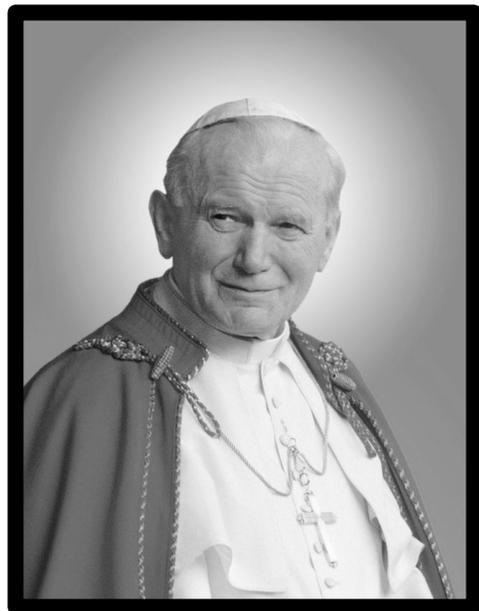


“... while conspicuous natural resources remain unused, there are huge numbers of people who are unemployed or under-employed and countless multitudes of people suffering from hunger. This is a fact that without any doubt demonstrates that both within the individual political communities and in their relationships on the continental and world level there is something wrong with the organization of work and employment.”

—St. John Paul II

Laborem Exercens § 18 ¶ 6



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The Definition of Capitalism

It is very important to understand what “capitalism” really means because it is the system which defines our political and cultural lives. **Everything about the modern world has been shaped by capitalism.**

The most common definitions of capitalism are extremely unhelpful. Many describe capitalism as “an economic system with private ownership of goods” or “a system where the distribution of goods is determined by the free market.” These definitions are misleading because they use phrases like “private ownership” and “free market” in the modern sense, without realizing that liberalism has fundamentally changed the definition of these words.

Pope Saint John Paul II taught that “everybody knows that capitalism has a definite historical meaning as a system, an economic and social system” (Laborem Exercens § 7). Historically, capitalism does not refer to the existence of private property. Rather, it means the existence of a particular form of private property owned by a generally very small class of people. Those who own the capital are called “capitalists,” and they make the vast majority of their money by employing workers, either as forced laborers (slaves) or wage laborers (“proletarians”).

Instead of producing goods to serve human needs, workers must do so for the sake of profit. This is a different type of value which a good (or “commodity”) can have. This means that in capitalism use-value is subordinate to exchange-value. It is a system of continuous circulation, constantly in search of accumulation by any means. **The simplest definition of capitalism might be an economic system devoted to the infinite accumulation of exchange-value or a system in which labor is subordinate to capital.** Ultimately, like the word implies, it is a society dominated by Capital.



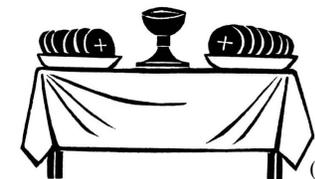
(Ade de Bethune)

“...it should be recognized that the error of early capitalism can be repeated wherever man is in a way treated on the same level as the whole complex of the material means of production, as an instrument and not in accordance with the true dignity of his work”

—St. John Paul II, *Laborem Exercens* § 7 ¶ 3

Capitalism is not just a system of exchange, like the village markets of the Middle Ages and other premodern societies. Nor is it a system of ancient self-sufficiency where the farmers plowed the land collectively for themselves and their community. Capitalism is a system in which the workers do not have control over the things they produce or their tools (the means of production).

Capitalism has not always been around. It is a particular economic system which only began in the 16th century. In the last 500 years, capitalism has accelerated and expanded. It began with a limited network of merchants trading in the Mediterranean and the Atlantic and now dominates the entire globe. The pace of trading and accumulation has sped up from month-long sea voyages to microseconds of electronic trading. Furthermore, capitalism did not happen naturally. It was built with sweat and blood. For five centuries, usury, exploitation, and state violence were used with growing intensity to build a new era, which historians call modernity. We still live in this terrible age. Integralism, distributism, subsidiarity, family, tradition, and many other aspects of premodern society had to be steadily worn away to remove every limitation to the growth of Capital.



(Ade de Bethune)