necessities of life, some, even in less advanced countries, live sumptuously or squander wealth. Luxury and misery rub shoulders. While the few enjoy great freedom of choice, the many are deprived of almost all possibility of acting on their own initiative and responsibility, and often subsist in living and working conditions unworthy of human beings.

Second Vatican Council 'The Church in the Modern World'
para 63.

inequalities of opportunity such as lack of decent education and health-care, or through direct coercion such as the practical enforcement of migratory labour on the mines and the use of virtual slave labour in agriculture, or through statutory measures such as the laws which deprived people of their land, successive political dispensations in South Africa conspired to produce an economy which advantaged a minority by disadvantaging the majority. In South Africa more than in most countries, the rich are rich because the poor are poor. Uncomfortable as it may be, those who today enjoy a luxurious standard of living cannot distance themselves from the past, and from the moral debt which they have inherited.

Thirdly, even if the demands of charity are rejected, and even if it were possible to argue that those enjoying excessive wealth are fully justified in doing so, common sense dictates that our society cannot prosper under these conditions. As we have seen, the good of each of us in the long term is secured and promoted by the common good of all. Self-interest requires, therefore, that those who have in abundance must share with those who have nothing. Failure to do so can only precipitate social instability and threaten the well-being of all, rich and poor. History abounds with instances where the rich and powerful have brought about their own downfall by refusing to recognise in good time the legitimate demands of the poor.

In conclusion, in the matter of rich and poor, it must be said that this is by no means a simple question of race. Changing the racial composition of the two groups provides no solution. The increasing number of black South Africans assuming positions in the economic elite of our society will not, of itself, close the gap between rich and poor. And as long as this gap remains at its current scandalous levels, the future of our country is at risk.

If the gap between rich and poor is unacceptable, then so too is the actual degree of poverty in our society. It is not necessary for us to provide a detailed breakdown of the indications and symptoms of poverty in South Africa; no-one with any awareness of their surroundings can fail to notice it. A few indications will suffice: we have already seen that half our people live in poverty; in addition, we have high rates of malnutrition and infant mortality⁴; one in six South Africans live in shacks; over half our people have no running water in their homes⁵; and hundreds of thousands of elderly people have no income other than the R520 old-age pension, which they often have to share with unemployed dependents.

⁴ 25% of pre-school children were 'stunted' according to the Medical Research Council's Annual Report for 1996/7, quoted in 'South Africa Survey 1997/98' SA Institute of Race Relations (1998), Johannesburg, p194. The survey puts infant mortality in 1996 at 59.1 per 1000 live births (p185).

⁵ According to the October 1996 national census.

It is in the poverty, homelessness, and malnutrition of the majority of our citizens that one can see the enduring results of apartheid.

SACBC Pastoral Letter 'Free At Last' (1994) para 6.

Poverty

It is important for us to have some grasp of the extent of poverty, to understand its causes and its consequences, and even to discern what the solutions to the problem may be; but it is all too easy for this to become a mechanistic exercise, a matter of Rands and cents, in which we lose sight of the true significance of poverty. In an economy such as ours which, as we have seen, is more than capable of providing the necessities of life for all its people, the existence of poverty is a denial of what we have termed Christian economic values - the common good, solidarity and people-centredness. It is a sign that the economy has strayed from its true purpose, the equitable and fair distribution of wealth and resources, and has instead become a tool of sectional interests. Avaricious economic competition, with inevitable winners and losers, has replaced economic co-operation in which all are assured of, but none are limited to, the necessities of life.

By tolerating such high levels of poverty, the South African economy undermines the common good and fails to demonstrate the solidarity that our shared human dignity demands. Profits continue to be put before people, and in a general sense, the economically empowered tend to pursue their own enrichment while neglecting the basic needs of the economically disempowered. And it comes as no surprise to find that it is the great majority of the same section of our population that until recently suffered under political tyranny that continues to suffer under an oppressive economy. Regardless, once again, of considerations of justice and Christian charity, common sense surely dictates that such a situation cannot prevail for long without resulting in serious social instability, to the detriment of all, rich and poor.

One of the main reasons for our high rates of poverty is the failure of the economy to provide sufficient jobs. While it is true that no economy is able to assure sustained full employment, joblessness in South Africa is not just a matter of a few per cent; it is an extremely serious problem.

Unemployment

It is the duty of society, moreover, according to the circumstances prevailing in it, ... to help its citizens find opportunities for adequate employment.

Second Vatican Council 'The Church in the Modern World' para 67.

In order to derive benefit from an economy, people must be able to participate in it; and for most people, the primary means of economic participation is through work. Indeed, throughout human history it has been a basic norm that all are expected to work, and thereby to contribute to the economy. Those who refuse to do so, for no good reason, have generally been excluded from the benefits of the economy. However, if society expects all its members to work and to contribute, then it should make it possible for them to do so. In this regard a profound responsibility rests on both the political authorities and those who hold powerful positions in the economy. Everything possible needs to be done to maximise job

opportunities, and where the choice is between greater profits and greater employment, the latter must be chosen.

In South Africa this is a matter of the greatest urgency. Approximately one out of every three economically active people is without work⁶. As long as this remains the case there can be no hope of achieving a secure and prosperous future for our people. In some parts of the country unemployment is at nearly 50%⁷, meaning that each worker has to support not only his or her own dependents, but another worker and his or her dependents as well. Thus, unemployment affects not only those without a job, but also those who have work. In consequence, the poverty and the rich/poor gap which we have already mentioned can only be exacerbated. Furthermore, such a scale of unemployment acts as a huge drain on the state's resources, further reducing its ability to provide much-needed social services.

A society in which this right [to work] is systematically denied, in which economic policies do not allow workers to reach satisfactory levels of employment, cannot be justified from an ethical point of view, nor can that society attain social peace.

Pope John Paul II 'Centesimus Annus' (1991) para 43.

(Work) is good because it expresses and increases people's dignity. Through work people do not only transform nature; they are also fulfilled; they become 'more human'.

Pope John Paul II 'On Human Work' (1981) para 9.

The harm caused by unemployment is by no means limited to material matters; there is also an enormous social cost. While simplistic deductions must be avoided, there can be no doubt that a connection exists between high rates of unemployment and the distressingly high incidences of crime, family breakdown, domestic violence, gangsterism, and drug and alcohol abuse which beset our society. Many of these social problems in turn impact negatively on the economy, resulting in a vicious circle which will only be broken by the provision of jobs.

But there is more to the question of unemployment than just its economic and social costs, severe as they are in our country at present. Even if unemployment did not impact negatively on the economy, and even if it was not a cause of the social problems we have noted, it would still be a denial of an essential element of human dignity. Through work we co-operate with the Creator in bringing to fulfillment the created world; we exercise our God-given abilities and talents as co-workers with God in the great task of transforming the material world. Work is not simply an onerous necessity, coincidental with our physical existence, a burden which we should try to escape. It is a vital part of our humanity, the manifestation of our creativity, an opportunity for our growth and fulfillment. Indeed, work is nothing less than a constituent dimension of the purpose for which the world was created and for which we ourselves were brought into being.

Of course, it is not always easy to discern these noble ideals in all the different kinds of work which we experience. Many people, perhaps even the majority, find themselves working in exploitative or demeaning situations which are as much of

⁶ Statistics South Africa measured overall unemployment at 34% in the October 1996 national census. This figure has probably grown since then. There is some debate about methods of defining and calculating unemployment, but even those studies that use a restrictive, rather than an expansive, approach arrive at figures in excess of 25%. (See in general, 'Census in Brief' Statistics South Africa (1998) Pretoria; 'South Africa Survey 1997/98' South African Institute of Race Relations.)

⁷ During the October 1996 national census unemployment in the Eastern Cape was 48.5% and in the Northern Province 46.0 %.

an affront to their dignity as unemployment would be. What is needed, therefore, is not just work, but humane and dignified work. Nevertheless, we are concerned for present purposes with the need for work itself to be available to all our people, work which, however humble or exalted it may be, satisfies our innate desire and responsibility to reach fulfillment. That so many of our people are denied this opportunity is a shameful injustice, especially since it is so often the result of the excessive pursuit of profit or of economic policies which fail to take adequate account of the inherent value and dignity of the human person. Work is indeed a right, a right which, as a nation, we fail to respect at our peril.

In this regard it is disturbing to note the current tendency to lay the blame for unemployment at the door of workers themselves and their organisations. The oft-repeated charge is that organised workers constitute an elite which, through demands for higher wages without commensurate increases in productivity, is responsible for the inability of the economy to create more employment. In recent years, however, labour productivity improvements have outstripped unit labour costs⁸. Furthermore, there is no evidence to show that, in the absence of demands for higher wages, employers take on more staff.

While these three factors - the gap between rich and poor, poverty and unemployment - are clearly the greatest obstacles in our quest for a just economy, the other characteristics of an unjust economy which we have alluded to above are also present in our situation.

Materialism

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 towards '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.

Pope John Paul II 'Centesimus Annus' (1991) para 36.

It is good and proper that those who work hard, who develop their abilities and who take on responsibility should be rewarded for their efforts. And it is fitting that incentives should be provided to encourage people to do these things. However, a balance must be achieved in which material values such as wealth, status and power do not become the dominant or sole motivation. If this happens, more important values such as the common good and solidarity tend to be neglected or altogether ignored.

There are numerous examples of this in our country. Much has been said about the 'gravy train' in the public sector, in which often excessive salaries and benefits are provided to holders of public office. These are justified as being necessary either to attract qualified people or to lessen the temptation presented by corruption. Both of these justifications indicate that the value of service to the community is perceived as secondary to the material value of wealth. Again, status symbols such as expensive cars are routinely provided, and in many cases, demanded as somehow enhancing the dignity

⁸ *Business Day* 9 July 1998, p15. *Business Report* 20 January 1999. The September Commission, set up by the Congress of South African Trade Unions (COSATU), reported in 1997 that labour productivity rose by 12.8% in the period 1992-1996, while unit labour costs declined by 6.9% over the same period. See in general 'Explaining Productivity: A Brief Assessment' Church and Work Office of the Southern African Catholic Bishops' Conference (1998) Pretoria.

and worth of the recipient. Such tendencies not only act as a drain on the resources of the state, limiting its ability to finance important social needs; they also set an example for the community at large. The message is that public life is an opportunity for self-enrichment, rather than an opportunity to serve others.

Materialism in public life stems, in large part, from the overtly materialist nature of the private sector. Here, success is measured largely in terms of a person's wealth or influence, of the number of possessions they have accumulated, of what they earn and own. People are encouraged to aspire to ever greater material wealth, to 'get ahead' of others, to compete, sometimes ruthlessly, for a bigger share of what is available. It is disturbing to note that so many people are prepared to receive their education and training in South Africa, often at vast expense, through the state, to the community as a whole, and then leave the country simply in order to maximise their earnings. There is little sense of the duty which we all have to contribute, to put back into society what we have received from it.

It must also be pointed out that materialism is not confined to the rich. Even the relatively poor can allow materialist values to dominate their lives. Where this happens, whether for rich or for poor, the economy becomes nothing more than an arena of competition, where the best-equipped, the luckiest or the toughest prosper. In the absence of the truly human values, the weak, the ill-equipped or the unlucky fall by the wayside.

Once again, it is a question of balance. It is entirely legitimate to strive to increase one's wealth, and to enjoy the fruits of one's labour, but this must happen in harmony with one's social responsibilities. Material values should be accorded their proper place in relation to social, spiritual and moral values. Where this balance is disturbed, as it is in our economy, injustice is the inevitable result.

Greed

Consumerism makes us want to buy more and unnecessary things, when instead we should use our money sensibly to provide food and shelter for our families, to share with those who have less and to save for the future.

SACBC Pastoral Letter 'A Call to Build a New South Africa' (1992)
para 22.

Even when the trap of materialism is avoided, and human values are recognised and maintained, the temptation to excessive consumption is always present. Each of us must discern for ourselves what our real needs are, how much of this world's goods we really require in order to live a fulfilling and dignified life. As long as we can meet our needs we should be content, given that there are almost always others whose needs are not being met. This is not to say, however, that we should reject all comforts, all the pleasures that can be derived from what God has given us on earth; but simply that we must always bear in mind the needs of others, especially where, as in South Africa, millions of our brothers and sisters lack the bare necessities.

Unfortunately, the dominant ethic in large sections of our society appears to be one of consumerism, a preoccupation

with the acquisition of money and goods even to the point where it becomes impossible actually to use them, and satisfaction is derived merely from having them. This is nothing less than a form of idolatry. It is all the more harmful in that it occurs at the expense of others. Since there is a limited amount of wealth available, the greed of one is directly linked to the deprivation of another.

Lack of Dignity

Every economic decision and institution must be judged in the light of whether it protects or undermines the dignity of the human person.

National Conference of Catholic Bishops (USA) 'Economic Justice for All' (1986) para 13.

We have already mentioned that many people find themselves working in demeaning and oppressive circumstances. In a wider sense our economy as a whole tends to place a large proportion of our population in a situation of lifelong drudgery, struggling merely to survive from one day to the next. Huge numbers of people are reliant on various forms of charity or on welfare grants as a result of there being seemingly no place for them in the economy. In some of the biggest employment sectors in the economy, such as mining and agriculture, conditions of employment and remuneration are often extremely poor, and fail to meet the necessary standards of human dignity. Indeed, in agriculture it is no exaggeration to say that conditions of virtual slavery prevail in some instances.

While human dignity is not directly dependent upon material considerations, it is nevertheless the case that the growth and development of our social and moral capacities require that our physical needs be met. Where these needs are neglected or ignored it becomes extremely difficult, sometimes almost impossible, for social and moral standards to be upheld. Hopelessness and frustration set in, leading, in many cases, to crime, domestic violence, drug dependency and the like. An economy in which a significant proportion of the employed have little prospect of anything but a lifetime of unstimulating, low-paid, mundane work, merely in order to survive, invites the social problems which we are currently experiencing. Respect for human dignity demands that workers be treated as more than just another 'input' along with capital, machinery and technology.

Women

In recent years many legal obstacles to the employment and advancement of women in the economy have been removed. Laws have been introduced which prohibit unfair discrimination against women in the workplace, and which encourage special measures to ensure that women are represented in greater numbers at all levels. Nevertheless, it is still the case that women face a range of cultural, social and traditional barriers to their economic advancement. As a social category, women are far more likely than men to be unemployed, to live in poverty (often with the added burden of having to support children), and to lack marketable skills. They are also poorly represented in the top levels of the

economy. To this can be added the fact that many women also face other barriers, such as race and background. Black rural women in particular are at an enormous economic disadvantage in comparison to virtually any other group in our society⁹.

Family Life

A healthy family life is essential for a society to develop and prosper. Therefore, an economy which stresses and pressurises family life must be avoided. In this regard it is deplorable that the system of migratory labour is still prevalent in our country, forcing tens of thousands of families to live apart. We are also seeing a tendency towards routine overtime work, which deprives parents of adequate time with their children and other dependents. Sunday trading is becoming the norm, even in the most non-essential fields. Apartheid's imprint on our cities means that vast numbers of workers have to spend hours travelling from their homes to their places of work, effectively lengthening the working day to the point where there is insufficient time for family interests and recreation.

These circumstances are already responsible for much social dislocation in our society. This occurs not only at the level of the individual family, but also in the wider social units of the village and the local community which are so characteristic of and beneficial to our society. Unless those aspects of our economy which have such a negative impact on family and community life are addressed, the situation can only deteriorate further.

We end this brief analysis of the injustices in the South African economy by considering three further factors which, though not peculiar to South Africa, are undoubtedly obstacles to economic justice in our country.

Land

It is no coincidence that both colonialism and apartheid set out systematically to deprive the majority of our people of their land. People's ties and access to the land had to be eliminated in order, among other reasons, to force them to participate in the formal economy by selling their labour. An abundance of cheap labour was - and to a large extent still is - central to the development of our economy, and where it was not freely available, it was coerced by forcing people off the land. To this day an overwhelming proportion of the productive land in South Africa remains in the hands of the minority which obtained it historically by unjust means. Landlessness continues to disadvantage millions of our people; it deprives them, to a considerable extent, of an important

⁹ Details of the extent of the disadvantage can be found in both 'Census in Brief' and 'South Africa Survey 1997/98'. For example, the former shows that unemployment in October 1996 was 52.4% for African women as compared to 34.1% for African men and 5.1% for white women (p47). The latter indicates that only 4% of non-urban women earned above R52 000 per year, compared with 41% of urban men and 18% of urban women (p278).

source of economic security; and it forces them, on unequal terms, to provide the cheap labour which results in increased profit for those who benefit most from the economy.

Despite commendable efforts by the government, land restitution and redistribution programmes have only scratched the surface of the problem, and much more needs to be done to address this historical, and continuing, injustice. To date relatively few land claims have been settled, and most of these - as well as the majority of claims still outstanding - concern land in urban areas¹⁰. At the same time, there are regular reports in the media of farm workers being evicted from farms in spite of the enactment of new legislation intended to provide them with greater security of tenure. Taken together, these facts highlight the pauperised existence of the country's rural black population. A concerted approach to a new land ownership and land-use policy is needed to address this problem.

Debt

Apart from any considerations of justice, the apartheid system was an extremely expensive one from a financial point of view. It gave rise to a proliferation of costly and wasteful bureaucracies, it required vast spending on 'defence', including the occupation of Namibia, and towards its end it caused sanctions and boycotts to be applied, forcing the previous government to finance its expenses by borrowing from its own people.

This is not the place to attempt a detailed analysis of our debt problem. The salient points are that roughly 95% of our central government debt is owed to institutions within South Africa, and that the greatest part of this debt was accumulated by the apartheid state. The need to service this debt now acts as a drain on the new administration, and profoundly limits its capacity for much-needed social spending. Interest payments on the debt - which account for 22% of total government spending - accrue very largely, though by no means exclusively, to those who benefited most under apartheid; while those who endured most continue to suffer inasmuch as the need to service the debt is given priority over their legitimate demands for social services.

It cannot be expected that the debts which have been contracted should be paid at the price of unbearable sacrifices. In such circumstances it is necessary to find ways to lighten, defer or even cancel the debt, compatible with the fundamental right of peoples to subsistence and progress.

Pope John Paul II 'Centesimus Annus' (1991) para 35.

In addition, a substantial amount of public sector foreign debt was accumulated under apartheid, most of which is not reflected in government's budget, but the servicing of which continues to drain our foreign exchange reserves.

This is clearly an intolerable situation. Just as, in the global arena, poor countries subsidise rich countries through the inequities of international debt, so in our country, the poor continue to subsidise the rich by virtue of an internal debt which was not acquired on their behalf. The debt is thus a

¹⁰ Figures supplied by the Commission on Restitution of Land Rights indicate that a total of 63 455 claims for the restitution of land had been received by 31 December 1998, the cut-off date. Of the 23 414 claims lodged by 31 January 1998, only 15% involved rural land; this ratio is likely to remain substantially the same for the final figure of 63 455.

drain on the economy in general, and a particular burden on those who have been, and continue to be, especially disadvantaged economically.

Corruption

While it is notoriously difficult to arrive at accurate figures to show the economic damage done by corruption, there can be no doubt that it is a serious problem in South Africa. In the private sector there is widespread tax-evasion, double-invoicing and other forms of dishonesty which deprive the state - and thereby the community - of much-needed resources; not to mention those types of corrupt behaviour, harmful business practices, insider trading and so on which disadvantage others in the private sector.

Similarly, in the public sector examples of corruption abound, ranging from nepotism to bribery and downright theft of state property. In other cases officials fail to follow the correct procedures, resulting in losses of substantial amounts of public funds. And, even though it is not strictly speaking a question of corruption, there is the matter of a civil service which appears, in some areas at least, to be poorly managed and overstaffed. Such a civil service becomes wasteful of resources and a drain on the economy, rather than an economic asset.

Although various others come to mind, these are some of the main problems and injustices besetting our economy. However, they are internal problems; we must also consider external factors. In the next section we take a brief look at some of the most important features of the world economy, as they relate to South Africa.

The World Economy



Many of the challenges and injustices which we have identified in our own economy are to be found at an international level as well. While it is not our task here to survey in any detail the world economic scene, we must make reference at least briefly to some of the most important factors, especially where they have an impact on our own economy.

Globalisation

With each passing year methods of communication and transport become faster and more sophisticated. Decisions made in one country are implemented almost immediately on the other side of the world. Multi-national companies operate in numerous countries around the world, and many of them are vastly more powerful, from an economic point of view, than many developing nations. Trade controls and restrictions on the flow of money from one country to another are constantly being eliminated.

Taken together, these changes in the international economic order are known as globalisation; and in many ways this is a positive and potentially beneficial trend. However, there is also much about the way that globalisation functions that is negative, and which threatens the well-being and development of the poorer nations. Profits derived by multi-national companies from the resources and labour of poor countries are too easily transferred to shareholders in the rich countries. Increased access to imported goods often leaves local industries unable to compete with the cheap products of underpaid labour in other parts of the world, resulting in downward pressure on wages.

Today those who are involved in large-scale economic processes speak of globalisation. If the world's regions are moving closer together economically, this must not involve a globalisation of poverty and misery, but priority must be given to a globalisation in solidarity.

Pope John Paul II, speech to Civil Authorities and Diplomatic Corps, Vienna, Austria (1998).

In too many instances, globalisation takes advantage of, and exacerbates, the inequalities between the nations. Poor countries find themselves unable to compete on an equal footing with the rich, and are consequently exploited. The amoral ethos of survival of the fittest, long present in national economies, has now been translated onto the international

There is a growing feeling that this increasing internationalisation of the economy ought to be accompanied by effective international agencies which will oversee and direct the economy to the common good...

Pope John Paul II 'Centesimus Annus' (1991) para 58.

stage. As a result, we are seeing the creation of an 'underclass' of nations.

Just as it is the duty of the state at domestic level to intervene on behalf of those whose interests are neglected by the national economy, so it is the task of the international community to do so in the name of the poor and excluded nations. Unfortunately, the advance towards a global economy has not been accompanied by sufficient progress in global responsibility and a sense of global solidarity.

Globalisation is having its effect on South Africa. We are seeing certain industries failing to compete, at least partly due to the iniquitous working conditions in some of our competitor economies; currency speculation and the free movement of capital have harmed our economy of late; and the introduction of new technologies and mechanised production methods from abroad has led to significant job-losses here while sustaining overseas industries.

There can be no doubt that globalisation is a growing trend. While many of its effects are beyond the control of any one country, it remains the duty of states to mitigate its negative effects on their populations. Regional co-operation and solidarity is of the greatest importance in this respect; the advancement of poor countries will be much better served if they stand together than if each pursues its own narrow interests.

International Structures and Institutions

Various bodies exist in order to foster international economic development, foremost among which are the World Bank and the International Monetary Fund. Since their inception these bodies have no doubt achieved much that is good. However, especially in recent decades, the prescriptive - some would say arrogant - approach of these organisations has brought widespread suffering to the poor populations of developing countries. An inflexible adherence to free-market fundamentalism, as it is sometimes called, has been insisted upon by these bodies as a condition for their assistance. This has had disastrous consequences for the poor: social expenditure has been reduced, affecting already low standards in health and education; food subsidies, which often stand between the poor and starvation, have been cut; and the cultivation of cash crops, rather than food, has been encouraged in order to promote exports.

While these have been the experiences of many developing countries, especially in Africa, it is perhaps one of the few positive consequences of apartheid that South Africa was isolated from these bodies. As a result, we are not indebted to them to any significant extent, and we have not had these fundamentalist policies - usually known as Economic Structural Adjustment Programmes or ESAPs - imposed on us. It is also encouraging to note that there is an increasing recognition that

these supposed remedies often do more harm than good, and that the international bodies themselves are reassessing the appropriateness of some of their standpoints.

Nevertheless, no developing country can afford to disregard the risks associated with free-market fundamentalism of this nature. As South Africa becomes ever more integrated into the world economy we need to assert the centrality of our own economic values, especially those that favour the poor and the disadvantaged. And we must be on our guard against the imposition of false values and ideological solutions by international organisations which - in the eyes if many - serve the interests of the rich and powerful nations.

International Trade

The relationship between rich and poor nations also comes to the fore in the question of international trade. The exchange of goods and services, and more importantly, the skills and knowledge that creates them, is a positive human activity. What starts out as commercial trade has the potential to develop into a social and cultural interchange, bringing people of different races, religions and languages closer together. Where economic advancement is achieved at the same time all parties benefit.

The global economy has moral dimensions and human consequences. Decisions on investment, trade, aid and development should protect human life and promote human rights, especially for those most in need, wherever they might live on this globe.

National Conference of Catholic Bishops (USA) 'A Catholic Framework for Economic Life' (1996) para 10.

As we have seen, though, economic relationships are characterised more often than not by inequality. International trade agreements can exacerbate this situation. Developing countries, desperate for foreign currency, conclude 'free-trade' deals with rich nations or groupings such as the European Union, which generally favour the latter. While the fragile markets of the poor countries are opened to foreign competition, it is generally the case that the rich countries maintain a level of protection of their own industries.

It is instructive that much of the rhetoric concerning a trade agreement between South Africa and Europe - which European leaders promised as a 'reward' for our transition to democracy - evaporated once the actual negotiations started. Instead, the negotiations proceeded on the basis of narrow self-interest with no indication that the richer, more powerful party was prepared to make the type of generous and open-hearted concessions that its rhetoric had promised. This is precisely the kind of trade agreement which typifies a world economy in which the rich countries do only what is necessary to entrench their position. What they 'give' to the developing world is generally only as much as they have to in order to gain access to new markets, to cheap labour and to raw materials. Instead of solidarity, competition is the motivating factor.

Of course, to speak of rich and poor countries is to speak in relative terms: South Africa is itself a rich country in comparison to many of its neighbours. Just as we must speak out against the injustices of international trade when South Africa is the

victim, so must we object when our country disadvantages another. Certainly, we must be sensitive to the fact that some African countries have objected to some of our trade practices.

The Myth of Unlimited Economic Growth

It is understandable that many developing countries seek to reach the level of material wealth achieved by the developed world. And it cannot be denied that we should all strive for a situation in which everyone has access to adequate food, clothing, shelter, education and health-care. However, at some point it must be realised that the resources of the earth are finite, and that we are already using up some of them in an unsustainable way. Because of this, it is simply impossible for the whole world to reach the material standard of living currently enjoyed by citizens of the richest nations. It is beyond the ability of the earth to supply enough raw materials, energy and probably even food to make that possible.

To put it another way, the high levels of material consumption by the developed world of fuel, of electricity and of other natural resources have already led to vast environmental degradation. It is probably not even possible for these levels to be maintained in the long-term; it is certainly impossible for the other 80% of humanity to reach them. Unfortunately, much international economic activity is based on the assumption that such levels of consumption are possible for everyone, if only certain plans or programmes are followed. Unlimited economic growth, it is said, will flow from a willingness to 'follow the rules of the game', as the rich countries have done.

The concept of an international or global common good demands that no nation should be left incapable of participation in the global economy because it is too poor or too much in debt.

Catholic Bishop's Conference of England and Wales 'The Common Good and the Catholic Church's Social Teaching.' (1996) para 102.

The reality is different. To a considerable extent, the wealth of the rich countries has been built upon the cheap labour, raw materials and export markets offered by the poor countries. The very inequalities of international trade and the indebtedness of the developing world combine to keep the rich countries rich and the poor ones poor. The developing world does not need the empty promise of unlimited economic growth leading at some vague point to material well-being. Instead, what it needs is a willingness on the part of rich countries to scale down their levels of consumption, and to accept standards of living that are sustainable and which do not continue to cause environmental degradation. This, in turn, would make possible a better balance of wealth between rich and poor, and the elimination of poverty would become a reality.

These features of the international economy will have their effect on our efforts towards greater economic justice domestically. For one thing, the freedom of our economic decision-makers in government is severely constrained by globalisation. They have to take into account the possible reactions around the world to any bold moves they may wish to make. And they have to deal on our

behalf with the powerful institutions and trading-blocks which we have just looked at. Nevertheless, each sovereign nation retains its autonomy to a very considerable extent, and it is no excuse to claim that international factors preclude efforts to bring about justice at home. There is much that can be done, some of which we will describe in the next section.

What Can Be Done?

8

The Church is reluctant to prescribe specific economic policy (or to prescribe exactly how to solve all the problems listed above). Nevertheless, it has a responsibility and a duty to go further than simply setting out just economic principles, as we have done earlier in this letter. Where particular economic policies or practices have an adverse effect on people the Church is obliged to criticise them, and where possible, to suggest alternatives.

In doing so we first address the major role-players in setting economic policy - government and business - and suggest practical steps which can be taken by them in order to achieve a more just economy. We then go on to address other role-players, namely labour and civil-society, and we end with the question of people's attitudes, calling for the type of attitudinal change which is necessary for the promotion of economic justice

Practical Interventions

We have argued elsewhere in this letter that all our economic decisions - how we spend our money, where we invest it, how much we borrow or save - have an impact on the overall economy. However, for practical purposes, there are two major role-players in setting economic policy - the government and the business community. In addition, organised labour and civil society also have significant roles. We will deal with each of these in turn.

The State is required to intervene actively in society, including in the economy, to promote and ensure justice.

Australian Catholic Bishops' Conference "A New Beginning: Eradicating Poverty in Our World." (1996) p10.

The Role of Government

Governments everywhere have a responsibility to ensure the welfare of their citizens. One important way in which they do so is by formulating policies and strategies which will enhance the economy and enable it to meet the needs of the people, and especially the needs of the poor and the vulnerable. The extent to which a government should intervene in an economy, and the details of that

intervention, will depend on particular circumstances; but where a country's economy, left to its own devices, fails to provide an acceptable level of material well-being for all its citizens, intervention by the government - or more broadly, the state - will be necessary.

In our country, as we have seen, poverty, growing unemployment and the unequal distribution of wealth are major problems. It is therefore our task to judge the government's economic programme primarily by the effect it has had on these problems.

In 1996 the South African government adopted the Growth, Employment and Redistribution (GEAR) programme as its macro-economic strategy. Simply put, GEAR is a set of guidelines and targets in terms of which the government makes and carries out its economic plans and activities.

In two major respects GEAR has failed so far to meet its targets - in economic growth and in job-creation. Both of these are vital for the alleviation of poverty and, thus, for economic justice. GEAR projected economic growth of 2.9% for 1997, whereas actual growth amounted to only 1.7%¹¹. Its prediction of 3.8 % for 1998 also turned out to be far too optimistic, with actual growth reaching a mere 0.1%. Regarding employment, GEAR predicted that 126 000 new jobs would be created in 1996, and 252 000 in 1997. In fact, some 71 000 were lost in 1996, and 142 000 in 1997. Thus, GEAR fell short of its job-creation targets by 197 000 in 1996 and by 394 000 in 1997. No target was set for the redistribution of wealth, even though this is given prominence in the title of the programme.

All this means that the present economic strategy is not providing the required levels of economic and employment growth. (The figures mentioned above mostly pre-date the economic crisis which enveloped much of the world in mid-1998; this crisis clearly worsened GEAR's failure to meet its targets, but it was not the cause of this failure.) Other initiatives must therefore be considered, and some of GEAR's basic assumptions must be questioned.

Trickle-Down Effect

We would question (the) proposition that the further enrichment of the already wealthy must, as the inevitable result of economic laws, eventually also improve the lot of the less well-off and the poor. This proposition is contrary to common sense as well as to actual experience.

Catholic Bishops' Conference of England and Wales 'The Common Good and the Catholic Church's Social Teaching.' (1996) para 72.

One such assumption is that if wealth and prosperity are created at the top end of the economy, they will 'trickle-down' to those at the lower end. Following this assumption, it is necessary to accede to the demands of the business community for strict fiscal disciplines, deficit reduction, removal of exchange controls, and reductions in company taxation. The implicit understanding is that, given these conditions, the business community will be able to expand the economy; it will create more jobs and improve existing jobs, ensuring that wealth and prosperity are passed on to those at the lower levels of the economy. Unfortunately, there is little evidence that this is happening, or is likely to happen. Indeed, the evidence is to the contrary. Government has by and large met the demands of the business sector, but economic growth has been minimal and jobs have continued to be lost at an alarming rate. The 'trickle-down' assumption has failed to deliver increased employment and wider distribution of wealth, and government must therefore be encouraged to reconsider this assumption.

¹¹ This and the other figures in this paragraph are drawn from the publications of Statistics South Africa and from various press reports.

Budget Deficit

The particular assumption that it is necessary to reduce the budget deficit as rapidly, and to such low levels, as GEAR demands, is also open to question. While it is certainly the case that it is unwise for a country continually to spend more than it receives in income, it is also the case that money sometimes has to be borrowed for investment purposes. In the private sector it is commonplace for large sums to be borrowed in order to finance a new factory or other capital expenditure. Correctly applied, such borrowings are an investment, and result in increased profit in the future. There is no reason why a state should not act in a similar way, borrowing money in order to invest it in what is sometimes called its human capital, its people. For example, public works programmes providing much needed infrastructure, and at the same time giving people training and skills, could be a worthwhile investment in the long-term. Such small-scale efforts as the 'Working for Water' project of the Department of Water Affairs and Forestry are good examples of this.

Alternative Fiscal Measures

A more flexible approach to budget deficits, rather than rigid adherence to pre-set targets, would assist in financing such programmes. But borrowing money is not the only option; certain fiscal measures could be taken to encourage job-creation and to punish job-destruction, with the emphasis on the former. Such measures should be based on a flexible approach to company taxation, in terms of which reductions in company taxation would be offered to companies which have increased their workforce; to companies which adopt labour- rather than capital-intensive methods of production; and to those which go beyond the minimum requirements for training and development of the workforce. Whatever loss to the fiscus would ensue from these measures would be more than offset, we believe, by the expansion of the tax base and the savings in various welfare payments; apart from which, significant job-creation - accompanied by skills development - will have profound long-term benefits for the economy.

Personal Taxation

Regarding personal taxation, we propose that the tax-burden on lower and middle-income earners be further reduced, and balanced by an increase in estate duties and an increase in the top marginal rate applicable to the wealthiest sectors of the population. Those South Africans fortunate enough to enjoy a high standard of living, and whose material needs are assured, must be encouraged to consider their wealth in the context of widespread poverty. The fact that a relatively small number of taxpayers contribute a high percentage of income tax revenue is not an indictment of the tax system. On the contrary, it is an illustration of the imbalances in our economy, since it shows that the great majority of wage-earners earn too little to have to pay significant amounts of income tax. The rich have an opportunity - and a moral duty - to assist in redressing these

Justice will never be fully attained unless people see in the poor person, who is asking for help in order to survive, not an annoyance or a burden, but an opportunity for showing kindness and a chance for greater enrichment.

Pope John Paul II 'Centesimus Annus' (1991) para 58.

imbalances by willingly accepting higher levels of taxation, especially when such increases do not threaten to deny them a comfortable standard of living. By embracing such a 'solidarity' tax they would contribute further to economic justice and at the same time demonstrate a profound commitment to national reconciliation and the common good.

Job Creation by the State

Government also has an opportunity to promote job-creation directly by making this a central requirement for successful tenders for state contracts. Job-creating tenders should be accepted even where they are not the lowest, for the same reasons which we have given in favour of flexible company taxation.

Support for the Unemployed

Regarding the unemployed the state must recognize that, as guardian of the interests of the whole community, it carries the ultimate responsibility for their support. The state already recognises its duty to support the aged, the disabled and, through the Unemployment Insurance Fund, those who have lost their jobs. We suggest that some form of support be provided for all the unemployed, including those who have never held a job.

Privatisation

The issue of privatisation must also be raised, especially in relation to job losses. It is well established that privatisation of state-provided services leads to job losses and, in many cases, to a deterioration in job quality. Concerning the latter, we find that working conditions and job-security offered by private sector organisations that take over the provision of such services are usually inferior to those offered by the public sector. While it may be superficially attractive to outsource the provision of services to the private sector, the long-term costs to the community of increased unemployment must be balanced against any short-term savings. It must also be clearly stated that jobs must never be lost simply for the sake of profit; and it is the profit motive which attracts the private sector to service-provision.

Secondly, privatisation of essential services can and does result in the costs becoming unaffordable for many. The state has a duty to provide basic services such as water, electricity, refuse-removal, public transport and the like at costs which are not out of reach of the poor. If necessary the costs of these services must be subsidised out of state funds. If it is proposed that such services be taken over by the private sector, the state must make certain guarantees: firstly, that the poor will still be provided with these services; secondly, that privatisation will not increase costs; thirdly, that the workforce engaged in supplying these services will not be reduced simply to ensure a profit for the operator; and fourthly, that such workers will enjoy the same benefits and working conditions as those provided by the public sector service-provider.

There are also those state-owned enterprises that are not in the

business of providing essential services. These might possibly be sold off without resulting in job losses or reductions in benefits. In such cases we strongly urge the state to conduct privatisations in ways that empower as many people as possible. It is better that such assets, paid for by taxpayers over many years, be transferred into the hands of many common owners than into the hands of big business or the already rich.

Economic Redress

It must always be borne in mind that much of the gross inequality in wealth and income distribution derives from the ways in which black people were dispossessed of their land and other property, denied training, prevented from taking better jobs, forced to suffer influx control and generally discriminated against. Although the laws which governed all this have been repealed, their legacy is still with us, and those who benefited financially under apartheid now have a responsibility to make economic redress. We urge the government to facilitate such redress through legislative and other measures.

Public Debt

None of these measures, however, will have the desired effect if they do not go hand in hand with a serious and creative attempt to deal with the single greatest drain on the economy - the public debt, to which we have already alluded. It would appear that there are various ways to reduce the debt burden significantly without unduly prejudicing anyone's legitimate interests. To date government appears not to have paid sufficient attention to these, nor has it explained why they cannot be implemented. Failure to deal with this problem can only undermine other efforts to achieve economic growth and prosperity for all.

The Role of Business

The business community has a deep responsibility to co-operate with government in pursuing such national goals as job-creation, wealth-distribution and the alleviation of poverty. Businesses are accountable not only to their shareholders but also to the wider community.

We urge business leaders to find ways of preserving and expanding existing employment levels, and to consider that profit-maximisation is beneficial only to those who share in those profits. Where the choice is between modest profit levels and increased employment on the one hand, and maximum profits and reduced employment on the other, the former must be chosen.

There are various specific steps available to the business community which would contribute substantially to job-creation and job-enhancement, and we will mention some of these. But, in a general sense, what is also needed is the development of a mindset which looks with disfavour on retrenchments, favourably on investment in more labour-intensive methods of production, and favourably on investment in people.

Profit is the regulator of the life of a business, but it is not the only one; other human and moral factors must also be considered which, in the long term, are at least equally important for the life of a business.

Pope John Paul II 'Centesimus Annus' (1991) para 35.

Retrenchments

The large-scale retrenchments that have become a feature of our economy, and which treat employees purely as a commodity to be used and discarded at whim, should be an embarrassment to business. When carried out wilfully with a view to profit maximisation - no matter that such terms as rationalisation, right-sizing and outsourcing are used to describe the process - such retrenchments constitute structural sin, and are abhorrent to the Church and to economic justice.

With the best will in the world, of course, there are still circumstances in which business has no choice but to retrench employees in order to survive. When this happens, every effort must be made to soften the blow. Too often, workers receive almost no warning of impending job-cuts, and no assistance in finding other employment. All employers, of whatever size, should have in place contingency plans which can be put into operation as soon as the likelihood of retrenchments arises. Compensation must be adequate, as it cannot be assumed that retrenched workers will find other employment.

Productivity

Business leaders continually demand that productivity levels be improved, and they either seek to get more work out of the same number of employees, or to get the same work out of a smaller number. These tendencies rest on the false assumption that the best way of achieving greater productivity is by reducing employment levels. To date tens of thousands of workers have borne the brunt of this assumption by being forced into joblessness and their families into poverty.

A common method of increasing productivity is by expecting employees to put in extra hours of work; this is necessary in order to avoid having machinery and capital equipment standing idle. Thus, rather than employing more workers on an extra shift, the existing staff is encouraged to work overtime and on Sundays. This practice of habitual overtime must seriously be questioned. Every opportunity to increase the size of the workforce must be taken, rather than relying on regular overtime being worked by existing employees. Where such employees depend on such overtime earnings to make ends meet it is hard to escape the conclusion that they are not being paid a just wage for their ordinary hours of work.

(I)t is a fact that sometimes technology can almost become our enemy, as when mechanisation replaces people or takes away satisfaction, or the incentive to create; or when it creates unemployment or reduces people to being slaves of the machine.

Pope John Paul II 'On Human Work' (1981) para 5.

Technology

The unemployment problem is compounded by investment in new technology and mechanisation. While we do not argue that such investments are invariably undesirable, we do urge that, before decisions are made in this regard, their effect on people and on the country as a whole be seriously considered.

Training

By international standards companies in South Africa spend relatively little on training and development of the workforce¹². Much more needs to be done in this area, and it is regrettable that government has had to intervene to improve the situation¹³. A voluntary increase in training and development expenditure would have been an indication of the seriousness with which the business community claims to approach matters of employment.

Adequate training is an important requirement for increased productivity at all levels of the enterprise. At present too much emphasis is placed on labour productivity, and not enough on capital and management productivity. Furthermore, increases in productivity per worker often disguise the fact that, as a result of retrenchments, the same output is being maintained by a smaller number of workers. What is needed is increased productivity together with increased employment.

Remuneration

Our brief discussion on the role of business has so far focused mainly on questions of employment, since this is where business is able to make the greatest impact. However, there are other areas in which it can play a part. For example, business must take much of the responsibility for the fact that our workplace wage differentials (the difference between what the highest- and lowest-paid employees earn) are among the highest in the world¹⁴. This situation underpins the scandalous rich-poor gap which exists in our society, and business leaders are called upon to set the example in redressing this imbalance. The Church teaches that people "are bound to come to the aid of the poor, and to do so not merely out of their superfluous goods."¹⁵ Therefore, in those workplaces where such huge wage differentials exist, we propose that executive wages be either frozen or reduced until the wage-gap has been substantially narrowed; and that greater attention be paid to a more equitable distribution of company profits, preferably in the form of increased wages to lower-paid employees.

Input Costs

It is an inescapable fact that South Africa's banks and financial institutions have achieved very high profits in recent years. Some of these profits have derived from speculation in the money markets - with resulting negative consequences for our currency - rather than from investment in the productive capacity of our people and our economic infrastructure. But the high interest rates prevailing in our economy, though not set by the banks, have also contributed to these profits. In addition, there are those companies which exert monopoly, or near monopoly, control in certain sectors of the economy, and

¹² According to a 1995 study by the Industrial Strategy Project (ISP), South African companies spent an average of 1% of their payroll on training, compared with between 4% and 7% in Organisation for Economic Co-operation and Development (OECD) countries.

¹³ In the form of the Skills Development Act 97 of 1998.

¹⁴ The SA NGO Coalition indicates that the ratio of a managing director's salary to that of the lowest paid worker in the company is 100:1 in South Africa compared to 7:1 in Japan ('NGO Matters' vol 2 no 9, p7).

¹⁵ Pastoral Constitution on the Church in the Modern World (*Gaudium et Spes*) para 67.

which have also achieved handsome profits.

In this context it is important for business to move away from repeated calls for labour market flexibility - which in reality means suppressed wages and benefits - while the costs of other inputs, such as capital and raw materials, remain inflexible. A willingness on the part of the financial sector to accept lower, but still adequate, profit margins would significantly reduce business's capital costs. The same, of course, can be said with regard to monopolies in many of our primary and secondary industries, which lead to unnecessarily high raw material costs. Import parity pricing and export subsidisation also tend to keep the costs of raw materials artificially high. The business community is in a position to address this problem, and it should lose no opportunity to do so. It is unreasonable to expect workers, many of whom earn disturbingly low wages, to make sacrifices by accepting labour market flexibility while others in the economy, notably the banks and the large primary producers, remain inflexible.

Social Responsibility

Nothing that we have said so far about the business community should obscure the fact that there are some outstanding examples of business philanthropy and social responsibility; these we commend and encourage. We believe, though, that much more could be done in this respect. Money given to poverty relief, education and training, job-creation schemes and the like may well reduce the amount of profit which a business can distribute to its shareholders; but those shareholders must realise that such expenditure is an investment in the future, one which has the potential to benefit the economy as a whole, thereby, in the long-term, benefiting all our businesses.

We conclude by reminding the business community that it is incumbent on it to respond to the steps which, largely at business's urging, government has already taken in the macro-economic sphere. Regrettably, while we were told that these steps were necessary in order to enable business to play its part in creating jobs and expanding the economy, all we have seen is further retrenchments and 'downsizing', while considerable profits continue to accrue to that small part of our population lucky enough to be shareholders.

The Role of Labour

Although the view is often expressed that there are three more or less equal partners responsible for economic progress - government, business and labour - it is usually the case that labour has relatively little ability to influence policy. More often than not, workers are on the receiving end of economic policy decisions. For this reason labour has every right to have a voice in economic decision-making, whether in the individual workplace or nationally, through representative organisations, but also as individuals. Especially in our context, where workers have been expressing unhappiness at economic policy, their organisations should insist on their right to be heard.

There are various ways in which labour, especially organised labour, can contribute to economic justice. Firstly, labour must do everything in its power to combat job losses. The Church teaches that, just as everyone has the duty to work loyally, so also everyone has the right to work. By safeguarding this right, therefore, labour will not only assist workers, but play an important role in our overall economic well-being.

Decisions concerning economic and social conditions, on which the future of workers and their children depends, are made not so much within the business enterprise itself, but by institutions at a higher level. Hence the workers themselves should have a share in controlling these institutions, either in person or through their representatives.

Second Vatican Council 'The Church in the Modern World'
para 68.

The Interests of the Poorest

Secondly, vast numbers of South African workers earn very low wages and are unable to satisfy even the most basic needs of their dependents. Moreover, as unemployment grows the average number of dependents that each employed worker has to support is rising steadily. Such workers are entitled to demand wage increases beyond cost of living levels, and organised labour must continue to represent their legitimate interests, especially those of the lowest-paid and the most disadvantaged. It must also be noted that it is absurd to expect such workers to exercise wage restraint. This is all the more the case when management does not do likewise, and there is a disturbing tendency towards precisely such a situation in our country at present. Our expectation is for organised labour to take note of those who earn below the poverty datum line, and to promote their interests.

Productivity

Thirdly, it is essential that productivity levels be improved. Management and workforce share responsibility for this, as we have pointed out above, and a constructive approach from the former in this regard must be met with an equally constructive response from the latter. All workers, at whatever level of the enterprise, must consciously strive to work to the best of their ability, realising that in doing so they contribute to the overall good of the economy. The temptation to increase labour unit productivity simply by reducing the workforce and requiring the remaining employees to work longer and harder, must be rejected. Nominal increases in productivity at the cost of jobs are unacceptable, and organised labour must take the lead in opposing any such development.

Representing Exploited Workers

Fourthly, we note that many employers have found it to their advantage to reduce their permanent staff and to employ instead 'temporary' or 'casual' labour. Through our pastoral work we know of many such workers who have worked full-time for the same employer for many years, and yet have never been placed on the permanent staff. In this way these employers successfully reduce or eliminate their liability to contribute to the Unemployment Insurance Fund and to pension or provident funds. In addition, they avoid the inconvenience and costs of employees claiming annual leave, sick leave and maternity leave. While labour legislation has of late made significant strides towards protecting such workers, ways are continually being found to circumvent employment regulations and

to negate the benefits of such legislation. We urge organised labour to find ways of representing these workers and of exposing these harmful practices.

The same principles hold true for those workers who are hired out on a daily basis by labour contractors. They enjoy little or no protection from exploitation, and are too often treated as commodities. Some way must be found to promote the interests of such workers, possibly by campaigning for appropriate legislation.

The Unemployed

Fifthly, the interests of the vast number of unemployed people in our country must not be lost sight of. It is often claimed that the demands of organised labour - for improved wages and working conditions - prevent employers from expanding the size of the workforce. While there is little evidence to show that there is any direct correlation of this sort, it is an argument that can be used to justify a failure to create jobs. It must be stated clearly, however, that it is not acceptable to create jobs with unacceptably low wages and poor working conditions. Labour can assist the unemployed by declining to work regular overtime and calling for increased employment instead. This would also secure for workers and their families adequate time for rest, recreation and spiritual development.

These, then, are some of the practical interventions which we believe are available to the most economically influential sectors of our society. We must not neglect, however, the practical steps which are open to other sectors, including, for example, the churches and the NGOs. These too should ensure that they are doing whatever is in their power to create jobs, to provide training and development, and to pursue just financial and economic policies.

Role of Civil Society

Civil society organisations are motivated altruistically to contribute to the good of society. While very few of them are in a position directly to influence economic policy, they have a role to play in two important respects. Firstly, such organisations often possess a great deal of expertise and experience in fields such as development, education, capacity-building and human rights advocacy. These valuable assets should continually be made available to those in government, business and organised labour who are able to influence economic policy. It is encouraging to note that this is happening, and we urge Non-Government and Community-Based Organisations to persevere in this regard.

Secondly, while it is often said that such organisations are unrepresentative and unaccountable (and that, therefore, their opinions count for little or nothing), we believe the opposite to be true. Many of these organisations are in closer touch with the needs and aspirations of society, and particularly with its poor and deprived sections, than is the leadership of the other sectors we have addressed. Their views must therefore be taken seriously, especially when it is also the case that these organisations are generally free

All the moral principles that govern the just operation of any economic endeavour apply to the Church and its agencies and institutions; indeed, the Church should be exemplary.

National Conference of Catholic Bishops (USA) 'Economic Justice for All' (1986) para 347.

from party political and profit motivations. Consequently, we encourage civil society organisations to make their voices heard at every opportunity on behalf of those who cannot do so themselves.

The same considerations hold true for the religious community as well; the present letter is an attempt by one section of that community to play its part in highlighting some important social concerns and in contributing to their resolution. In addition, for our part, we commit the Catholic Church to following just employment practices; to a continual review of investment decisions; and to making the best use of our limited material resources for the good of those most in need. But the religious community also has a particular responsibility to ensure that the underlying attitudes of the community are formed in such a way as to promote economic justice. It is to this question that we now turn.

Attitudes

Even the most enlightened and well-considered economic policies will not, on their own, guarantee justice. Economic theories and policies always have to be translated into reality by human agents - by workers and managers, by government officials, by buyers and sellers. It is here that the question of attitude is so important. The attitudes of people determine the economic choices they will make, and it is these choices which, more than any other factor, will incline an economy towards justice or injustice.

Clearly, of course, the overall economic system in which people make their choices will have an influence, even a strong one, but the system cannot mechanistically determine people's attitudes and choices. Capitalism, for example, by stressing the profit motive, may encourage and facilitate greed, but it cannot force people to be greedy. Socialism, by removing the profit motive, may discourage people from working hard, but it cannot force them to be lazy. To be greedy or lazy, to work selfishly or for the good of others, to want more or to give more, all these are choices which everyone faces on a daily basis. Which option we choose will depend very largely on the values which guide us.

Unfortunately, too many people put their faith in transitory values - money, status, power, and so on. Consequently, their economic choices, based on these values, tend to be those which favour their own narrow interests, ultimately at the expense of others. The economy thus becomes nothing more than an arena of competition, in which the strongest survive. The interests of the weak are attended to, if at all, only to the extent that it suits the strong to do so. This can be seen, for example, when those with money to invest put it where it will bring them the greatest reward, rather than where it will do the most good; when wages are paid not according to what is just, but according to the bare minimum for which people are prepared to work; or when employees seek as much overtime as possible, and in the process deprive others of a job.

These are all examples of economic 'bad attitudes' which lead inevitably to economic injustice. No economic plan or policy or

theory can withstand such attitudes, and it is therefore at the level of attitude that the greatest transformation must be sought.

Promoting Attitudinal Change

We are all born with an instinct for certain basic human values: care for life, love of the family, respect for fundamental human rights, and concern for others. All religions and cultures call us to practise truth, justice, compassion and love.

SACBC Pastoral Letter 'A Call to Build a New South Africa' (1992) para 23.

In this the Churches and the faith community as a whole have a central role to play. We have concentrated, fittingly, on Christian precepts and teaching, but all the great religions of the world have their own social message, in many ways substantially similar to the Christian one. We are blessed in South Africa with the presence of many of these religions, and with a population that claims adherence in high proportion to one or other religious faith. And yet, large-scale economic injustice, as we have seen, prevails in our country. This can only mean that the social message of the religions has been ignored or neglected, or that it has not been communicated effectively. This presents the Churches and others in the faith community with an urgent challenge - to spread their social teachings more zealously, not as an optional extra, but as an integral and indispensable part of their overall message. Once again, the present letter is an attempt in this direction.

Attitudes, however, are not formed only by religious faith; nor are questions of justice the concern only of religious people and their organisations. The various stake-holders in the economy all have a role to play in promoting changes of attitude.

Government

Positive and people-centred values can be engendered through education, through public policy and through the state's many activities in the fields of human rights, development and welfare, to mention but a few. Holders of public office have the opportunity and the duty to set an example, to uphold standards of service to the community, and to place the interests of society before their own.

In this regard holders of public office, such as members of Parliament, cabinet ministers and town councillors, must ensure that they are above any criticism that they are using their positions for personal financial advancement. It has to be said, however, that this is indeed the impression held by many people. In addition, we have to question the notion that our representatives, elected to serve the community, should be remunerated at levels comparable to the private sector.

Business

These considerations also hold true for business and commerce. Regular calls for wage restraint on the part of employees at the lower levels do not appear to be matched by similar efforts at the higher levels. Salaries and packages at the top end of the private sector are extremely high, and are resulting in the creation of a class of the super-rich, be they black or white, while at the other end retrenchments and 'down-sizing', as we have seen, are the order of the day. It is no argument to say that private institutions are responsible to their shareholders, who appear to accept the situation; as we have already mentioned, there is also a responsibility to the

wider community within which businesses operate. Business and commerce also need to set an example. That exorbitant remuneration is required to attract competent executives is an indication that they are motivated too much by self-interest, and not enough by the needs of the community as a whole. An attitudinal change on the part of business would go a long way to narrowing the huge gap between rich and poor, and to creating a climate where our economic problems could be addressed in a spirit of co-operation between those at different levels in the workplace. We commend those in the business world who have initiated social responsibility programmes and who apply their skills and resources in various charitable and developmental activities.

Labour

Workers, too, bear a responsibility to ensure that they also place the good of the community at the forefront of their activities. The unskilled worker is just as capable of concentrating on narrow self-interest as is the business executive. Workers have a duty to work diligently and to the best of their ability, looking together with management towards the wider economic good. It is encouraging to note how many employed workers, even though they earn very little, do whatever they can to assist those who have even less. Similarly, we commend those unions which campaign actively on behalf of the unemployed, whether or not these have been union members or not.

Workers, owners, managers, stockholders and consumers are moral agents in economic life. By our choices, initiative, creativity and investment, we enhance or diminish economic opportunity, community life, and social justice.

National Conference of Catholic Bishops (USA) 'A Catholic Framework for Economic Life' (1996) para 9.

As we have said before, all of us make economic decisions every day. Clearly, the decisions made by those in powerful positions, people in government and business and trade union leaders, for example, will have much greater and more far-reaching consequences than the decisions made by those who occupy more humble positions. Nevertheless, we are all called to think deeply about the basis of our decisions and choices. Our attitudes towards our society, towards the needs of our country, and our willingness to find a balance between our legitimate personal wishes and the common good of all, must be rooted in the kinds of values which we have referred to. If we fail to adhere to these essential and abiding values, and to shape our attitudes accordingly, we will never achieve economic justice.

Conclusion

9

Describing his purpose on earth, Jesus proclaimed that he came so that we “may have life and have it to the full” (cf. John 10:10). The Church’s duty - and that of every Christian - is to continue Jesus’s mission. It is our task as followers of Christ to proclaim this good news, to help in bringing about the reign of God here and now in our earthly reality. Therefore, we must speak out against anything which prevents any of God’s people from enjoying life to the full.

As we have seen, many features of the South African economy, and of the world economy, present obstacles to fullness of life. As such, it is not enough that we bemoan them and regret their existence - we must take action against them and build in their place an economy which provides at least the minimum conditions for fullness of life.

This has been attempted by various political and ideological systems throughout history, all of which have failed to a greater or lesser degree to deliver economic justice. The lesson is clear: people cannot be forced by law or by the imposition of a system to be good and to relate justly to each other. What is needed is a change of heart.

We can achieve this by adhering to what we have called ‘Christian Economic Values’. We must allow these values to inform our attitudes to one another in economic matters. In turn, these attitudes will underpin our economic decisions and actions.

The jubilee year was meant to restore equality among the children of Israel, offering new possibilities to families which had lost their property and even their personal freedom. On the other hand, the jubilee year was a reminder to the rich that a time would come when their Israelite slaves would once again become their equals and would be able to reclaim their rights.

Pope John Paul II ‘The Third Millennium’ (1994) para 13.

We said at the outset of this letter that the poor who are now with us, as well as the generations yet to come, demand that we strive for a more equitable, just and sustainable economy. Of course, this is also what God demands of us. Indeed, as the approach of the Jubilee Year 2000 reminds us, God has always required economic justice among his people (cf. Leviticus 25). As a faith community we translate God’s word into a living context, discovering how it challenges us in our time and place. And we find invariably that God’s word challenges us to transform our personal attitudes, as well as the systems and policies which diminish fullness of life, especially that of the poor and the disadvantaged.

In proclaiming this approach to life we challenge in turn all those who bear economic responsibility always to judge their policies and practices from the perspective of fundamental values. Working together, challenging and being challenged, we will truly be doing God's will, and be worthy of God's reward:

***"Is not this the sort of fast that pleases me
- it is the Lord Yahweh who speaks -
to break unjust fetters
and undo the thongs of the yoke,
to let the oppressed go free,
and break every yoke,
to share your bread with the hungry,
and shelter the homeless poor,
to clothe the one you see to be naked
and not turn from your own kin?
Then will your light shine like the dawn
and your wound be quickly healed over."***

(Isaiah 58: 6 - 8)