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Charles Clark

St. John's University - New York, clarkc@stjohns.edu

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Charles M. A. Clark, Ph.D.

Introduction

Twenty-eight years after the fall of communism and final victory of capitalism,[1] there is increasing unease with the ideology and lived reality of capitalism around the world, and even in America (the Cold War victor). A 2016 yougov poll (Rampell, 2016, February 5) showed that under 30-year old's in America have a more favorable view of socialism than they do of capitalism. Overall, in the same poll only 52% of respondents of every age group had a favorable view of capitalism. With the popularity of Bernie Sanders and Jeremy Corbin (in the UK), and the threat of climate change, globalization and rising inequality, we see a renewed interest in questioning not only some of the harsher aspects of capitalism, but "capitalism" as an idea and ideal. In fact, even supporters of capitalism avoid using the term "capitalism." Deirdre McCloskey (2016) prefers instead "market-tested improvements" and the more general Bourgeois Civilization. Only on cable TV business channels do you find full-throated and unapologetic defense of "capitalism," a sign of that this great unease has spread to the mainstream and is not just felt on the left and right bands of the political spectrum.

One of the most prominent voices calling for a reexamination of "capitalism" is Pope Francis. This special issue of the *Journal of Vincentian Social Action* looks at Pope Francis' critique of capitalism from different geographic perspectives (North and South America; Europe, Africa and Asia). While it is impossible for any one entry to fully represent a continent's perspective, it is hoped that geographic diversity will also reflect the diversity in the lived experience of capitalism. Pope Francis' critique of capitalism, what he calls the "economy of exclusion," is found in many of his speeches, homilies and writings, but it is most developed and articulated in his Apostolic Exhortation *Evangelii Gaudium* (The Joy of the Gospel), thus most of the analyses of Pope Francis' views in this special issue are based on this document.

The goal of my brief introduction is to lay out some of the background issues relating to the question: what is the "capitalism" Pope Francis is referring to? And why have the popes (all of them that have coincided with capitalism) been so critical of "capitalism" and its driving force (the profit motive). I shall leave it up to the contributors to offer their assessment of Pope Francis critique.

Some Context

It is not unusual for Popes to write about economic issues. Reading the "signs of the times" is an important part of the Catholic Social Thought tradition. As Pope Leo XIII stated, "Nothing is more useful than to look upon the world as it really is" (1891). Popes and priests must accompany their flock in all aspects of their lives, including their economic lives as workers, managers, investors and consumers. With the transformation of every aspect of society brought about by the Industrial Revolution, it became necessary for the Church to engage economic and social issues at a deeper level. From the beginning of the rise of capitalism, popes have been very critical, particularly of "laissez-faire capitalism" (capitalism without controls). They are especially critical of the underlying values and the glorification and institutionalization of greed as the underlying justification of all aspects of human life. Furthermore, the living conditions of the working poor and glaring inequalities of the 19th Century cried out for a Gospel based response, a "cry of the poor" so to speak. Popes have also been very critical of communism and socialism, first as a set of ideals (particularly the atheistic perspective of Marx) and later as a lived reality (rise of Communism in 20th century). The writings of St. John Paul II are a good example of both positions. The Catholic imagination is not limited to the cold war right/left dichotomy even if many American Catholics try to squeeze it into one of these ideological strait jackets.

Bourgeois Ideals vs Christianity

In challenging capitalism, Pope Francis is thus joining a long tradition of popes who have critiqued both the ideal and the reality of capitalism. Starting with Pope Leo XIII's encyclical Rerum Novarum (On the Condition of Labor) in 1891, the Church has developed what is called Catholic Social Thought tradition as a way to bring the values and teachings of the Gospels and the Christian communities lived experience into dialogue with the modern realities of the economic and social conditions brought about by the rise of capitalism in the 19th and 20th Centuries. This tradition is a reaction to the new challenges created by the Industrial Revolution, especially to the workers and the poor, but it is also a challenge to the ideology of capitalism, which in many ways is a rejection of the values of Jesus and the teachings of the Gospels. From the very beginning, Christianity and "capitalism" have had an uneasy relationship because Christianity has always seen "greed" as a sin, and not as a virtue, or the watered down position that greed is a useful sin (a private vice that creates public virtue). Greed and self-interest have been condemned by most religious and secular moral commentators as far back as recorded history can teach us, and the control of them has been a central function of both religious and civil institutions.

While Christianity and capitalism are both sets of ideals and examples of lived realities, with each we often find a divergence between the ideals and the lived realities. This is especially the case with Christianity. Jesus's call for us to: love our enemies; turn the other cheek; and "Be perfect… as your heavenly Father is perfect" (Matthew 5:48) sets the bar pretty high. It is easy to be sympathetic with GK Chesterton (2016, p. 29), who famously asserted: "Christianity has not been tried and found wanting; it has been found difficult and not tried." Furthermore Christianity, unlike Judaism or Islam, does not provide a political or economic order.[2] Popes offer a prophetic voice in response to inequities, but they are the first to admit that their expertise does not lie in recommending solutions. There is no Catholic economic system. The Church tries to engage and humanize any social order it finds itself in, it does not seek a theocracy. It existed 1600 years before the rise of capitalism and will be around 1600 years after the end of capitalism (assuming our consumerism has made the planet uninhabitable).

The ideals of Christianity, best presented by Jesus in the Beatitudes (blessed are the poor and meek and woe to the rich) are a far cry from the ideals of capitalism: individualism; self-interest; wealth accumulation; and consumerism. The engine that drives capitalism is the accumulation of wealth, the process by which money gets turned into more money. Everything else is subordinate to this purpose. If the expectation that the process will not yield a profit enters the minds of the money holders, the process breaks down creating an economic crisis.

The desire for more wealth is ancient; what makes capitalism different is the reorientation of social, political and religious life to support and be subordinate to this goal. The accumulation of wealth as *the* central organizing goal of society has to be rejected by followers of Jesus. From a Christian perspective, you cannot get much more critical of capitalism then to say: "No one can serve two masters; … You cannot serve God and wealth" (Matthew 6:24); or "It is easier for a camel to go through the eye of a needle than for someone who is rich to enter the kingdom of God" (Mark 10:25). The relationship between capitalism, capitalists and actual Christian churches has often been more accommodating, with the "prosperity Gospel" of some Evangelical churches going so far as substituting the gospel of capitalism for the Gospel of Jesus. Many have noted how similar the ideological defense of free-market capitalism is to systems of faith. This observation was nicely summed up in the title of Robert Simon's excellent book comparing the ideologies of Christianity and capitalism: *Competing Gospels* (1995).

The heart of the difference between Christianity and capitalism as a set of ideals is their "visions", which starts with a view of human nature (Clark 2005, 2006, 2008, 2015, 2016). The philosophical foundations of capitalism start with a view of human nature called "rational economic man", which states that humans are autonomous economic actors guided by self-interest, in the pursuit of utility and the avoidance of disutility. Adam Smith tempered these self-interested economic actors with a moral philosophy based on socialized empathy and self-control; turning greed into prudence. But by emphasizing the autonomous nature of individuals, capitalism has had the negative effect of weakening the very social institutions (including churches) that promote empathy and self-control.

Christianity views humans as being created in the image and likeness of God (*Imago Dei*, Gen 1:26), which gives each person human dignity, reason and responsibility and an inherent social nature (after all we were created in the image of a Trinitarian God). As Jacques Maritain often noted, we are persons not individuals, and our social nature is critical to our humanness. We cannot be human alone (just as we cannot be saved alone); we have to be part of a community. Thus Christians have to reject that "...the first principle of Economics is that every agent is actuated only by self-interest" (Edgeworth, 1967, p.16). As St Paul (Philippines 2:4) states: "do nothing from selfish ambition or conceit, but in humility regard others as better than yourselves. Let each of you look not to your own interests, but to the interests of others." While many economists will note that this view of human nature is a simplifying assumption to allow for economic modeling and more rigorous analysis, it also is a built in basis for individual rather than collective responses to economic challenges that weakens the bonds of community.

Another key ideal of capitalism is the importance of private property. The ethical case for private property is based on John Locke (1980) defense of private property in his *Second Treatise on Government*. Locke's argument is that a person can come to own something when they mix their labor (which only they could own) with God's gift of nature (which no one owns). Thus, when I pick an apple from an apple tree that no one owns, it is morally mine and only mine. Note the individualism in the explanation of the origins of property and production. This is of course completely contrary to the actual origins of property or production, both of which are necessarily socially created. Locke does place some restrictions: you cannot gather more than you can use (I can't pick apples and hold on to them long enough that they spoil), and my taking from nature cannot be to the exclusion of others taking what they can use. This seems to put a limit to accumulation, but Locke gives a couple of loopholes to his restrictions: 1. If you convert what you take from nature into money, you can accumulate without worrying about spoilage; and 2. The production of the labor of someone you employ, or your slave, is also yours to keep. Locke's explanation is the beginning of the Labor Theory of Value used by Adam Smith and Karl Marx to explain relative prices, and it is the "moral" justification for unlimited accumulation. Interestingly, Locke's chapter on property follows the chapter on slavery, which Locke seemingly abhors as a violation of the law of nature, yet Locke provides an exception, slaves that are captured in war. Locke applied this reasoning to justify African slaves in the English colonies (he in fact was an investor in the slave trade).

Adam Smith's defense of property notes Locke's work, but Smith mostly relies on an efficiency defense of private property. Property will be used more efficiently if individual owners direct its use to their own self-interest. It is as much an argument against government interference as it is an argument for individual control. The invisible hand of the market (competition) will ensure that resources will be used where they are most beneficial (which of course means where they will yield the highest return). In fact, Smith argues against slavery based on the contention that the labor of the slave is less productive than that of the free worker (Smith, 1976a).

A Christian understanding of property, following Aristotle and St. Thomas Aquinas, notes the benefits of private property: people will take better care of their property than what is commonly owned; less conflict if property rights are clearly understood and protected; and people with property have the means to give to others (charity). But Christian tradition also notes that all property has a necessary "social nature", what St. John Paul II (1987) called a "social mortgage":

> It is necessary to state once more the characteristic principle of Christian social doctrine: the goods of this world are *originally meant for all*. The right to private property is *valid and necessary*, but it does not nullify the value of this principle. Private property, in fact, is under a 'social mortgage,' which means that it has an intrinsically social function, based upon and justified precisely by the principle of the universal destination of goods. (para. 42)

The social nature of property is not just a theological concept; it is the very reality of production. Everything that is produced is a combination of human effort, God's gift of creation and a society's inherited technical knowledge. Property could not exist without this deep web of social relations. Productive assets, or using the more common terms "wealth" or "capital" are only valuable in a specific social and historical context. The ownership of these assets adds nothing to their productiveness.[3] Adherence to the core ideology of individualism often leads to many extreme pronouncements, often by seemingly educated and sensible commentators, such as "...the government cannot create wealth, only business or "private enterprise" creates wealth". Our recent experience (the past few decades) shows the inaccuracy of this view, as government research programs have been a major driver in wealth creation (think GPS, the internet, advances in medicine and pharmacology, the list can go on and on, not to mention infrastructure necessary to transport goods, education necessary to have productive workers and the law and order necessary to protect and enforce property rights). Capital accumulation is always a social process. It is only relatively recently (past two centuries or so) that owning capital gave one political, social and economic power, much as land or slave ownership did in previous systems.

Economists often argue that the values of capitalism are necessary for economic growth. John Maynard Keynes (1931) asked the question: what do we do when we have solved the economic problem, when abundance and not scarcity is the norm?

> When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues. We shall be able to afford to dare to assess the money-motive at its true value. The love of money as a possession -as distinguished from the love of money as a means to the enjoyments and realities of life -will be recognized for what it is, a somewhat disgusting morbidity, one of those semi criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease. All kinds of social customs and economic practices, affecting the distribution of wealth and of economic rewards and penalties, which we now maintain at all costs, however distasteful and unjust they may be in themselves, because they are tremendously useful in promoting the accumulation of

> capital, we shall then be free, at last, to discard. (p. 199)

We should note, these are the comments of the economist who arguably saved capitalism from itself in the 1930s. The Church argues that we do not have to wait until universal abundance to place human dignity above economic growth. Based on the broader view of human nature and property (as well as the other principles of Catholic social thought) the Church recommends a view of business (which is the main part of the economic life of people living in capitalist societies) as a vocation, a way of authentic human development (including one's faith life) and contributing to the common good (Pontifical Council for Justice and Peace, 2012).

Capitalist Reality

As already mentioned, "capitalism" is both an ideal (ideology) and a reality, or more properly, it is a set of ideals and a variety of lived realities. A Marxist approach to defining capitalism would focus on the "modes of production", as capitalism is a "social arrangement of production", a set of institutions that typify a capitalist economy: private ownership of the means of production; minimal government regulation of the economy; market determined prices and individual economic decision making. Max Weber would instead define capitalism around the "rational bourgeois mindset" (Heilbroner, 1985, p. 14), seeing entrepreneurship as what is unique to capitalism. Both are essential aspects of capitalism, and while it is helpful for our purposes to separate these, we should keep in mind that the real and the ideal are always intertwined. Every society is greatly shaped by its values, and its core values provide the driving force of its development, even though other values, even contrary values, can and do persist, and often thrive. It is in understanding the core values that we obtain a deeper understanding of a social order.

In his essay "Bourgeois Ideal and Capitalist Reality" Stark (1947) notes that the Bourgeois Ideals (individualism and materialism), which form the moral foundation and justification of free market capitalism, suggested that if humans are free from the social control of governments or religious institutions, the outcome would produce an equilibrium of prosperity and equality (and not chaos). In fact, they used Issac Newton's mechanical theories to argue that a free market economy is organized as an equilibrium system, that atomistic individual egos, in the context of a competitive marketplace, will be led by what Adam Smith called the "invisible hand" to produce the best possible prosperity and stability. As Stark stated: "By establishing an equilibrium of forces, the bourgeois philosophers thought they could free the individual from all restraints, and that with impunity" (p. 12).

The use of the concept of equilibrium as the central organizing idea for understanding capitalism defies all known historical experience of actual capitalist economies. Schumpeter's concept of "creative destruction" is much more applicable (yet it would be a much harder political agenda to sell). The Bourgeois Ideals promised Newtonian equilibrium of equality and efficiency, yet instead capitalism created change, and human history is mostly a story of trying to protect oneself from change. Change is Vikings coming up the river or a change in the weather leading to crop failure and hunger or any number of horrible outcomes humans have had to endure. Fear of change is a very human characteristic. Even when history shows that change can mean progress and improvement it is always resisted. Moreover, the benefits of change usually fall to those who are promoting it, while the costs fall elsewhere. When the benefits do "trickle-down" to the poor, it is often generations later. This is true in the creation of free markets. Land, labor and capital had to be freed from their social bonds, which means workers had to be "freed" from their rights, freed of their traditional livelihoods and freed of social obligations, and forced to sell their labor for wages, competing against all other "free workers" (Polanyi, 1944). It is two to three generations (depending when one dates the start) into the Industrial Revolution when real wages start to rise, yet the return to capital was immediate.

Adam Smith's equilibrium dream is persuasive to modern economists; however no country has placed its economic future in the "invisible hands" of laissez-faire capitalism. Practical men have generally avoided following his advice, at least until their country has reached the highest stages of development. Here, the ideology of free market capitalism becomes, as Cambridge economist Ha-Joon Chang has noted, a way of *Kicking Away the Ladder* (2002). Only then do they discover the religion of laissez-faire. "Lord, give me free-trade, but not yet!" to paraphrase St. Augustine. Just about every country that has become an advanced capitalist economy has done so by embracing government interventionist policies and avoiding Adam Smith's advice like the plague. Furthermore, the ones that develop a strong middle class only do so with policies that protect workers (like supporting unions) and support families (welfare state).

The history of American economic policy is a good example of this almost universal tendency. Soon after America's independence[4] from the mercantilist state of the Great Britain, Alexander Hamilton was given the job of laying the foundations of our new country. Hamilton studied Smith's *Wealth of Nations* (1976b) closely, yet he rejected his laissez-faire policies, arguing instead for the use of tariffs to protect our "infant industries." From government debt (which Hamilton saw as an asset) to government controlled money (national banks), Hamilton rejected laissez-faire and by doing so laid the foundation for American prosperity. Thomas Jefferson and the southern plantation owners objected to Hamilton's policies, which partly because they saw an active government economic policy would require more taxes, and most importantly, taxes on wealth, which meant taxing slave ownership. The South correctly saw that an interventionist government was a threat to their slave economy (slaves might the largest portion of their wealth, preventing the taxation of wealth was a means for preserving slavery).[5]

The connection between promoting "laissez-faire" economic policies and slavery is informative. You would think that anyone promoting "laissez-faire" based on natural rights and individual freedom would see slavery as anathema to "all men being created equal" and the rights of "life, liberty and the pursuit of happiness". For Adam Smith this is indeed the case, as Smith provided both moral and economic arguments against slavery. However, many early advocates of free trade did so in the context of removing government restrictions on the slave trade, and their evidence that removing government regulation would lead to a significant increase in economic activity was demonstrated by the massive increase in the slave trade once such restrictions were lifted. Such an increase in efficiency cannot be seen as promoting the common good. Economic efficiency without a moral compass is like a lost driver who is making good time. There is no doubt that slavery and other aspects of economic imperialism paved the way and provided funding the rise of capitalism. The evidence shows that capitalism creates riches. But is that enough? And is it the standard Jesus would use?

Quis dives salvetur?

In the year 200, St Clement of Alexandria asked the question: Who is the rich man who is saved?" Given Jesus' harsh pronouncements on wealth accumulation, it is an obvious question for the early Christians to grapple with (and us as well). Clement notes that goods are good, they are meant to enrich us, meet our needs, and bring us together in fellowship. His challenge, which is also Pope Francis', is to look at our economic lives from a faith perspective. It is to see ALL wealth as a gift from God, a gift that is to be widely shared and not individually hoarded; it is to be created and used in a manner that promotes authentic human development, not exploiting workers and the environment. And it cannot distract us from our responsibilities to the poor and to God. Capitalism has made some rich beyond all human conception, and it has helped lift millions, if not billions, out of extreme poverty. This is an accomplishment. Many criticize Pope Francis for not appreciating this more, but the Church always takes a long term perspective (remember, salvation is forever). The values of capitalism are those that led the rich man who had such a bountiful harvest to tear down his barns to build even larger ones so that he can accumulate even more wealth for himself. This is the parable of the "rich fool." As St John Chrysostom noted, the only safe place for this man to store his wealth is in the bellies of the poor.

St. John Paul II (1991) asked the question: should capitalism be the model to be encouraged for the developing countries? The first part of his answer is often quoted by conservatives, but the whole quote is instructive:

> The answer is obviously complex. If by "capitalism" is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a "business economy", "market economy" or simply "free economy". But if by "capitalism" is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative. (para. 42)

Supporters of capitalism suggest that the first sentence is the true nature of capitalism. It certainly fits the Bourgeois Ideal. Pope Francis, along with his predecessors St. John Paul II and Benedict XVI, have come to the conclusion that the second sentence is a better description of reality.

The contributions of this issue fall on many sides of this debate. Our geographic diversity: Denise Chrispin Marin, a journalist from San Paulo Brazil; Laurenti Magesa, a well-known theologian teaching at Hekima University College Jesuit School of Theology; Salvatore Moccia from the University UNIR in Spain; economist Young Back Choi from St. John's University, but originally from South Korea; and economist Kris Principe from Niagara University; is equaled by the diversity of points of view. One just has to compare my introduction with the other two economists to see that even the economics profession contains multiple perspectives. The purpose of this special issue is to spur a discussion of Francis' views. The issues raised are at the core of the future of the planet. Francis' perspective isn't the only one, but we think it should be part of the dialogue.

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Notes

1. Some even called it the "end of history" in the sense that all history was moving towards this final goal.
2. The idea of a separation of Church and State comes from Jesus (Mathew 22:21).
3. The control of productive assets is a different matter.
4. We should note that many of our grievances against the Crown involved their Mercantilist policies.
5. Just as they still see big government as a threat to present white domination.

Charles M. A. Clark, Ph.D.
Senior Fellow, Vincentian Center for Church and Society
Professor of Economics
Tobin College of Business
St. John's University
Jamaica, New York