

**A Paper to Focus Reflections
In preparation for the Symposium
“*Caritas in veritate* and the United States”**

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Sponsored by
The Pontifical Council for Justice and Peace
and
The Institute for Advanced Catholic Studies

I. A Request to all Symposium participants

The purpose of this “focus paper” is to summarize some background conditions surrounding our gathering in Rome and to focus attention on a number of economic issues relevant to Pope Benedict’s encyclical, *Caritas in veritate*, and to the longer-term intellectual needs of robust dialogue on morality and economic life.

II. Prologue

In the apostolic constitution *Pastor Bonus*, Pope John Paul II described the mandate of the Pontifical Council for Justice and Peace to include the work of scholars: “It will assemble and evaluate various types of information and the results of research on justice and peace, the development of peoples and the violations of human rights.” For this reason, the Council periodically convenes groups of scholars to reflect on pressing issues in the light of both Catholic social thought and the insights of the various scholarly disciplines. To co-sponsor a symposium on *Caritas in veritate* is a natural part of that mission.

The Institute for Advanced Catholic Studies was founded to cultivate deep conversation among scholars of various disciplines by bringing the rich Catholic intellectual tradition into dialogue with the various academic disciplines and with contemporary issues – for the benefit of the Church, other religious believers, and the world at large. This commitment to the common good has generated the Institute’s True Wealth of Nations research project, itself dedicated to a dialogue on the principles of Catholic social thought and the conditions necessary for a vibrant and creative economy. To engender that dialogue, the project has proposed employing causality as a link between transcendent values and earthly affairs by starting with a basic proposition to be evaluated: “that the economic and cultural criteria identified in the tradition of Catholic social thought provide an effective path to sustainable prosperity for all.” Thus, to co-sponsor a symposium on *Caritas in veritate* is a natural part of the Institute’s mission.

Our world today is one of great contrasts, including immense wealth and desperate poverty. In the United States, some who were agents in the creation of the Great Recession enjoy immense riches, while a multitude of others have suffered the loss of savings, home, and even self-respect. The US remains a place to which a great many people in other nations would love to migrate, but many US citizens feel less economically secure than at any other time in their lives. State governments reduce already meager expenditures on the poorest, while local governments close public libraries on Sunday and reduce the school week from five days to four to save money.

This is indeed an appropriate time to gather to consider the relevance of Catholic social thought for American life.

Caritas in veritate is the “social encyclical” of Pope Benedict XVI, following in the footsteps of his predecessors from Leo XIII to John Paul II. Fundamental to the document is Benedict’s view that

authentic human development concerns the whole of the person in every single dimension. Without the perspective of eternal life, human progress in this world is denied breathing-space. Enclosed within history, it runs the risk of being reduced to the mere accumulation of wealth; humanity thus loses the courage to be at the service of higher goods, at the service of the great and disinterested initiatives called forth by universal charity. (CV 11)

We gather in Rome in October to plumb the depths and empirical relevance of this fundamental religious conviction, declared for the whole world but of particular importance for the United States, the focus of this symposium.

III. Issues and Problems

1. After millennia of generalized poverty rooted in subsistence agriculture, most of the regions of the earth have experienced a radically new form of economic life since the Industrial Revolution, one where new ideas, machines, and processes – generated “through hard work and creativity” (*Caritas in veritate*, 50 – hereafter “CV”) – hold out the hope of prosperity for all peoples on the Earth. Both Pope John Paul II and Pope Benedict have recognized that, after a long period when the Earth was the primary source of wealth, with labor a handmaid, we now understand human labor and creativity as independent sources of much greater wealth than was previously possible.

a) How does this epochal shift in the role of human work and creativity in the production of wealth over the past three centuries affect how we should think about morality in economic life?

2. The new technologies of the industrial revolution arose first in societies with strong respect for the rights of individuals, including both political rights and economic markets. “The *market* is the economic institution that permits encounter between persons . . . in order to satisfy their needs and desires.” (CV 35) Culturally, markets signal a society’s respect for individuals and correlate with the Church’s notion of subsidiarity. Economically, changes in market prices rapidly announce changing conditions of supply or demand, allowing even far distant economic actors to alter their plans efficiently in light of the new situation. Markets also distribute income, rewarding those able to provide others with products or services at attractive prices, thereby encouraging innovation and efficiency that can improve the economic wellbeing of families, a nation, and even the world. Improved efficiency often leads to lower prices for consumers and increases the economic well being of multitudes as their budget now stretches farther.

a) Many scholars, most especially Michael Novak, have argued that Catholic social teaching has neglected wealth creation in favor of redistribution. Why was the Christian tradition slow to acknowledge the moral importance of wealth creation? What for you is the proper moral characterization of initiative and creative invention?

- b) Scholars, such as Luigini Bruni and Stefano Zamagni, have argued that we should not confuse markets with capitalist markets, and that the tradition of “civil markets” is both older and more likely to address the problems we face. Do you believe there are better ways to organize US markets to encourage sustainable prosperity for all?
3. But markets also cause pain for people. Indeed, it is by making previous patterns of life abruptly more expensive that a change in price alters the activities of economic actors and move markets toward efficiency, at least as defined by market forces. The price of petroleum rises by forty dollars a barrel and most people will cut back on their driving. But that means that the widow on social security in Chicago is also pressed to cut back on fuel oil to heat her home, and the worker in Dallas may be out of a job when price competition leads his employer to move production to Asia.
- a) Given the commitment of Catholic social thought to meeting people’s needs, at what point do you judge that market forces generate not only freedom but also “economic compulsion” (as Albino Barrera has argued) and society and/or government must step in to soften the blow?
4. Markets do not exist without a juridical structure, including the prohibition of abusive behaviors. Individuals and political parties differ greatly on which activities are sufficiently abusive that they should be prohibited by law, but only anarchists endorse a truly unrestricted market. Catholic social thought rejects more extreme perspectives that are either individualistic or collectivistic, but allows for a range of morally defensible options, affirming an authentic respect for individuals and community. Similarly, every judgment about the justice of markets includes assumptions about the moral context of markets, about extra-market factors that alter how people experience the economic dimensions of their lives: (1) which good and services are so essential that the community should provide them to those unable to provide for themselves? (2) what is the level and character of morality of individuals and groups? and (3) how vibrant is the civil society that provides what Pope John Paul II called “the subjectivity” of society? Here too, the options among contemporary intellectual positions extend wider than the range of possible answers that Catholic social thought can endorse.
- a) What characteristics of markets, social provision, morality, and civil society are critical in your own judgment as to when market outcomes are just?
- b) To what extent do the more humane economic outcomes of the developed North rely on properly structured extra-market conditions of communal provision, voluntary morality, and civil society? If those other conditions were not effectively present in a nation, would that mean for you that markets are a less trustworthy strategy?
5. Pope Benedict has decried the rampant consumerism that prosperity has allowed and that so many of us Americans have chosen, and this “forms an unacceptable contrast with the ongoing situations of dehumanizing deprivation” among so many of the world’s poor (CV 22). For decades, development economists have studied the problem of improving the lot of the poor, and many nations, like China and India, have seen remarkable progress. General health statistics have been improving widely in the world, but vast numbers of the poor in many nations have yet to benefit much from such change.
- a) What are the most effective strategies for economic development in poor nations?

- b) Has the provision of social services in the US gone too far in creating a dependent class of poor persons? or not far enough in providing for the needs of all? What principles should guide such conversations?
6. “The environment is God's gift to everyone, and in our use of it we have a responsibility towards the poor, towards future generations and towards humanity as a whole.” (CV 48) Today, the ownership of land and natural resources represents a smaller and smaller percentage of the economic wealth of any nation. Yet we have simultaneously become vividly aware of the prospects for environmental calamity caused by our growing economic “footprint” in the biosphere, that now threatens not only polluted air and water locally but global problems such as climate change, both longer in term and more difficult to curtail. This too is an effect of markets, since market pressures encourage the participants in an exchange to take little note of the externalities which their transaction generates. As environmental economist Herman Daly has put it, finding the proper scale of the economy in the biosphere is a separate optimization problem, one only soluble with holistic analysis and control.
- a) What are the best ways of avoiding “uneconomic growth”? What combination of market forces, government oversight, and morality of individuals and firms will be required?
- b) What shifts in conceptual framework may be needed? Are there better ways to conceptualize environmental problems than as “externalities” to market processes?
7. Economies of scale generate significant benefits, and the influence of transnational firms in today’s economic world is immense – for both good and ill. In his encyclical, Pope Benedict has special praise for firms “capable of viewing profit as a means for achieving the goal of a more humane market and society.” (CV 47) These “hybrid” firms do indeed seek a profit but employ a large portion of that profit for the common good. These firms self-consciously embody attributes that the best ordinary business firms often share: reciprocity, respect for persons, public service, and care for the earth.
- a) Given market pressures, how much discretion do you judge firms have in embodying the principles of Catholic social thought within the firm? In their activities in the market?
- b) Is there an optimal juridical form of the business firm? Should current US law be changed so it no longer compels corporate boards of directors to focus almost solely on the interests of stockholders?
- c) How important is the presence of reciprocity, in addition to exchange and pure gift, in economic life?
8. Pope Benedict has argued that “grave imbalances are produced when economic action, conceived merely as an engine for wealth creation, is detached from political action, conceived as a means for pursuing justice through redistribution.” (CV 36) This requires taxation. Many today press for a smaller government by arguing that much or all of taxation is morally objectionable, because the coercive collection of taxes means that taxpayers have neither moral agency nor moral merit in paying taxes to help others. More broadly, the accusation has been that in taxation “they” (the government) are spending “your” money. Pope Benedict himself has argued for “allowing citizens to decide how to allocate a portion of the taxes they pay to the State.” (CV 60)
- a) What do you judge to be the prospects for reestablishing a commonly held respect for paying taxes? Is there a way to shift the conversation from complaints about taxes being

too high to a discussion of the tradeoff between the benefits which government expenditures can generate and the burdens which taxation causes? Are other approaches needed?

- b) Do you think there are anti-tax arguments that lie beyond the realm of acceptable difference of opinion within Catholic thought? What should Catholic pastors insist on in preaching about taxation and redistribution?

9. Pope Benedict has called for stronger political authority at the international level (CV 41), and has argued that

In order not to produce a dangerous universal power of a tyrannical nature, *the governance of globalization must be marked by subsidiarity*, articulated into several layers and involving different levels that can work together. Globalization certainly requires authority, insofar as it poses the problem of a global common good that needs to be pursued. This authority, however, must be organized in a subsidiary and stratified way, if it is not to infringe upon freedom and if it is to yield effective results in practice. (CV 57)

- a) Do you favor a move toward greater international coordination? What do you consider the possibilities for the Pope's vision of an international authority that would be poliarchic and characterized by subsidiarity?

10. All too many public debates in the United States about the issues above are characterized by a harsher tone and a more accusatory style than was true, say, 25 years ago. The availability of cable news and ideologically segregated web sites has certainly contributed to the problem, but other forces are surely at work when the civility of argument in the US Senate and within the Catholic Church seem similarly polarized and acerbic.

- a) What are the major causes of this "culture wars" problem? What are the particular virtues and disciplines that Christians need today to alter the climate of stridency and ad hominem argument? In what ways can the institutional Church help?

11. The current economic crisis could but cannot be allowed to take up all our time for conversation at the Symposium, particularly in the technicalities of its causes, effects, and potential remedies. Still, many have argued that the crisis demonstrates long term moral failures not simply of economic institutions, but of the humans who act within them, perhaps even of ordinary people who played little part in the creation of the problem.

- a) What do you judge to be the long term lessons we should learn from the recent economic crisis? Are there particular steps that institutions like the Catholic Church should take in addressing underlying moral or cultural problems?

12. All of the above issues are interrelated, since they and all of human experience must be seen in relation to integral human development. As Pope Benedict puts it, "authentic human development concerns the whole of the person in every single dimension. Without the perspective of eternal life, human progress in this world is denied breathing-space." (CV 11).

- a) What are the implications of this Christian insight that human development and human identity must entail the ordering of the various elements of human fulfillment to our ultimate fulfillment in God? In what ways are these implications different for the life of individual believers and the Church than for structuring an economic order in a pluralistic society?

13. There are a host of other issues not mentioned above, such as immigration, racism, the status of women, the rights of minorities, health care policy, foreign aid, unions, economic inequality, the character of economics as a discipline, the church as economic actor, and many others.
 - a) Are there issues that stand out for you as seminal in any adequate empirical and moral analysis of the implications of Caritas in veritate for the United States?

IV. Possible Responses

Any analysis of the implications of Caritas in veritate for the United States should extend beyond reflection on our current situation to creative investigation of the possibilities for transformation.

1. What do you see as the most pressing items that should be on the agendas of economists and/or other social scientists to lay the groundwork for such action? Of theologians and/or other humanists?
2. What are the primary changes needed in public conversation on these issues in the US, procedurally and/or substantively?
3. How might Catholic institutions – universities, schools, parishes, social service agencies, etc – take a leadership role in pressing for changes, whether in society’s intellectual framework or in actual practice? How might Catholic universities and Catholic scholars best cooperate with other scholars and universities in attending to a more adequate analysis of economic life?
4. What suggestions might you have for an ongoing agenda on these issues for the Institute for Advanced Catholic Studies? For the Pontifical Council for Justice and Peace?