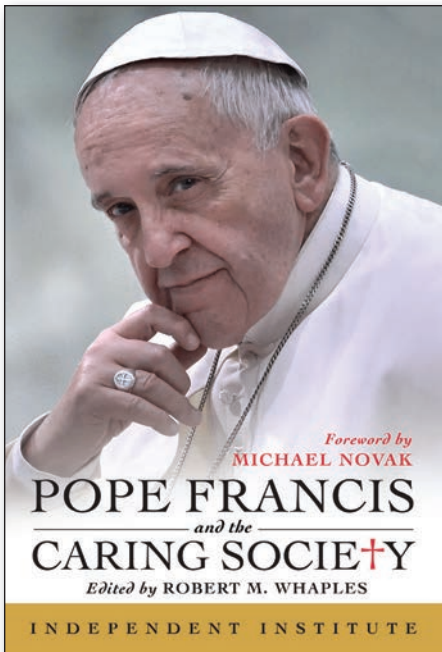


POPE FRANCIS AND THE CARING SOCIETY

EDITED BY ROBERT M. WHAPLES

Foreword by Michael Novak



Book Highlights

- **Friends of human well-being, market-based enterprise, and civil society have a grand opportunity to address widespread misconceptions about the economy, the environment, and charity, thanks to Pope Francis’s call for a worldwide dialogue on these subjects.** The opportunity for engagement applies not only to the world’s 1.3 billion Roman Catholics, but also to the pontiff himself, who many in the economics profession believe has significantly overestimated the ability of government intervention to foster prosperity, social advancement, and care for the planet. He has also failed to appreciate the crucial roles of free markets, property rights, and private charity.
- **Allaying Pope Francis’s worries, world poverty is not rising but falling.** From 1988 to 2008, real incomes rose 15 percent for the incredibly poor at the fifth percentile of the world’s income distribution. Those living at the thirtieth to fiftieth percentiles saw their real income rise by more than 50 percent. The worldwide trend toward freer markets—especially progress in China and India—has played a significant role in global poverty reduction.
- **Contrary to Pope Francis’s suggestion that capitalism is “the economy of exclusion,” private charitable giving is strongest when economic freedom and private-property rights are strong.** Private charity is unleashed by applying natural-law, moral and economic principles and can be far more effective and efficient than the government redistribution favored by Pope Francis. The pontiff’s concerns about the nature of capitalism therefore undercut his call to help the poor.
- **Pope Francis links what he calls “the environmental crisis” to the market economy, but most environmental problems result from the “tragedy of the commons” created by governments’ failure to embrace and uphold a key pillar of the market economy that fosters free markets: private-property rights.** Effective stewardship of what the pope calls “our common home” is unlikely if we appeal only to people’s virtue and not also to people’s material self-interest, which property rights and the market economy incentivize. By overlooking the importance of property rights, Pope Francis ignores a long tradition of Catholic teaching.
- **Pope Francis does not merely offer caution regarding potential pitfalls of the market economy as his recent predecessors did—sometimes he rings the alarm.** Yet since the time of Adam Smith (and earlier, in the writings of the Late Scholastics at the School of Salamanca in the late Middle Ages), economists have explained how markets can channel the pursuit of self-interest into creating virtuous communities serving the common good. Pope Francis’s lack of appreciation for this benevolent outcome is a clear blind spot.
- **As *Pope Francis and the Caring Society* demonstrates, intellectual dialogue need not be discourteous (or, at the opposite end of the spectrum, fawning).** It can be both respectful and critical—indeed, mutual respect and sensitivity to each side’s context are essential foundations for constructive engagement. Contributors to this volume share a commitment to Judeo-Christian teachings and institutions, are conversant in papal history, and are mindful that it is first necessary for two parties to understand one another before they can begin to connect with and educate each other.

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Synopsis

With his emphasis on service to the poor and care for the planet, Pope Francis (born Jorge Mario Bergoglio) commands the attention of not only the world's 2.2 billion Christians, including 1.3 billion Roman Catholics, but also of people across the religious divide. In his 2015 encyclical, *Laudato si'*, the pontiff called for an open dialogue about poverty and the destiny of what he calls "our common home." This invitation is the inspiration for the Independent Institute book *Pope Francis and the Caring Society*.

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About the Editor and Contributors

Edited by economic historian **Robert M. Whaples**, *Pope Francis and the Caring Society* involves the work of eleven scholars well versed in the economics of poverty and the environment, conversant in Church doctrine and history, and attuned to the societal foundations of compassion, stewardship, and charity. While its tone is respectful, the book offers a vigorous engagement with the pope's views when they disregard basic economic reasoning and research findings regarding the causes and cures of abject poverty, free markets, and environmental protection.

Pope Francis and the Caring Society offers something for people of any creed or worldview. Readers especially concerned about poverty, economic opportunity, and effective charity will gain a clearer understanding of the role of markets, property rights, and wealth creation, as well as a better grasp of the challenges ahead. Those who yearn for a healthier environment will learn what contemporary research says about the role of property rights in ensuring that future generations can enjoy the earth's blessings.

Spanning the fields of economics, history, theology, and ethics, *Pope Francis and the Caring Society* shows that compassion without comprehension is folly, that objective analysis is a prerequisite of moral insight, and that a market economy is an essential ingredient for human flourishing. Rather than merely preaching in the public square, it builds a badly needed bridge over the gulf between contemporary scholarship and the head of the world's most enduring and influential institution.

As the late Catholic writer **Michael Novak** states in his foreword to the book, "Now with *Pope Francis and the Caring Society* we have the essential and enlightening book to equip us all to understand the crucial issues of economics, the environment, and charity in order to serve and uplift the lives of others."

Market Economies and Human Well-Being

A major gap between Pope Francis and many economists—one that leads many to conclude that the pontiff is antagonistic toward market economies—involves differences in their views of the causes and cures for poverty. Some of the divergence results from differences both in terminology and in purpose. To help ensure that economists and the Vatican get past the "language barrier," **Robert Whaples** couches the pope's statements in the language of economics.

Doing so, he shows, offers enormous value: it enables a clearer understanding of precisely where the pontiff and the economists differ, especially as they relate to the poor and the rich. Whaples's "translation" reveals that many differences involve matters of economic fact and causation, and therefore can in principle be resolved if everyone considers the same lines of evidence. The clash involving conflicting values, on the other hand, may be far more difficult to cover.

To help build a bridge across the divide, Whaples creates a platform on which connecting links might be constructed: he discusses capitalism's strengths (as seen by its advocates) and weaknesses (as seen by those skeptics who agree that business can be a noble calling). The two sides can learn much by seeing the contrasting assumptions laid out in plain view.

Pope Francis isn't the first pope to express concerns about the potential ills of a market economy, explains **Andrew M. Yuengert**. However, unlike Popes Paul VI, John Paul II, Benedict XVI, and other predecessors, Pope Francis claims that the harmful potential has become a grim reality—and will remain so unless market forces are brought under deliberate human (i.e., government) control. This hostility to markets, according to Yuengert, runs the risk of hindering constructive engagement with business leaders and market advocates. It can also stir cultural and political currents that lead to

restrictions and predatory bureaucracy more likely to drown out economic progress than to encourage it.

How did Pope Francis come to hold views so critical of the free market? To shed light on the origins of those attitudes, **Samuel Gregg** examines the economic failures that have plagued the pontiff's country of birth, Argentina. Once among the richest countries of the Western Hemisphere, Argentina long ago fell victim to corruption and cronyism that have brought wealth-destroying inflation and economic stagnation. One early cause of those failures—the populist collectivism and legacy of Juan Perón—is, ironically, an ideological relative of the pope's *teología del pueblo* (“theology of the people”).

Pope Francis's mistrust of the market economy does not, however, necessarily mean that free-market advocates can pin the label of “socialist” on the pope's ideas. According to **Gabriel Martinez**, Pope Francis *does not* generally oppose increases in prosperity and economic liberty; he criticizes pro-market rhetoric when it's used to justify indifference to the poor. Their plight, Martinez argues, is often caused or compounded by anti-market institutions embedded in the economies in which they live, especially where entrenched oligarchies use the state to hobble their would-be competitors and redistribute wealth from the public to those in power.

Societies marked by oligarchy, that is, rigged to help the privileged elites at the expense of everyone else, require more than merely the removal of anti-competitive rules and regulations. The reason, according to Martinez, is that not all forms of economic liberalization are equally good: some reforms can be so inadequately designed as to harm the interests of the poor, especially in the short term.

This raises the questions: Are the poor better off under a market economy? Is the invisible hand conducive to giving people a hand? Pope Francis's assessment is often negative. “[U]nbridled capitalism,” he has claimed, “has taught the logic of profit at

any cost, of giving in order to receive, of exploitation without looking at the person.” Such a bleak assessment, however, is not an accurate description, according to **Lawrence J. McQuillan** and **Hayeon Carol Park**.

Contrary to the pope's pronouncements, McQuillan and Park argue, capitalism and its core institutions—private-property rights and economic freedom—are enablers of philanthropy, not its enemies. Economic freedom and the enforcement of property rights, they show, are positively correlated with charitable giving. In contrast, the government redistribution often advocated by Pope Francis is neither effective (it slows down wealth creation, the source of charity) nor at all charitable (it's funded through coercive taxation rather than voluntary means).

Care for Our Common Home

Going beyond care for the poor, how well does a free-market system treat the environment? **A. M. C. Waterman** examines Pope Francis's analysis of “the environmental crisis.” Although the pope is on target in his admonition against worshipping the false god of a “deified market,” according to Waterman, his encyclical *Laudato si'* is flawed, due in no small measure to its failure to acknowledge the good that markets do by channeling self-interest to serve the common good. This includes the incentives that free markets and private property create for promoting environmental stewardship.

It is hardly news that private-property rights, when they are tradable and enforced, prevent the rise of environmental problems created by “the tragedy of the commons.” Less known, **Philip Booth** explains, is that a growing body of research (the kind that won Elinor Ostrom the 2009 Nobel Memorial Prize in Economic Sciences) shows that property rights can be structured in numerous ways that empower communities to manage common-pool resources in a manner consistent with

church doctrine. This is further reason why Pope Francis should not overlook the importance of property rights in Catholic social teaching.

Family Economics

The family, even more than the marketplace and the environment, is the foundation of human well-being. Pope Francis's family ethic rests, **Allan C. Carlson** explains, on a rejection of individualism, equity feminism, current gender theory, and consumerism. The pontiff's economic alternative to the contemporary, liberal social order involves communalism and a return in significant ways to a “home economy” featuring traditional gender roles.

Nevertheless, Carlson believes that Pope Francis overlooks a major source of stability for the traditional family. “Francis gives too little attention to the importance of private property as a guarantor of family security and basic well-being,” he writes.

Mutual Benefits of Respectful Dialogue

The tension between economics and religion is *not* an outcome inherent in the nature of either domain, **Robert P. Murphy** argues in the concluding chapter. The problem stems from a failure of both camps to fully recognize that (1) economic principles were first discovered from Christian teachings by Catholic scholars in the Middle Ages, and (2) the economics profession and the Catholic Church have different areas of expertise.

The role of the Church, Murphy explains, is to “teach people the ends to pursue, while economists can offer guidance on the best means of achieving them.” This “division of labor” enables both groups to benefit from what economists would call “gains from trade.” But such a dialogue requires that each side undertake “a more thoughtful reading of the other's perspective,” Murphy writes. “It is our fervent hope that the present collection of essays has contributed to such a foundation of mutual respect.”

Praise for *Pope Francis and the Caring Society*

“We are all called to serve and care humbly for others, especially those most in need, but how we do so is crucial in guiding our moral responsibility. Firmly rooted in our Christian tradition, the incisive and timely book *Pope Francis and the Caring Society* carefully examines this vital issue by applying natural-law ethical and economic principles.”

—MICHAEL C. BARBER, S.J., Bishop, Roman Catholic Diocese of Oakland, California

“The important book *Pope Francis and the Caring Society* makes a crucial point: It is not enough to have good intentions. How one attempts to fulfill them may override.”

—RODNEY STARK, Distinguished University Professor of the Social Sciences and Co-Director of the Institute for Studies of Religion, Baylor University

“The pope’s teaching warrants respectful but critical appraisal and receives it in the important book *Pope Francis and the Caring Society*. If what the pope teaches is influential, competent critics must test the teaching, often under the light of history. Under that light, Pope Francis’s blueprint for ‘caring’ draws support from the notoriously failed theories on which socialism erects barriers to human freedom, creativity, and well-being.”

—DANIEL N. ROBINSON, Faculty Fellow of Philosophy, Linacre College, University of Oxford; Distinguished Professor Emeritus of Philosophy, Georgetown University

“At a time when those today most responsible for transmitting Catholic social teaching need urgently to be reminded of some cause-and-effect realities essential to it, *Pope Francis and the Caring Society* provides us with many necessary reminders, readably and soundly.”

—JOHN M. FINNIS, Biolchini Family Professor of Law, The Law School, University of Notre Dame

“*Pope Francis and the Caring Society* responds to Pope Francis’s call for dialog with a clarion critique of redistributive bromides and bureaucracies. Grounded in the Judeo-Christian principles of liberty, subsidiarity, and civic virtue, this luminous work shines through and shrivels the sanctimonious smog of socialist levelers who wreak demoralization and poverty wherever they rule.”

—GEORGE GILDER, bestselling author, *Wealth and Poverty*, *The Spirit of Enterprise*, *Microcosm*, and other books

“Religion and economics are thus inextricably intertwined, as the Catholic Church has long recognized in many encyclicals and other pronouncements, but professional economists have not. They would do well to read the excellent book *Pope Francis and the Caring Society*, which reviews the latest developments in the wake of the efforts of Pope Francis to rethink Catholic ‘economic theology.’”

—ROBERT H. NELSON, Professor, School of Public Policy, University of Maryland; author, *The New Holy Wars: Economic Religion versus Environmental Religion in Contemporary America*



About the Editor

ROBERT M. WHAPLES is a research fellow at the Independent Institute, co-editor and managing editor for *The Independent Review*, professor of economics at Wake Forest University, and book review editor and former director for EH.Net. He received his Ph.D. in economics from the University of Pennsylvania. Professor Whaples is the recipient of both the Allen Nevins Prize and Jonathan Hughes Prize for Excellence in Teaching Economic History from the Economic History Association. A contributor to numerous scholarly volumes, he is the editor of the books *Future: Economic Peril or Prosperity?* (with Christopher J. Coyne and Michael C. Munger), *Public Choice Interpretations of American Economic History* (with Jac Heckelman and John Moorhouse), *The Routledge Handbook of Modern Economic History* and *The Routledge Handbook of Major Events in Economic History* (both with Randall Parker), and *The Economic Crisis in Retrospect: Explanations by Great Economists* (with G. Page West III). He also edits EH.Net’s Encyclopedia of Economic and Business History. He and his wife Regina are Lay Dominicans.



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Applying independent thinking to issues that matter, we create transformational ideas for today’s most pressing social and economic challenges. The results of this work are published as books, our quarterly journal, *The Independent Review*, and other publications and form the basis for numerous conference and media programs. By connecting these ideas with organizations and networks, we seek to inspire action that can unleash an era of unparalleled human flourishing at home and around the globe.