

## **“Pope Francis’ Vision of an Inclusive Global Economy”**

Building an Economic System that Protects  
the Vulnerable and Promotes Sustainable Prosperity

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Dear Friends:

First of all allow me to thank Eric LeCompte and Jubilee USA Network, the Catholic University Institute for Policy Research and the Office of International Justice and Peace of the US Conference of Catholic Bishops for the kind invitation to share with you a major concern of Pope Francis: the development of an inclusive global economy.

### **1. Introduction**

Repeated statements on the economy, at times with stinging words, mark the teaching of Pope Francis from the beginning of his pontificate. In His first Apostolic Exhortation *Evangelii Gaudium* in 2013 He sharply condemns „an economy of exclusion and inequality.“ He writes: “ Just as the commandment “Thou shalt not kill” sets a clear limit in order to safeguard the value of human life, today we also have to say “thou shalt not” to an economy of exclusion and inequality. Such an economy kills.” (n.53) The response to this assessment has been quite different in developed and developing countries: too harsh for the first, welcomed by the latter who saw the social reality in which they live and under which they suffer understood by the Pope. Beyond the various interpretations, Pope Francis calls us “to seek new ways of understanding the economy and progress”<sup>1</sup> and to develop a better financial and economic system for the 21<sup>st</sup> century. He had rephrased the call in his 2014 message to the World Economic Forum in Davos saying that: “a new political and business mentality (has to) take shape, one capable of guiding all economic and financial activity within the horizon of an ethical approach which is truly humane.” It is a call on the promotion and protection of the common good by

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<sup>1</sup> Pope Francis. Encyclical Letter *Laudato Si'*, n. 16.

re/articulating the vision for an economy that is aligned more consistently with Catholic Social Doctrine and Scripture, that is founded on the principles of solidarity and subsidiarity, that is rooted in self-governing associations and institutions coming together to cooperate, respectful of justice, human dignity and freedom. At the same time it is an invitation to search together for practical ways to translate a new way of thinking into a new way of acting, even by creating new more suitable mechanisms or institutions Faith saves and heals, but it is also incarnated. Jesus reminds his disciples: “Not everyone who says to me, ‘Lord, Lord,’ will enter the kingdom of heaven, but the one who does the will of my Father who is in heaven.” (Mt. 7:21) And the letter of James is even more detailed: “What good is it, my brothers and sisters, if someone claims to have faith but has no deeds? Can such faith save them? <sup>15</sup> Suppose a brother or a sister is without clothes and daily food. <sup>16</sup> If one of you says to them, “Go in peace; keep warm and well fed,” but does nothing about their physical needs, what good is it?<sup>17</sup> In the same way, faith by itself, if it is not accompanied by action, is dead.” (Jm 2:14-17) In this biblical tradition, Pope Francis looks at today’s economy in particular taking into account the words that Jesus used to describe the Final Judgement where the hungry and thirsty, the stranger and naked, the sick and the person in prison, that is all the needy and vulnerable groups of society, “the least”, become the way to salvation for anyone who loves and helps them (Mt 25:31-46).

## **2. Diagnosis of the current situation**

First, the Holy Father begins his analysis by pointing out that the world is seriously ill. He writes: “The technocratic paradigm also tends to dominate economic and political life. The economy accepts every advance in technology with a view to profit, without concern for its potentially negative impact on human beings. Finance overwhelms the real economy.”(LS n.109) “Technocratic paradigm” refers to the tendency that sees any aspect of existence and reality “completely open to manipulation.” The quest for profit becomes the reason for the control of reality made possible by the technocratic paradigm and the combination of these two variables (profit and technocratic paradigm) produce a “throw away” culture. A consequence is that the problems of the excluded may become an afterthought in international political and economic discussions. A critical analysis of the economic system shows its shortcomings: profit as the only measure and standard, excessive consumerism, a culture of relativism that justifies endless forms of exploitation

of nature and persons, financial speculation that creates no concrete values. The preoccupation of Pope Francis is above all for the protection of the human person in her existential circumstances and to encourage the financial structures to avoid the extreme positions he describes.

“When at the center of the system is no longer man but money, when money becomes an idol, men and women are reduced to mere instruments of a social and economic system characterized, in fact dominated, by deep unbalances. And in this way what is not of service to this logic is thrown away.”<sup>2</sup>

The diagnosis of the evils plaguing the economy and the planet aims at showing the need for change, for action now. The Pope does not condemn economic activity, he knows its value, but demands an ethical compliance and a constructive role in promoting inclusiveness. There is continuity with the social teaching of the Church. For example, Pope Benedict’s encyclical *Caritas in Veritate* states:

“The Church has always held that economic action is not to be regarded as something opposed to society. In and of itself, the market is not, and must not become, the place where the strong subdue the weak. .... The economic sphere is neither ethically neutral, nor inherently inhuman and opposed to society. It is part and parcel of human activity and precisely because it is human, it must be structured and governed in an ethical manner.” (n. 36)

A new development is globalization that has affected the organization of the economy that now transcends the control of the nation state so that an adequate ethical framework should be devised that takes into account the present interdependent and intergenerational nature of our relationships. Again *Caritas in Veritate* raised the concern that *Laudato Si’* elaborates further and in a more specific way:

“Perhaps at one time it was conceivable that first the creation of wealth could be entrusted to the economy, and then the task of distributing it could be assigned to politics,” observes CinV. “Today that would be more difficult, given that economic activity is no longer circumscribed within territorial limits, while the authority of governments continues to be principally local. Hence the canons of

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<sup>2</sup> Andrea Tornielli Giacomo Galeazzi. Papa Francesco: Questa economia uccide. Milano: Piemme, 2015, p.206.

justice must be respected from the outset, as the economic process unfolds, and not just afterwards or incidentally.” (n.36)

The root problem is extreme individualism that clashes with the common good. Already Pius XI had forcefully denounced it in *Quadragesimo Anno*:

“The ultimate consequences of the individualist spirit in economic life... all economic life has become tragically hard, inexorable, and cruel... And as to international relations, two different streams have issued from the one fountain-head: On the one hand, economic nationalism or even economic imperialism; on the other, a no less deadly and accursed internationalism of finance or international imperialism whose country is where profit is.” (n.109)

With an updated language, Pope Francis pursues this teaching and refers to the tyranny of relativism” and adds:

“There cannot be true peace if everyone is his own criterion, if everyone can always claim exclusively his own rights, without at the same time caring for the good of others, of everyone, on the basis of the nature that unites every human being on this earth.” (Address to the Diplomatic Corps 2013)

The limits imposed on laissez-faire capitalism and the arguments he uses to modify the system, have prompted some criticism of Pope Francis’ stand on the economy. And this reminds me of another bishop. “When I feed the poor,” used to say Dom Helder Camara Bishop of Recife, “everyone calls me a saint. But when I ask why the poor don’t have food, then everyone calls me a communist.”

The diagnosis of papal teaching is based on current social reality even though the provision of technical information is left to appropriate institutions. The evidence available certainly justifies the urgency expressed to protect the dignity of every person. The U.N. Human Development Report 2015 gives some examples. Despite impressive achievements in many areas, huge human potential remains unused. In 2015, 204 million people worldwide—including 74 million young people (ages 15–24)—were unemployed. About 830 million workers in developing country regions live on less than \$2 a day. Of the 57 million out-of-school children at the primary level, 33 million are in Sub-Saharan Africa. In developing countries children in the poorest households are four times as likely to be out of school as those in the richest households. The conventional measure of poverty considers only income: People in extreme poverty live on less than \$1.25 a day. But people can also be deprived of

schooling, be undernourished or lack access to safe drinking water. This broader concept of poverty is reflected in the Multidimensional Poverty Index ...The estimates suggest that about 1.5 billion people live in multidimensional poverty. Inequality has risen. The Trade and Development Report of 2016 of the U.N. Conference on Trade and Development sums up the current situation this way: “While the current situation seems less ominous than in 2008, it is proving more difficult to manage. With the financial system on a firmer footing, politicians and policymakers have recovered their sense of impotence in the face of supposedly insurmountable global forces, and have made “business as usual” their default policy option. Financial markets are chastened but unreformed, debt levels are higher than ever and inequality continues to rise. Most of the upside gains have resulted from asset price rises and increased corporate profits. Meanwhile, most of the downside adjustment has fallen on debtor countries and working families, with wages, employment and welfare provision under constant pressure from a return to austerity measures.” (p.11)

### **3. Steps for change**

Pope Francis moves on from analysis to proposals for a new system and he is determined to contribute his part toward defeating inequality, individualistic consumerism and an economy of exclusion. He observes that international institutions, with functionaries who are appointed fairly by agreement among national governments should be empowered to impose sanctions otherwise the too many special interests and economic interests “end up trumping the common good.” (LS,nn.175, 54) In this line of thinking as the Holy See Permanent Observer in Geneva I had the occasion to call for the enactment of a binding treaty rather than just for voluntary guidelines in the debate on the UN Guiding Principles on Business and Human Rights. In fact, the heart of the Pope’s concern is how we can best place people, created in God’s image, at the centre of our future vision of the economy and of society so that all people may enjoy social participation in line with their dignity. In the words of Pope Francis when he was awarded the Charlemagne Prize:

“The just distribution of the fruits of the earth and human labor is not mere philanthropy. It is a moral obligation .... To do so requires coming up with new, more inclusive and equitable economic models, aimed not at serving the few, but at benefiting ordinary people and society as a whole. This calls for moving from a liquid economy to a social economy; I think for example of the social

market economy encouraged by my predecessors (cf. JOHN PAUL II, [Address to the Ambassador of the Federal Republic of Germany](#), 8 November 1990).”

A social market economy is subject to rules ensuring that competition between market players is fair and that the common good is respected and then that a social balance is struck for those whose chances on the free market are poor or non/existent (Card. Marx).

The vocabulary used by Pope Francis is very direct. Instead of laissez faire capitalism he speaks of social market economy. He wants a strategy of real change that calls for rethinking processes in their entirety. Decisive political action is needed to fight corruption and to enact sound public policies. A sense of urgency is clearly felt in order to reach an alternative, inclusive economy through the structural changes advocated at the international and national levels. Official institutions, however, don't exhaust the articulation of society. An appeal is made to other social actors:

“Because the enforcement of laws is at times inadequate due to corruption, public pressure has to be exerted in order to bring about decisive political action. Society, through non-governmental organizations and intermediate groups, must put pressure on governments to develop more rigorous regulations, procedures and controls. Unless citizens control political power – national, regional and municipal – it will not be possible to control damage to the environment.” (LS n.179)

Institutions, corporations, associations, all have a role to play in developing an inclusive alternative economy and have the capacity of “choosing what is good and making a new start.’ (LS n. 205) Supporting organizational change is hope, that shapes a culture of dialogue, sobriety and solidarity, in other words, a hope that makes possible “another type of progress, one which is healthier, more human, more social, more integral.” (LSn.12) The path forward is making the economy serve politics and not having politics controlled by the economy, and having both subjected to ethical standards in a constructive dialogue between the two. In particular, the real economy has to be protected from speculative finance. “The financial crisis of 2007-08 provided an opportunity to develop a new economy, more attentive to ethical principles, and new ways of regulating speculative financial practices and virtual wealth. But the response to the crisis did not include rethinking the outdated criteria which continue to rule the world.” (LS n.189) From a liquid economy that profits from speculation we should move to a social economy that places the human being firmly at the center and a new mind-set is adopted which thinks in terms of community and

the priority of the life of all over the appropriation of goods by a few. (EG n. 188) Integral human development is at stake and the related creation of employment ahead of a fixation of profits.

#### **4. Looking ahead**

A change of paradigm is proposed for a new start. Human beings are capable of rising above themselves (LS n. 205) so the search for alternatives even in the economy is possible. It is possible to move away from a technocratic paradigm and from speculative profit and look at the larger picture:

“If we look at the larger picture,” writes Pope Francis, “we can see that more diversified and innovative forms of production which impact less on the environment can prove very profitable. It is a matter of openness to different possibilities which do not involve stifling human creativity and its ideals of progress, but rather directing that energy along new channels... Productive diversification offers the fullest possibilities to human ingenuity to create and innovate, while at the same time protecting the environment and creating more sources of employment.

Such creativity would be a worthy expression of our most noble human qualities, for we would be striving intelligently, boldly and responsibly to promote a sustainable and equitable development within the context of a broader concept of quality of life. On the other hand, to find ever new ways of despoiling nature, purely for the sake of new consumer items and quick profit, would be, in human terms, less worthy and creative, and more superficial.” (LS nn.191-192)

The word ‘profitable’ is used. In fact, it reaffirms the healthiness of profit anchored in the real economy and especially in the concern for the environmental effects of the processes of production. “Business is a noble vocation, directed to producing wealth and improving our world. It can be a fruitful source of prosperity for the areas in which it operates, especially if it sees the creation of jobs as an essential part of its service to the common good.” (LS n.129) A fundamental distinction is made: the production of wealth is evaluated positively and is not a synonymous with the maximization of profit identified instead as a disorder. There is a positive outlook in the papal teaching. In EG Pope Francis remarks: “We constantly have to broaden our horizons and see the greater good which will benefit us all.” Then he moves on to present a new paradigm: “Here our model is not the sphere, which is no greater than its parts, where every point is equidistant from the centre, and

there are no differences between them. Instead, it is the polyhedron, which reflects the convergence of all its parts, each of which preserves its distinctiveness.” (EG n. 236) This leads us to acknowledge, on the one hand, that doing without economic knowledge is impossible, and on the other, that this knowledge must enter into authentic dialogue not only with the other scientific disciplines, but with all the forms of knowledge elaborated by humanity, including art, philosophy, religion, traditional and daily life forms of wisdom.<sup>3</sup> This dialogue is the way to a fair globalization that will lead to integrated solutions if there are integrated policies, applied in coordination, on trade and finance, on education and health and labor.

This integrated approach is particularly relevant in current negotiations on trade and foreign debt. Preferential trade agreements are growing and, recently, they address not only goods but also services and deal with rules beyond reciprocal tariff concessions. But multilateral agreements should take precedence over bilateral and regional ones. The multilateral framework gives pluralism a universal dimension and facilitates inclusion of weaker and smaller countries. The weightier bargaining power of advanced economies would risk to limit the LDCs chance to benefit from the agreements.

The alleviation of the debt burden for poor countries is another concern of Pope Francis. In the message for the 2016 World Day of Peace he appealed to the leader of nations “to forgive or manage in a sustainable way the international debt of the poorer nations.” Debt also has to be placed in the broader context of economic, political and technological relations and the consequent interdependence of countries and need of collaboration in pursuing the common good.

Pope Francis’ agenda is people-focused and forward-looking, rooted in an anthropology that sees realistically the person in relation to other and to transcendence as a prerequisite to reducing the gap between the have and the have-not. The Social Doctrine of the Church is often accused of being ‘too much pie in the sky’ on economic issues. In fact, in the alternative economy it proposes it indicates the way to overcome persistent poverty and rising inequality.

## **5. Conclusion**

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<sup>3</sup> Cfr, Paolo Foglizzo, «Un’economia per la cura della casa comune.” Aggiornamenti Sociali, Agosto-settembre 2016, pp.596-603.



The Church intervenes in social questions whenever human dignity is wounded. It reminds us how these questions are so interconnected that they involve the responsibility of everyone toward the entire human family to build a fairer, more just and peaceful society in line with the message of the Gospel. Some Social Doctrine of the Church concepts and principles are not shared or are in contrast with those of the dominant economic theory, of that market capitalism intent at maximizing profit and individual interest, and they are: the universal destination of the goods of the earth, the preferential option for the poor, the scandal of extreme inequalities, the priority of work over capital, the social function of capital, never having the means of production against labor, the principle of solidarity, the principle of subsidiarity, the principle of common good, the substantive importance of the gratuitous gift.

The ground for the common good has to be prepared step by step and day by day, by continuous and conscientious efforts in two directions—one *structural* and the other *virtuous*: The goodness of institutional *structures* helps promote the common good, while the *virtuous* behavior of persons helps transform institutions.

This amounts to reviewing, strengthening and rebuilding –to the extent necessary- the ethical foundations of finance and promoting an ethical recapitalization of the industry, of the institutional environment and of all the players and stakeholders in the economy.