

## **Popes and Markets. Recent Catholic social teaching suggests a new theological engagement with markets, writes Paul Oslington**

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Few *Policy* readers, even those of the Christian faith, probably spend much time reading church statements on economics. Most are pretty dubious theologically, with the remainder undermining their theological message with ill-informed pronouncements on economic theory and evidence. Statements in the 1970s and '80s by various ecumenical bodies, and by the newly constituted Uniting Church, have been severely criticised, particularly in a volume published by the CIS titled *Chaining Australia*<sup>1</sup> and by past CIS visitor Paul Heyne, whose collected essays were reviewed in a recent issue of *Policy*.<sup>2</sup> If anyone believes such statements have gone the way of other 1970s fashions such as bell bottom trousers, then consider the 2004 Accra Confession of the World Alliance of Reformed Churches, claiming to represent 'more than 75 million Christians in about 100 countries around the world,' which declared 'the integrity of our faith is at stake if we remain silent or refuse to act in the face of the current system of neoliberal economic globalization' and compared the situation to that of German Christians under Nazism in Germany in the 1930s.<sup>3</sup>

On the whole, statements of the Roman Catholic Church since the landmark papal encyclical *Rerum Novarum* issued in 1891 have been of higher theological quality than most church statements, and more reticent when dealing with specific economic questions.<sup>4</sup> Pope Leo XIII in *Rerum Novarum* (roughly translated 'On the New Things') was primarily concerned with capital and labour. His approach rejected revolutionary socialism; affirmed private property ('The first and most fundamental principle, therefore, if one would undertake to alleviate the condition of the masses, must be the inviolability of private property' paragraph 15); set out a limited role for the state ('The foremost duty, therefore, of the rulers of the State should be to make sure that the laws and institutions, the general character and administration of the commonwealth, shall be such as of themselves to realize public well-being and private prosperity' paragraph 32); and supported the activities of 'workingmen's unions' in securing living wages.

Each of these statements must be carefully read against the theological and philosophical background of the encyclical. Leo XIII was hostile towards liberalism, and subsequent papal statements have not followed the increasing Anglo-American enthusiasm for markets through the twentieth century. Many Catholics see this as a good thing. Others lament it. The attitude towards markets is perhaps most clearly illustrated in Pope Pius XI's *Quadragesimo Anno* issued in 1931 on the 40th anniversary of *Rerum Novarum* to further explain its teachings. Collectivist elements of *Rerum Novarum* were emphasised and the concept of social justice made its appearance. The most optimistic assessment of the twentieth-century encyclicals would have to be that they were lukewarm about markets until the recent encyclicals *Centesimus Annus* of John Paul II (marking the hundredth anniversary of *Rerum Novarum*) and Benedict XVI's *Caritas in Veritate* ('Charity in Truth'), both of which are discussed below.<sup>5</sup>

### **Church influence**

Why should anyone care what churches have to say about economic matters?

First, despite the predictions of a long line of sociologists pushing the 'secularisation theory,' many Australians claim the Christian faith and are members of a church.<sup>6</sup> Some of this non-negligible segment of the Australian population are influenced in their opinions and political behaviour by church teachings on economic matters. This is particularly so for Roman Catholics, for whom papal teaching is authoritative, though understandings of the nature of this authority vary.

Second, church lobbies exert a significant influence on Australian public policy. This is not just because they claim to represent their large constituency of church members but because church-related organisations deliver more than half of welfare services in Australia.<sup>7</sup> The threat of church-related organisations withdrawing from government contracts or not cooperating with government policy would be very serious indeed.

Third, churches have been among the most vocal critics of market-based economic reforms in Australia over the last 30 years.

This essay is not a survey of church statements on economic matters, nor of Australian church statements or the reception by the Australian church of overseas statements. It deals specifically with recent papal encyclicals and economics, suggesting that we are seeing something new that could change the tenor of future discussions of churches and markets. However, the discussion of encyclicals illustrates a general problem with the approach of theologians (Christian and other) to economic matters—that they have difficulty coming to grips with large-scale impersonal social systems like market economies, which operate differently to small-scale interpersonal relations.

### **Widespread interest in the recent papal encyclicals**

Recent papal encyclicals have attracted a great deal of attention, not just within the usual Roman Catholic circles.<sup>8</sup> Benedict's XVI's *Caritas in Veritate*, released in the middle of 2009, made the front page of the *Wall Street Journal* headlined as 'Vaticanomics?' and reported by the *Economist* as 'New Sins, New Virtues.' Around the same time, a group of prominent evangelicals published an open letter in the journal *First Things* calling for an engagement with the Pope's thoughts on economics (hostility to Roman Catholicism has been a notable characteristic of evangelical Christianity in the past).<sup>9</sup> Most significantly, there is a great deal of interest in the business community in the encyclical, expressed in funding a number of conferences over the past year. These include two conferences in which I participated in May 2010: 'Civilising the Global Economy' (Faith and Work Initiative, Princeton University) and 'God and the Global Economy' (Regent College, Vancouver). At each conference, senior figures in business and finance, by no means all Roman Catholic, spoke movingly about the influence of *Caritas in Veritate* on their thinking.

### **The Encyclicals**

Before following John Paul II as Pope, Benedict XVI, in his role as head of the Vatican agency responsible for doctrine, had a significant influence on John Paul II's encyclicals. So to trace the Vatican's new engagement with markets, we should begin with John Paul II's 1991 encyclical *Centesimus Annus*. Benedict had an important part in the unprecedented meeting of economists (including several Nobel laureates) at the Pontifical Academy of Social Sciences<sup>10</sup> in Rome in the lead-up to the writing of *Centesimus Annus*. This, together with the influence of American think tanks such as the Acton Institute for Religion and Liberty and John Paul II's own experiences with communism in Eastern Europe, have probably contributed to the different tone about markets to previous encyclicals.

John Paul II's *Centesimus Annus* is in some ways a puzzling document. There are strikingly positive passages about consumer sovereignty, markets, and the role of business enterprise, in addition to the longstanding defence of private property. For instance, paragraph 40 states:

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.

And in paragraph 42, a qualified yes is the answer to the question whether:

after the failure of Communism, capitalism is the victorious social system, and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? Is this the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress?

However, as other commentators have observed, the positive and almost sacramental language about business enterprise in *Centesimus Annus* sits uneasily with the underlying philosophical framework.<sup>11</sup>

The root of the problem is that Catholic moral theology has always been more comfortable dealing with small-scale interpersonal relationships than with large-scale impersonal social systems like market economies. For instance, there has been a rich discussion of human work in the encyclicals flowing from their theological anthropology. However, this anthropology has not provided the resources for an adequate theology of markets, where the key questions are about the aggregate and mostly unintended consequences of human activity. A theology of markets is not necessarily a theological endorsement of markets.

In *Centesimus Annus*, John Paul II was much influenced by an essentially natural law reading of markets offered by Catholic scholars such as Michael Novak and George Weigel.<sup>12</sup> Natural law ethics seeks conformity with the natural order, including human nature. Novak, Weigel and others argued that markets cohere with the free and creative dimensions of human beings and promote human flourishing. Their Catholic natural law reading connected with a similar reading of markets by certain Reformed Christian Economists, which was no accident as there are strong natural law elements in John Calvin and Abraham Kuyper, who are the points of reference for the Reformed Christian Economists. The starting point for both the Catholic and the Reformed scholars was the Christian doctrine of creation and the theological anthropology flowing from it. Both ended up with a less than satisfactory theology of markets.

Benedict XVI sees the natural law somewhat differently—describing it as a blunt instrument. He emphasises Jesus Christ as the meeting place for God and humanity, and proceeds from Christology. The Christological starting point undercuts the sharp separation between nature and grace, which was part of the earlier natural law based documents. In Benedict's view, market exchange mimics and finds its meaning in divine-human exchange. Exchange begins with a gracious divine initiative, and when reciprocated by humans, bears fruit in further exchanges. This essay is not the place for

involved theological discussion; suffice to say that Benedict's view of the natural law offers new resources for the theological framing of market institutions.

Benedict XVI is also an Augustinian—or as Tracey Rowland in her intellectual biography puts it, an 'Augustinian Personalist.'<sup>13</sup> This allows him to better place economic relations within a larger framework of God's providential dealings with humanity. The doctrine of providence complements the doctrine of creation, expressing its continuing care for creation. Benedict's Augustinianism also supplies a strong sense of human fallen-ness, which is a necessary theological resource for dealing with economic life—reinforced by recent events in the world economy. With these theological resources, there is hope for a much-needed deep theological engagement with economics. It is hard to image a Pope better equipped theologically to undertake this task.

Perhaps most important of all, Benedict XVI has shown a willingness to put aside as Pope his own European corporatist instincts and listen to economists. He had written very little on economics before his election, the only significant piece being comments at a mid-1980s symposium in Rome, subsequently published in the theological journal *Communio*.<sup>14</sup> Most notable about this piece is Ratzinger's appreciation of the issues at stake—'the autonomy of specialised realms' such as economics and the economist's argument that the 'market's inner logic should free us precisely from the necessity of having to depend on the morality of its participants' and that 'the natural laws of the market are in essence good and necessarily work for the good. Whatever may be true of the morality of individuals, Ratzinger remains sceptical about both these propositions—his verdict is 'not entirely false, as the successes of the market economy illustrate,' but his appreciation of the issues at stake puts him far ahead of most theological commentators on economic matters. There is also a healthy appreciation of the limits of his and the Church's expertise in economics—Ratzinger comments that the dialogue 'cannot proceed purely as a dialogue within the church' and 'will be fruitful only if it is conducted with those Christians who manage the economy.'

Besides the already mentioned dialogues with economists at the Pontifical Academy of Social Sciences, Benedict XVI's willingness to engage with economists was exemplified by including an economist, Professor Stefano Zamagni of Bologna, in the small group that assisted him in drafting *Caritas in Veritate*. This reflects the 'important interdisciplinary dimension' of theological engagement about which he writes in paragraph 31 of the encyclical: 'The Church's social doctrine ... allows faith, theology, metaphysics and science to come together in a collaborative effort in the service of humanity.' This is a far more fruitful method of dealing with economics than that which

lies behind most church statements. Mostly, the model is lobbing grenades at economics out of the darkness of a theological bunker. We need more work on the arrangements—or constitutions—that generate fruitful engagement between economists and theologians.

### **Conclusion**

I don't know what Benedict XVI's theological engagement with economics will end up looking like. He indicates in the unfinished state of his reflections a call for 'further and deeper reflection on the meaning of the economy and its goals' in the light of the 'explosion of worldwide interdependence' (*Caritas in Veritate*, paragraph 33). Could it turn out something like the Augustinian theodicy of markets that Anthony Waterman saw in Adam Smith? Waterman argued that just as for Augustine government restrains sin in a fallen world until the time of a final judgment and renewal, so markets restrain the effects of human sin. Will it include elements of the vision of economic life of early modern Franciscan thinkers favoured by Benedict and some of his advisors such as Stefano Zamagni?<sup>15</sup> Whatever direction it goes, it will be some kind of theological reframing of economics that orients economic enquiry without detailed prescription on matters of economic theory and policy.

## Endnotes

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<sup>1</sup> Geoffrey Brennan and John K. Williams (eds), *Chaining Australia: Church Bureaucracies and Political Economy*, CIS Readings No. 6 (Sydney: The Centre for Independent Studies, 1984).

<sup>2</sup> Paul Oslington's review of Paul Heyne, 'Are Economists Basically Immoral? and other Essays on Economics, Ethics and Religion', *Policy* 25:2 (2009), 53–56.

<sup>3</sup> Details of the Accra confession may be found at <http://warc.jalb.de/>. A critique is Stan Du Plessis, 'How Can You Be a Christian and an Economist? The Meaning of the Accra Declaration for Today,' Working Paper (University of Stellenbosch, 2010).

<sup>4</sup> Encyclicals are letters from the Pope addressed to the Church and 'all people of good will.' A convenient survey and collection of documents of Catholic Social Teaching is David J. Obrien and Thomas A. Shannon (eds), *Catholic Social Thought: The Documentary Heritage* (Maryknoll, N.Y.: Orbis Books, 1992). A broader survey of Roman Catholic thinking about economics is Pedro Teixeira and António Almodovar, 'Catholic Economic Thought' in Steven N. Durlauf and Lawrence E. Blume (eds), *New Palgrave Dictionary of Economics* (second edition) (London: Palgrave Macmillan, 2008). A bibliography of work in the area I prepared for a conference in November 2009 on the 'Future of Economics and Theology as an Interdisciplinary Research Field' is available at <http://www.acu.edu.au/224687>.

<sup>5</sup> Church statements are written by people who have spent large parts of their lives working in highly centralised bureaucratic organisations, and modes of thinking formed there probably carry over to the economy. An enlightening piece is William McGurn, 'Pulpit Economics,' *First Things* 21:5 (2002).

<sup>6</sup> The Australian Census asks respondents to state their religion, with 'no religion' being an option. The most recent census shows a decline in adherence to mainstream Protestant dominations, a mild increase in adherence to Roman Catholicism, and increases in Pentecostalism and 'no religion.' What the religion question actually means is debated, with responses probably reflecting community attitudes to religion as much as changes in belief or participation. A richer picture is painted by the National Church Life Surveys, which have been conducted in Australia since 1986.

<sup>7</sup> Shurlee Swain, 'Welfare Work and Charitable Organisations' in James Jupp (ed), *Encyclopedia of Religion in Australia* (Cambridge University Press, 2009), 885.

<sup>8</sup> While Kremlinologists were out of business in the early 1990s, Vaticanology remains a thriving industry.

<sup>9</sup> 'Doing the truth in love: An evangelical call for response to *Caritas in Veritate*,' *First Things* (18 August 2009).

<sup>10</sup> Proceedings of the Pontifical Academy of the Social Sciences.

<sup>11</sup> In my view, the most profound analysis of the line of papal documents from *Rerum Novarum* to *Centesimus Annus* is by the Canadian Anglican scholar Anthony Waterman ('The intellectual context of *Rerum Novarum*,' *Review of Social Economy* (1991); 'Market social order and Christian organicism in *Centesimus Annus*, *Journal of Markets and Morality* (1999); *Political Economy and Christian Theology Since the Enlightenment: Essays in Intellectual History* (Palgrave Macmillan, 2004). Waterman argued that the political situation of the Church in the wake of the French Revolution, together with a deep incompatibility between the Thomist philosophical framework of the encyclicals, prevented a serious engagement with the worldview of economics, though it also prevented an embrace of socialism.

<sup>12</sup> For instance, Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon and Schuster, 1982) and Michael Novak, *Business as a Calling* (New York: The Free Press, 1996).

<sup>13</sup> Tracy Rowland, *Ratzinger's Faith: The Theology of Pope Benedict XVI* (Oxford: Oxford University Press, 2008). Augustine, a North African convert to Christianity, is one of the greats of Christian theology. He wrote in the fourth century as he watched the Roman Empire crumbling. The Augustinian tradition is known for its emphasis on love, sin and the problem of the relationship between the earthly and heavenly cities. Rowland's biography provides further references on Benedict's appropriation of the Augustinian tradition.

<sup>14</sup> Joseph Ratzinger, 'Church and Economy: Responsibility for the Future of the World Economy,' *Communio* 13 (Fall, 1986), 200, 204.

<sup>15</sup> Anthony Waterman's reading of Adam Smith, offering an Augustinian theodicy of markets, was originally published as 'Economics as Theology: Adam Smith's *Wealth of Nations*,' *Southern Economic Journal* 68:4 (2002), 907–921. It may also be found in Waterman's *Political Economy and Christian Theology since the Enlightenment: Essays in Intellectual History* (Palgrave Macmillan, 2004). Stefano Zamagni's account of Franciscan thinkers and the Italian civil economy tradition is part of Luigino Bruni and Stefano Zamagni, *Civil Economy: Efficiency, Equity, Public Happiness* (Berne: Peter Lang, 2007).