

COMPENDIUM ON CHURCH'S SOCIAL TEACHING PART 64

The dignity of work – The relationship between labour and capital

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Today's excerpts from the *Compendium* highlight the important relationship between labour and capital and highlights which of the two is the more important.

“The term ‘capital’ has different meanings today. Sometimes it indicates the material means of production in a given enterprise, sometimes the financial resources employed to bring about production or used in stock market operations.

One can also speak of ‘human capital’ to refer to human resources, that is, to man himself in his capacity to engage in labour, to make use of knowledge and creativity, to sense the needs of his fellow workers and a mutual understanding with other members of an organisation. The term ‘social capital’ is also used to indicate the capacity of a collective group to work together, the fruit of investments in a mutually-binding fiduciary trust.

“The Church’s social doctrine has not failed to insist on the relationship between labour and capital, placing in evidence both the priority of the first over the second as well as their complementarities.

According to the Church’s doctrine, labour is more important than capital, because without labour, capital is worth nothing. If human beings do not work with, develop or apply their skills and abilities to capital, it is useless.

Labour has an intrinsic priority over capital. ‘This principle directly concerns the process of production: in this process labour is always a primary efficient cause, while capital, the whole collection of means of production, remains a mere instrument or instrumental cause. This principle is an evident truth that emerges from the whole of man’s historical experience’ (*Laborem Exercens*).”

It is important for us therefore to understand that labour and capital work hand in hand. “There must exist between work and capital a relationship of complementarities: the very logic inherent within the process of production shows that two must mutually permeate one another and that there is an urgent need to create economic systems in which the opposition between capital and labour is overcome (*Laborem Exercens*).”

The *Compendium* reminds us that historically, there was a division between labour and capital which represented the division between two social classes. “In times when ‘capital’ and ‘hired labour’, within a less complicated economic system, used to identify with a certain precision not only two elements of production but also and above all two concrete social classes, the Church affirmed that both were in themselves legitimate (*Quadragesimo Anno*).

“Capital cannot stand without labour, nor labour without capital (*Rerum Novarum*). This is the truth that applies also today, because “it is altogether false to ascribe either to capital alone or to labour alone what is achieved by the joint work of both; and it is utterly unjust that the one

should arrogate unto itself what is being done, denying the effectiveness of the other” (*Quadragesimo Anno*).

The truth is the source of power of a capitalist is the capacity to pay i.e. money. Since money as a source of power does not exist for the worker, the worker can become a dispensable commodity for the employer; an individual worker is simply powerless against capital. However, since capital cannot do without labour, which is the source of surplus value, collectively, the working class is all powerful.

In considering the relationship between labour and capital, above all with regard to the impressive transformations of our modern times, we must maintain that the “principal resource” and the “decisive factor” (*Centesimus Annus*) at man’s disposal is man himself, and that “the integral development of the human person through work does not impede but rather promotes the greater productivity and efficiency of work itself (*Centesimus Annus*).

In fact, the world of work is discovering more and more that the value of “human capital” is finding expression in the consciences of workers, in their willingness to create relationships, in their creativity, in their industriousness in promoting themselves, in their ability consciously to face new situations, to work together and to pursue common objectives.

These are strictly personal qualities that belong to the subject of work more than to the objective, technical, or operational aspects of work itself. All of this entails a new perspective in the relationship between labour and capital.

We can affirm that, contrary to what happened in the former organisation of labour in which the subject would end up being less important than the object, than the mechanical process, in our day the subjective dimension of work tends to be more decisive and more important than the objective dimension.

Next week we continue the discussion on the relationship between labour and capital.