

Catholic Social Teaching on Finance and the Common Good

On 5 October 2015, in its annual Power 100 Summit, *Worth* magazine released its list of the most powerful people in global finance. The top spots went primarily to heads of state and central bankers but, surprisingly, the one to feature on the very top of the list was Pope Francis. The Editor-in-Chief of *Worth*, Richard Bradley, said that Pope Francis had “an emotional connection with people around the world, whether Catholic or not, that was extraordinarily powerful” and he was “the most prominent figure addressing issues that have dominated global debates since the financial crisis began”.¹

Not everyone agrees with Pope Francis when he speaks on financial and economic matters. He has a significant number of critics who discuss subjects such as “What is wrong with the Pope’s neo-socialist sermonizing”² or “Pope lays out global Marxist agenda”.³ However, he has managed to put forward in a forceful manner certain basic points of Catholic Social Teaching on finance and the common good which are definitely needed for a discussion that leads to action – an action that respects the dignity and rights of the human person.

In the Apostolic Exhortation *Evangelii gaudium* and in his Encyclical *Laudato si’*, Pope Francis has emphasized an important point which places his comments in context. He says in *Evangelii gaudium*: “Business is a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.”⁴ And in *Laudato si’*, he basically mentions the same point: “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.”⁵

Catholic Social Teaching provides principles for reflection, criteria for judgement and guidelines for action⁶ as well as tools for conscience formation. I would like to underline some specific points on finance and the common good that are an integral part of Catholic Social Teaching and that have been emphasized by Pope Francis.

1. Primacy should be given to the human person created in God’s image

The root issue is anthropological. The human person is created in God’s image and this gives rise to his or her inviolable dignity – a sacred being and a social being born into a network of relationships and needing others in order to flourish. Life is not lived in isolation but in the formation of social unity. It is in this context that Pope Francis says “no to an economy of

¹ “The Worth Power 100 provides a window into the world of finance and which direction it’s going,” Bradley said. Assembling the Worth Power 100 is a year-long effort, with *Worth* editors scouring the globe to review thousands of suggestions, select an initial list of 1,000 nominees and ultimately putting it down to the final 100 names.

² See comments by Patrick J. Buchanan.

³ See comments by Cliff Kincaid.

⁴ Francis, Apostolic Exhortation *Evangelii gaudium* (2013), 203.

⁵ Francis, Encyclical Letter *Laudato si’* (2015), 129. Francis quoted specifically this part again in his address to the Joint Session of the United States Congress on 24 September 2015.

⁶ See Paul VI, Apostolic Letter *Octogesima adveniens* (1971), 4.

exclusion and inequality”. In his Apostolic Exhortation *Evangelii gaudium*, he says: “How can it be that it is not a news item when an elderly homeless person dies of exposure, but it is news when the stock market loses two points? This is a case of exclusion. Can we continue to stand by when food is thrown away while people are starving? This is a case of inequality.”⁷

The human person cannot be considered a means to an end, as consumer goods to be used and then discarded. Pope Francis refers to the creation of a ‘disposable’ culture which is spreading. He says that exclusion ultimately has to do with what it means to be a part of the society; those excluded are no longer society’s underside or its fringes. They are the outcast, the ‘leftovers’. Benedict XVI made this point in *Caritas in veritate*: “I would like to remind everyone, especially governments engaged in boosting the world's economic and social assets, that the primary capital to be safeguarded and valued is man, the human person in his or her integrity: ‘Man is the source, the focus and the aim of all economic and social life’.”⁸

2. Money should not be idolized

Catholic Social Teaching has never had an issue with money in itself. Indeed profit in business is considered an essential aspect of business affairs. However, the point made constantly by the Social Teaching is that money should serve, not rule.

Pope Francis, in *Evangelii gaudium*, speaks about people’s relation with money, and what happens when one accepts its dominion over oneself. The Pope says: “We have created new idols. The worship of the ancient golden calf (cf. Ex 32:1-35) has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose.”⁹ The human person is sometimes reduced to one of his needs alone: consumption.¹⁰ The Pope speaks against an absolute autonomy of the marketplace and financial speculation: “A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules.”¹¹ It is a system which tends to devour everything that stands in the way of increase profits. In such a system, “whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule.”¹² Greed, fraud and corruption are the result of such a value-free system.

⁷ *Evangelii gaudium*, 53. The issue of inequality features at the beginning of Leo XIII’s Encyclical Letter *Rerum Novarum* (1891). It was forcefully underlined by Pius XI in his Encyclical Letter *Quadragesimo anno* (1931) where he says that every discerning observer would realize that the vast difference between the few who hold excessive wealth and the many who live in destitution constitutes a grave evil in modern society.

⁸ Benedict XVI, Encyclical Letter *Caritas in veritate* (2010), 25.

⁹ *Evangelii gaudium*, 55. See also the Speech of Francis to new ambassadors to the Holy See, on 16 May 2013, where Francis had already expressed the same point: “We have created new idols. The worship of the golden calf of old (cf. Ex 32:15-34) has found a new and heartless image in the cult of money and the dictatorship of an economy which is faceless and lacking any truly humane goal.”

¹⁰ See *Evangelii gaudium*, 60: “Today’s economic mechanisms promote inordinate consumption, yet it is evident that unbridled consumerism combined with inequality proves doubly damaging to the social fabric.”

¹¹ *Evangelii gaudium*, 56. It is interesting to note that the term ‘tyranny’ was used by Paul VI, in his Encyclical Letter *Populorum progressio* (1967), 26: “This unbridled liberalism paves the way for a particular type of tyranny, rightly condemned by our predecessor Pius XI, for it results in the ‘international imperialism of money.’ Such improper manipulations of economic forces can never be condemned enough; let it be said once again that economics is supposed to be in the service of man.”

¹² *Evangelii gaudium*, 56. See also Francis in *Laudato si’*, 195: “The principle of the maximization of profits, frequently isolated from other considerations, reflects a misunderstanding of the very concept of the economy. As long as production is increased, little concern is given to whether it is at the cost of future resources or the health of

The same term 'idolatry' features in *Centesimus annus*, which says: "There are goods which by their very nature cannot and must not be bought or sold. Certainly the mechanisms of the market offer secure advantages: they help to utilize resources better; they promote the exchange of products; above all they give central place to the person's desires and preferences, which, in a contract, meet the desires and preferences of another person. Nevertheless, these mechanisms carry the risk of an "idolatry" of the market, an idolatry which ignores the existence of goods which by their nature are not and cannot be mere commodities."¹³

3. An ethical dimension is crucial in a financial system

Pope Francis says that the market will not, by itself, succeed in bringing about greater justice and inclusiveness in the world.¹⁴ He emphasizes the need of an ethical dimension which is not lost in the categories of the marketplace. "When these (categories) are absolutized, God can only be seen as uncontrollable, unmanageable, even dangerous, since he calls human beings to their full realization and to freedom from all forms of enslavement. Ethics – a non-ideological ethics – would make it possible to bring about balance and a more humane social order."¹⁵ Pope Francis mentions the need of a return of economics and finance to an ethical approach which favours human beings.¹⁶

Benedict XVI emphasized this point in *Caritas in veritate*, when he said that the economy needs ethics in order to function correctly — not any ethics whatsoever, but an ethics which is people-centred. He mentioned several praiseworthy initiatives concerning ethics in the field of economy, finance and business, and added: "It would be advisable, however, to develop a sound criterion of discernment, since the adjective 'ethical' can be abused. When the word is used generically, it can lend itself to any number of interpretations, even to the point where it includes decisions and choices contrary to justice and authentic human welfare."¹⁷ He explained that efforts are needed not only to create "ethical" sectors or segments of the economy or the world of finance, but to ensure that the whole economy — the whole of finance — would be ethical, not merely by virtue of an external label, but by its respect for requirements intrinsic to its very nature. This is a constant theme in Catholic Social Teaching. John Paul II had explained it this way: "The economy in fact is only one aspect and one dimension of the whole of human activity. If economic life is absolutized, if the production and consumption of goods become the centre of social life and society's only value, not subject to any other value, the reason is to be found not so much in the economic system itself as in the fact that the entire socio-cultural system, by ignoring the ethical and religious dimension, has been weakened, and ends by limiting itself to the production of goods and services alone."¹⁸

the environment; as long as the clearing of a forest increases production, no one calculates the losses entailed in the desertification of the land, the harm done to biodiversity or the increased pollution."

¹³ John Paul II, Encyclical Letter *Centesimus annus* (1991), 40.

¹⁴ See *Evangelii gaudium*, 54. The term used by Francis – 'trickle-down theories' – caused an uproar in certain circles that consider it to be a populist term used by critics in a pejorative way. However, one has to put things in perspective. The expression (in the Spanish original "teoría del derrame") was widely and commonly used in Argentina during the 90s, when there was an artificial economic expansion driven by privatizations and heavy indebtedness. The common thinking was that the market forces would manage and it was just a matter of time. Many say that the result was the worst economic catastrophe in Argentinian history and it caused widespread suffering.

¹⁵ *Evangelii gaudium*, 57.

¹⁶ See *Evangelii gaudium*, 58.

¹⁷ *Caritas in veritate*, 45.

¹⁸ *Centesimus annus*, 39.

4. Finance should be related to the correct understanding of ‘common good’

The Second Vatican Council defined common good as “the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment”.¹⁹ Common good is not utilitarian in nature. It is not ‘the greatest good for the greatest number’, because this can allow for the exclusion of individuals or even segments of society. John Paul II explained that the common good “is not simply the sum total of particular interests; rather it involves an assessment and integration of those interests on the basis of a balanced hierarchy of values; ultimately, it demands a correct understanding of the dignity and the rights of the person.”²⁰

It is a theme on which Benedict XVI dwells in *Caritas in veritate*, where he says that common good is “the good of ‘all of us’, made up of individuals, families and intermediate groups who together constitute society. It is a good that is sought not for its own sake, but for the people who belong to the social community and who can only really and effectively pursue their good within it.”²¹ The common good underlines three essential elements: respect for and promotion of the fundamental rights of the person; prosperity, or the development of the spiritual and temporal goods of society; the peace and security of the group and of its members. In an increasingly globalized society, the common good and the effort to obtain it cannot fail to assume the dimensions of the whole human family, that is to say, the community of peoples and nations.²² In this context, one understands a core assertion in Catholic social teaching that all creation was created by God and given to humanity, collectively, and that material goods have a universal destination that must not be undermined.²³

5. Solidarity and Subsidiarity: key factors in the relation of finance to the common good

In the current economic situation the word ‘solidarity’ has sometimes become uncomfortable, even bothersome.²⁴ It is essential to restore to ‘solidarity’ the social citizenship that it deserves. “Solidarity is not an additional attitude, it is not a form of social alms-giving but, rather, a social value.”²⁵

John Paul II explained that solidarity is not a feeling of vague compassion or shallow distress at the misfortunes of people. “On the contrary, it is a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all.”²⁶ It is a globalisation in solidarity. Looking after the common good means making use of the new opportunities for the redistribution of wealth among the different areas of the planet, to the benefit of the underprivileged that until now have been excluded or cast to the sidelines of social and economic progress.²⁷ It also means a solidarity between generations: “The notion of the common good also extends to future generations. The

¹⁹ Second Vatican Council, Pastoral Constitution *Gaudium et spes*, 26.

²⁰ *Centesimus annus*, 47.

²¹ *Caritas in veritate*, 7.

²² See *Catechism of the Catholic Church*, 1925.

²³ See *Populorum progressio*, 22. See also *Laudato si'*, 158, where Francis speaks about the importance of “recognizing the implications of the universal destination of goods.”

²⁴ See Francis, Address to the *Centesimus Annus Pro Pontifice Foundation*, 10 May 2014.

²⁵ Francis, Address to the *Centesimus Annus Pro Pontifice Foundation*, 25 May 2013.

²⁶ John Paul II, *Sollicitudo rei socialis* (1987), 38.

²⁷ See John Paul II, Address to the *Centesimus Annus Pro Pontifice Foundation*, 9 May 1998.

global economic crises have made painfully obvious the detrimental effects of disregarding our common destiny, which cannot exclude those who come after us. We can no longer speak of sustainable development apart from intergenerational solidarity. Once we start to think about the kind of world we are leaving to future generations, we look at things differently...²⁸

Linked to this is also the principle of subsidiarity which means that responsibilities are to be exercised and decisions taken as far as possible by local communities and institutions, at the level of individual initiative. John Paul II explained in *Centesimus annus*: “A community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with a view to the common good.”²⁹ At the same time, the common good demands that there be supervisory agencies to follow up all action starting from the local up to the international level, so as to ensure that the general aims are attained, and any abuse avoided.

6. The preferential option for the poor is essential for attaining the common good

The preferential option for the poor was described by John Paul II as “a special form of primacy in the exercise of Christian charity, to which the whole tradition of the Church bears witness. It affects the life of each Christian inasmuch as he or she seeks to imitate the life of Christ, but it applies equally to our social responsibilities and hence to our manner of living, and to the logical decisions to be made concerning the ownership and use of goods”.³⁰

This option is a special hallmark of the Pontificate of Francis who says that, while loving everyone, rich and poor alike, “he is obliged in the name of Christ to remind all that the rich must help, respect and promote the poor.”³¹ Pope Francis says that this option “is an ethical imperative essential for effectively attaining the common good.”³² This points to what Benedict XVI himself said in *Caritas in veritate* that “While the poor of the world continue knocking on the doors of the rich, the world of affluence runs the risk of no longer hearing those knocks, on account of a conscience that can no longer distinguish what is human.”³³

Catholic Social Teaching, while emphasizing this integral promotion of the poor, speaks against a culture of dependency and a simple welfare mentality.³⁴ Politics that reduce people to a passive state of dependency on welfare do not do justice to the dignity of the human person. In *Laudato si'*, Pope Francis says that helping the poor financially “must always be a provisional solution in the face of pressing needs. The broader objective should always be to allow them a dignified life through work.”³⁵

²⁸ *Laudato si'*, 159.

²⁹ *Centesimus annus*, 48.

³⁰ *Sollicitudo rei socialis*, 42. See also *Centesimus annus*, 11: “The Church's love for the poor, which is essential for her and a part of her constant tradition, impels her to give attention to a world in which poverty is threatening to assume massive proportions in spite of technological and economic progress.”

³¹ *Evangelii gaudium*, 58.

³² *Laudato si'*, 158.

³³ *Caritas in veritate*, 75.

³⁴ See *Evangelii gaudium*, 204.

³⁵ *Laudato si'*, 128.

Conclusion

It is evident that Catholic Social Teaching has a profound, transformative message on finance and the common good.

In today's complex situation, not least because of the growth of a globalized economy, this social teaching has become a set of fundamental guidelines offering approaches that are valid even beyond the confines of the Church: these guidelines need to be addressed in the context of dialogue with all those seriously concerned for humanity and for the world in which we live.³⁶

The pointed criticism of Pope Francis on specific issues, in line with the thrust of Catholic Social Teaching, ultimately helps to underline personal and social responsibility. It is understandable in the light of what *Caritas in veritate* says: “Admittedly, the market can be a negative force, not because it is so by nature, but because a certain ideology can make it so. It must be remembered that the market does not exist in the pure state. It is shaped by the cultural configurations which define it and give it direction. Economy and finance, as instruments, can be used badly when those at the helm are motivated by purely selfish ends. Instruments that are good in themselves can thereby be transformed into harmful ones. But it is man's darkened reason that produces these consequences, not the instrument *per se*. Therefore it is not the instrument that must be called to account, but individuals, their moral conscience and their personal and social responsibility.”³⁷

Individual generosity, private economic development, entrepreneurial initiatives, structural reforms, practical innovation and sound public policies of a legitimate redistribution of economic benefits all have a role in enhancing economic opportunities, and in alleviating and eliminating poverty. A just economic order relies on both material wealth and on people's openness to the transformation of their hearts in love and solidarity. That is the path to the greatest kind of prosperity for all.³⁸ The role of Christians is to rethink and develop new answers and proposals, inspired by Catholic Social Teaching, and translate them into actions which may be effective in the world of today. This is what the *Centesimus Annus Pro Pontifice Foundation* has been focusing on in these past years.³⁹ The Malta International Consultation will continue this journey of reflection and action.

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³⁶ See Benedict XVI, Encyclical Letter *Deus caritas est* (2005), 27.

³⁷ *Caritas in veritate*, 36.

³⁸ See Cardinal Timothy Dolan, in *Wall Street Journal*, 22 May 2014.

³⁹ The 2015 Statement *A Reformed Market Economy: Entrepreneurship for Human Development* is an excellent expression of this effort which is inspired by Catholic Social Teaching. See also the ‘Dublin Proposals on Finance and the Common Good’ included in this Statement.