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# Latin America: When the Pope's Economic Message Finds Home

Denise Chrispim Marin

When Pope Francis wrote that “we have to say ‘thou shalt not’ to an economy of exclusion and inequality” in his 2013 apostolic exhortation *Evangelii Gaudium* (2013, para. 53), this new “commandment” could not find a more challenging audience than in Latin America. The region where the former Argentine cardinal Jorge Mario Bergoglio was born and where he gave an affirmative answer to God’s call is still the champion of inequality and one of those regions of the world where no mode of production has shown a humanitarian and ethical face.

“The Pope’s message makes sense for Latin America, the most unequal region of the world and where the social policies have to be worked more every day. The Pope is proposing a challenge for the region in this concept: to think on a humanized market-oriented economy with a stronger welfare State”, declared Daniel Titelman, director of the Economic Development Division of the Economic Commission for Latin America and Caribbean (D. Titelman, personal communication, May 17, 2017).

According to United Nations Development Program (UNPD) data, Latin America was the only region in the world that has managed to reduce the income inequality in the last decade. There are currently less poor residents and more prosperous people in this part of the Western Hemisphere than 20 or 30 years ago, and most of Latin American countries have built solid democratic institutions and better-integrated and stable economies. Between 2000 and 2012, the region was able to

add 90 million people to its emerging middle class and also has achieved, in 2015, the main goals of the Millennium Development Objectives, measured according to the Gini Coefficient 2010-2015 (Eclac, 2015).

Despite those gains, 10 of the world’s 15 most unequal countries are located in Latin America. The ninth biggest economy on the planet, Brazil, is also the 10th most inequitable, according to the 2016 Human Development Report (UNDP, 2016). Brazil’s position on this scale of disparity is not far from those of Paraguay and Colombia - both in little worse position at the UNPD ranking - or Panamá, Honduras and Chile - all three of which fare marginally better. Argentina and Uruguay have kept for years their positions as the

most equitable countries of the region despite the last economic crises that have been affecting their citizens’ lives, spurring the emigration of young people and deepening the social inequality and exclusion.

The income inequality and its consequences for quality of life and social exclusion can be seen easily in the cities of Latin America. It is evident in the landscape of Rio de Janeiro, where the Christ the Redeemer sculpture is surrounded by Dona Marta and five other slums. In Buenos Aires, the Villa 31 has been expanded for the last 80 years just 650 feet from the richest section of the city. Crossing over to Santiago, Chile, the closer the mountains are, and more wealthy the neighborhood, the less indigenous are the faces of the inhabitants. These urban divisions, in which the richest areas are so

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limited in comparison with the poorest and where the presence of the State is not even distributed evenly, are not different in Bogotá, Tegucigalpa, Sao Paulo, Buenos Aires, Lima, Mexico City and the other national capitals.

Exclusion and inequality are quite conspicuous in rural areas of most Latin American countries, where subsistent farming and traditional technics of agriculture are still developing, as well as a sophisticated high-tech agribusiness sector. In Mexico, the Michuacan's fruit export industry has generated far more wealth than the Chiapas indigenous' crop fields. The Brazilian agribusiness, one of the most competitive industries of the country, is not comparable to the quilombola's subsistence farms (descendants of former slaves, who had escaped from plantations and formed independent communities called quilombos, that still preserve the uses of their ancestors) or to the yucca fields that sustain riverside population at the Brazilian Amazon.

The chronic inequality in Latin America's largest countries - such as Brazil and Mexico - has prompted huge migrations from the poorer areas to regions where the opportunities for work - especially in the manufacturing and service sector - and for upward social mobility were present. The consequences were the disorganized expansion of the cities, precarious suburb housing, large queues at hospitals, growing competition for places in day care facilities and primary schools, traffic jams, poor access to water and sewage services, and unpaved and poorly lighted streets. All these results are placing greater demands on the time, the health, the nerves, the motivation and the faith of most of the urban Latin American residents. For the industries, these conditions can mean dwindling productivity and competitiveness.

As a religious leader, Pope Francis also warned on the everyday deeper exclusion of people who have little or no access to the new technologies and knowledge and on how much the so-called Fourth Industrial Revolution is changing the protagonists in the economic, social and political sectors. Despite the insistence of some experts that the artificial intelligence, the Internet of things and the

5.0 society will not replace the human jobs, it is even more evident that there will be little room in the future for the low-educated people in the job market. And all of these are inevitable.

“This epochal change has been set in motion by the enormous qualitative, quantitative, rapid and cumulative advances occurring in the sciences and in technology, and by their instant application in different areas of nature and of life”, wrote the Pope. “We are in an age of knowledge and information, which has led to new and often anonymous kinds of power” (Francis, 2013, para. 52).

This warning is particularly sensitive for Latin America, a region which is still fighting against illiteracy or functional illiteracy, and where just a part of its citizens have easy access to a mobile phone or a computer at home. According to a Pew Research Center study, Chile was the highest-ranking in a list of 34 emerging and developing countries on Internet access at least occasionally and on the ownership of a smartphone. Based on 2014 data, this study showed that 87% of Chileans enjoyed those basics of modern life. Among the only nine Latin American countries on that list, El Salvador was last, with 65% of its people without these high-tech tools (Pew Research Center, 2015).

## What Capitalism?

“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”, said the Pope (Francis, 2013, para. 53). Consisting of only nine paragraphs, Chapter 2 of Pope Francis' Apostolic Exhortation has proposed an “evangelical discernment” and an approach “... nourished by the light and strength of the Holy Spirit” (Francis, 2013, para. 50) for the analysis of the contemporary reality. The Pope underlined especially the “process of dehumanization” (Francis, 2013, para. 51) and expressed his fears reversing this trend is especially difficult.

The reader can find in *Evangelii Gaudium* a sensitive proclamation against an economic model that is still fueling exclusion, inequality and rampant consumerism. The nine paragraphs were certainly written based only on academic studies and the Church's reports and testimonials sent to the

Vatican, but perhaps also on the Cardinal Jorge Bergoglio's religious life deeply connected to the most vulnerable people in Argentina, a country that has been facing cruel and successive economic and social crises since the 1970s. Bergoglio frequently visited the neighbors of "1-11-14", the favela just in front of the stadium of San Lorenzo de Almagro, his beloved soccer team.

In these nine paragraphs, however, there is no reference to a specific economic system, and the word "capitalism" does not appear. Anyone can easily identify capitalism as the main target of the Pope's exhortation. But the absence of this word stirs some reflections. Jesus Rodríguez, an economist, General Auditor of Argentina and an old acquaintance of Pope Francis explains:

There is a substantive and deep concept here: challenged by the fact that the capitalism has failed in provide a fair distribution of wealth, the Church prefers to draw attention to the construction of a capitalism with human face. So, the Church might commit a sin when it does not say clearly that there is no option to capitalism and what kind of capitalism is the better way to be followed. (J. Rodríguez, personal communication, May 19, 2017)

In the case of Latin America, this hesitation could bring much more uncertainty if the Aparecida Document did not exist. This document has emerged from the 5th General Conference of the Episcopate of Latin America and the Caribbean, which was inaugurated by Pope Benedict XVI in the city of Aparecida (Brazil) in 2007. The final document was compiled by Cardinal Bergoglio.

As with the 2016 Apostolic Exhortation, the word

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"capitalism" was not mentioned in the Aparecida Document. But the term "globalization" was used in it as almost a synonym of capitalism with no classic frontiers. Its effects were exposed in a longer and more detailed text than the Pope's nine paragraphs, which was addressed for the whole world and not simply to

Latin America. Globalization, as the Church in Latin America agreed, has an economic dimension that overlaps humanity and promotes multiple iniquities and injustice, such as the concentration of power and wealth in the hands of a few people and the "poverty of knowledge and access to new technologies".

Echoing Pope Benedict XVI's 16th speech in Aparecida, the document called for an "ethic globalization" underlined by solidarity, justice and respect for human rights. The document has pointed out the sectors that are exacerbating the negative consequences of globalization - financial institutions, transnational firms, extractive industries, agribusiness - as well as criticizing its dynamic of wealth and power concentration, and the people's poor access to the knowledge and to technologies.

In the case of *Evangelii Gaudium*, only the financial system and its speculative capital were mentioned and condemned. But the Pope has reserved only the topic "No to a financial system which rules rather than serves" (Francis, 2013, para. 55 and para. 56) to call for financial reforms, the need for ethics, the end of the "...idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose" (Francis, 2013, para. 55).

Francis (2013) also states:

In effect, ethics leads to a God who calls for a committed response which is outside the categories of the marketplace. When these latter are absolutized, God can only be seem as uncontrollable, unmanageable, even dangerous, since he calls human beings to their full realization and to freedom from all

forms of enslavement. (para. 57)

Through Latin American eyes, the absence of the word capitalism in the Pope's reflections can be read in a different way. First, the region was introduced to capitalism more than 150 years after its beginning in Europe. The Industrial Revolution started only in the early 20th century in some countries. In some countries that nowadays are considered industrialized —Brazil and Mexico—the consolidation of capitalism occurred just in the middle of the 20th century with the implementation of the modern steel, oil, and/or automobile industries.

There are still those countries where the presence of this system is marginal, such as in Honduras, El Salvador and Nicaragua. Despite its recent relaxing of economic orientation, Cuba is still practicing a kind of State Socialism, as well as Venezuela, where the so-called “21st Century Socialism” has been destroying its whole economy, including the oil industry. “The capitalism has multiple forms and levels of development in the region”, remembered Otaviano Canuto, executive-director of the Board of Directors of the World Bank (O. Canuto, personal communication, May 21, 2017).

Second, there are still economic arrangements in nearly all of Latin America that are on the sidelines of capitalism and which can be seen as informal labor and underemployment, clandestine facilities, usury and exchange money black market, and grotesque slavery. Generally, this sad reality is related to the practices and uses during the colonial and the early Republican eras. I dare to say that Pope Francis is very aware of the presence of these schemes in the region. In Bajo Flores, a neighborhood located six miles from the Curia of Buenos Aires, clandestine textile facilities have often been closed by the administration for treating their workers as slaves.

In Brazil, the Ministry of Labor has a department concentrated exclusively on the identification of cases of slaving in urban and rural areas. In 2016, 940 workers were freed in 145 operations (Ministry of Labor, Brazil, 2017). Illegal mining facilities in Peru, Colombia and Bolivia are also

“hiring” people and subjecting them to inhuman treatment. There is also the sexual slavery that targets mainly boys and girls in tourist places and the informal work that makes some of Latin America's countries the champions of the recycling industry. Among them, we can mention the people who collect recycling material on the central streets - “cartoneros”, in Buenos Aires, and “carroceiros”, in Sao Paulo - and those who search for this material and food in open garbage dumps.

Subsistence farms, the high level of informal work and the traditional forms of domestic jobs are also spaces where the old Latin America is present. Against a heritage of the slavery system adopted in Brazil before 1888, the regulation of domestic work was fully implemented only in June 2015. Before this, the domestic workers did not have access to the broad set of rights guaranteed by the Consolidation of Labor Laws to all Brazilian formal workers since 1943 (Consolidation of Labor Laws, 1943). Many of the Latin American countries do not have similar laws.

### The Role of the State

Pope Francis has also omitted in *Evangelii Gaudium* the word “State” and its role as a break on runaway capitalism, to limit its greediness, to protect the most vulnerable, to make it work under reasonable rules, to force it to accept social and environmental commitments, to implement public policies to reduce the inequality and social exclusion, to well-manage the economic policies and to prevent the crises. The State has the capacity to shape the capitalism and to make it less aggressive, as is evident in Scandinavian countries.

This second omission is significant. If the Pope wanted to send his message to the politicians and the decision makers, he did it only indirectly when he tried to touch the reader's heart and call them to oppose indifference and consumerism. In Latin America, particularly after the ruin of the dictatorial regimes, democratic States are struggling to achieve economic growth in a context of stability, balanced budget and well-managed payment accounts. But in recent years, macroeconomic policies adopted by many of the

region's countries were oriented also to create budget space for social measures and to confront financial crises.

In some countries, the extreme poverty ended thanks to the public policies that have been adopted and/or that are still preserved by governments with different ideologies. Contrary to what happens in the United States, even the conservative parties in almost all of Latin America cannot exclude - at least in their speech - the social presence of the State in their political agendas, either because of their own convictions and/or because of the Constitutional command.

There is a clear understanding in the Latin American political classes and governments that the State should be tasked with the reduction of poverty and to increase universal access to education, healthcare and social assistance. Even if the Latin America States are not able to deliver 100% of these services, they at least have these welfare goals as their Morning Star. Additionally, their societies, especially their emerging middle class, are demanding more from their States every day.

These compromises are also extended to the orientation and management of the economic policies. One of the priorities for different States in the 1980s and 1990s was the control of hyperinflation - considered the most aggressive tax on the poorest people - recession and reduction of public debt. In 1989, consumer prices soared 3,079% in Argentina - almost 200% in July alone. In the 12 months before June 1994, Brazilian inflation was 4,922,6%. This rate in Bolivia was 8,170.5% in 1985.

Most of these countries had to deal with successive international crises and their own collapses: Mexico in 1994; Argentina in 2001, Brazil in 1999, as well as during the last three years. The policies adopted by many countries of the region to control the inflation in the 1990s were criticized for being socially insensitive: the interest rates went up, the governments cut their expenses and investments, recession brought the rise of the unemployment and the informal work, and social services lost quality and capacity to attend to people.

To deal with these imbalances, some governments were able to preserve measures that have eased the social inequality and the impact of those economic changes, such as unemployment paychecks, minimum-income policies, and free meals for the children at the schools.

There is no social alternative but to deal with the economic imbalances - and the Pope has mentioned this briefly. "Debt and the accumulation of interest also make it difficult for countries to realize the potential of their own economies and keep their citizens from enjoying their real purchasing power", he wrote (Francis, 2013, para. 56).

In this matter, the absence of any further comment by the Pope is understandable. According to Otaviano Canuto, the Vatican is aware of the Church-State separation, and it would be a distraction if the Pope declared his macroeconomic preferences. "His message is worthy anyway. The Pope knows how complex and diversified can be the solution for macroeconomic problems in Latin America, where the capitalism is so heterogeneous. He did not want to get inside a swamp" (O. Canuto, personal communication, May 21, 2017).

## Corruption and Generosity

*Evangeliu Gaudium* (2013) touches a deep Latin America wound when, in his criticism on the idolatry of the money, the Pope mentioned the "widespread corruption". Though small, the public resources are targeted by corruption. For countries that have such broad basic social demands to be fulfilled and challenges to achieve a reasonable level of social justice, any cent collected from their taxpayers should be treated responsibly by public officials, both in the formulation of the State budgets, and in the effective allocation of these resources.

Cardinal Bergoglio should know exactly what the evasion of these resources means for the benefit of companies, politicians and public officials. Since 1990, many scandals have emerged in Argentina, such as the case of guns and ammunitions sales to Ecuador and Croatia. The Pope's country is 90<sup>th</sup> of a list of 176 countries ranked by Transparency

International. This is the same level as Colombia. Uruguay is the Latin American country with the best position (21<sup>st</sup>), and Venezuela is one of the 10 worst cases in the world (166<sup>th</sup>) and the last in the region. Some of the smallest economies are facing high perception of corruption - Nicaragua is the 145<sup>th</sup>, Honduras and Paraguay are at the same 123<sup>rd</sup> position, Ecuador is the 120<sup>th</sup>; Peru is the 101<sup>st</sup> and Bolivia, the 113<sup>th</sup>. El Salvador is 95<sup>th</sup>, but Cuba and Costa Rica, both small economies, have more reasonable positions: 60<sup>th</sup> and 41<sup>st</sup>, respectively.

The fact that there is corruption in Latin America does not mean that most of its countries have no effective legislation on these crimes. In many cases, the impunity is the main source of the proliferation of corruption. These are particularly the cases of the biggest economies of the region: Brazil is ranked 79<sup>th</sup> and Mexico is 123<sup>rd</sup>. Since 2005, however, Brazilian Federal Police and Justice has been moving fast to investigate emblematic cases of corruption as current Lava Jato. Last decade, another investigation so-called Mensalao had unveiled a governmental scheme of buying votes of congressmen in order to guarantee the approval of the Executive's bills in 2005 and 2006. Powerful political allies of president Luiz Inácio Lula da Silva and high members of the Workers Party (PT) were sentenced to prison.

Contrary to what has happened in prior decades, high-ranking politicians, owners and top executives of big companies, officials of the government and other people (all of them considered before as untouchables) are nowadays in jail or in house arrest. In the current investigation, called Lava Jato (or Car Wash), at least 116 people were already condemned (G1, 2017). According to recent research of O Estado de S Paulo newspaper, the Federal Police led 2,056 corruption operations between 2013 and 2017. All of these cases summed up 37 billion USD lost for the country's budget. This amount corresponded to 0.51% of

the Brazilian GDP in 2016, and it could mean 1,493 new ambulances for the public health system or 2.46 million houses for the lowest income population, according to the estimates of Senator Ana Amelia Lemos. It was also a bit higher than the Bolivian GDP (34.831 billion USD) and almost three times the GDP of Nicaragua.

## Touching the Hearts

*Evangelií Gaudium's* paragraphs on the lack of economic humanization were written to touch the reader's hearts and consciousness. More than expose his critical views on the prevalent economic system, Pope Francis wrote a homily on how

important it is for every society to resume ethical codes, compassion and generosity in business. That people cannot be considered as consumers of goods nor be discarded is undoubtedly a moral message, based on the rational observation of reality.

The Pope underlined: "Almost without being aware of it, we end up being incapable of feeling

compassion at the outcry of the poor, weeping for other's people pain, and feeling a need to help them, as though all this were someone else's responsibility and not our own." He continues, "The culture of prosperity deadens us; we are thrilled if the market offer us something new to purchase. In the meanwhile all those lives stunted for lack of opportunity seem a mere spectacle; they fail to move us" (Francis, 2013, para. 54).

Latin America is one of the most Catholic regions of the world. According to Vatican data, among the ten countries with the biggest number of baptized Catholics, four were in Latin America. Two of them were at the top of the list: Brazil, with 172.2 million, and Mexico, with 110.9 million. During the last several decades, part of these baptized Catholics have converted to Pentecostals denominations. The Church is losing ground in this part of world. Still, Pope Francis' popularity is transcending religious barriers.

In this same region, alternative forms of doing

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business are flourishing as a result of the social, cultural and environmental engagement of old and new companies, either for the sake of their image and/or for their own conviction. The collaborative economy is spreading in the region, as well as concepts of creating a new business philosophy with a social goal and changing the consumerism for a simple model of life. The Pope's message can find Latin America a ground to prosper.

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