

creation of social structures of sin. Since exclusion is the central cause of poverty, eradicating poverty can come only through the inclusion of the poor. Economic, social, political, and cultural inclusion means first to break down all barriers to inclusion, all exclusionary privileges that benefit the few at the expense of the many, that generate artificial and unsustainable wealth for some while creating poverty for others.

Seeing the person who is poor as made in the image of God, and defining poverty based on economic, social, political, and cultural exclusion, do not give us an economic agenda to eliminate poverty, nor do they explain the specific reasons individuals and communities are trapped in poverty. Theology is not a substitute for economic analysis. Yet it does change the discussion and the analysis of the issue. For one thing, it forces us to include the poor in the dialogue and in the process of reducing poverty, for their participation is now seen as a right, and necessary to promote human flourishing. Moreover, a more accurate anthropology exposes the multidimensionality of poverty, its causes and consequences, thus forcing economists to go beyond simplistic income thresholds that measure poverty, such as the widely used \$1.25 a day, and instead develop multidimensional measures of poverty and well-being.

By using the lens of exclusion, Pope Francis highlights the Catholic social thought principle of participation. Human flourishing happens in the process; it is not an outcome that springs out of a black box. Categories such as human dignity, human flourishing, and the common good all fall outside the traditional boundaries of economic analysis, yet they have a significant impact on how we think about the economy, how we participate in the economy, and thus how we shape economic outcomes. A better understanding of the human person is a necessary first step if we want a more human-focused economic theory, and ultimately a more humane economy.

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### **III. Neither Left nor Right: Toward a Catholic View of the Economy**

The tendency of Catholics to identify themselves along a left-right spectrum mirroring the political divisions in our culture has long struck me

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as misguided. Theology is not meant to be a handmaid to political economy, but that's what a faith that enlists theological arguments in support of pre-existing secular positions amounts to. Papal teachings on the economy do not exist to be scored as wins for the Right or the Left; they exist to help us think through political economic questions from a faith-filled perspective. Yet unfortunately, far too many commentators on the right and on the left focus on the scorecard question, as seen most recently in the round of reactions to Pope Francis' remarks about capitalism in *Evangelii Gaudium*.

As David Cloutier pointed out in his introduction, right-of-center columnist Ross Douthat, in his 2013 *New York Times* column "The Pope and the Right," took a step away from that model, rejecting efforts by those on the right to avoid or discount Francis' left-leaning rhetoric.<sup>30</sup> Instead, he argued that faithful Catholics on the right should focus on explaining "why a worldview that inspires left-leaning papal rhetoric also allows for right-of-center conclusions." In doing so, Douthat encourages us to move toward a more substantive engagement with Catholic social thought. That is a helpful first step, but notice that Douthat is still at pains to arrive at right-of-center conclusions. His column thus carries the presumption that the question of the proper role for the market (or the state) is a primary question when it comes to economic matters. But as Cloutier helpfully observes, Catholic social thought does not fit neatly into the market-state binary. Instead, it emphasizes an approach that can be usefully characterized as "personalist."<sup>31</sup> What matters is how well the economy serves the human person. It is a matter of indifference whether that end turns out to be best served by free markets or by state intervention.

The key is to recognize a proper order of goods. Economic life is ordered to promote genuine human flourishing, or what the tradition of Catholic social thought calls "integral human development."<sup>32</sup> Pope Francis exemplifies this approach when he writes:

<sup>30</sup> See above, note 5.

<sup>31</sup> See David Cloutier's introduction to the Roundtable, above.

<sup>32</sup> Pope John XXIII, Encyclical, *Mater et Magistra*, May 15, 1961, [http://w2.vatican.va/content/john-xxiii/en/encyclicals/documents/hf\\_j-xxiii\\_enc\\_15051961\\_mater.html](http://w2.vatican.va/content/john-xxiii/en/encyclicals/documents/hf_j-xxiii_enc_15051961_mater.html), §§65, 74; Second Vatican Council, *Pastoral Constitution on the Church in the Modern World (Gaudium et Spes [GS])*, December 7, 1965, [http://www.vatican.va/archive/hist\\_councils/ii\\_vatican\\_council/documents/vat-ii\\_const\\_19651207\\_gaudium-et-spes\\_en.html](http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_const_19651207_gaudium-et-spes_en.html), §59; Pope Paul VI, Encyclical *Populorum Progressio*, March 27, 1967, [http://w2.vatican.va/content/paul-vi/en/encyclicals/documents/hf\\_p-vi\\_enc\\_26031967\\_populorum.html](http://w2.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html), §§14, 20; Paul VI, Apostolic Letter *Octogesima Adveniens*, May 14, 1971, [http://w2.vatican.va/content/paul-vi/en/apost\\_letters/documents/hf\\_p-vi\\_apl\\_19710514\\_octogesima-adveniensi.html](http://w2.vatican.va/content/paul-vi/en/apost_letters/documents/hf_p-vi_apl_19710514_octogesima-adveniensi.html), §§31, 52; Pope John Paul II, Encyclical *Sollicitudo Rei Socialis*, December 30, 1987, [http://w2.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf\\_jp-ii\\_enc\\_30121987\\_solli](http://w2.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_30121987_solli)

The current financial crisis can make us overlook the fact that it originated in a profound human crisis: the denial of the primacy of the human person! 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. The worldwide crisis affecting finance and the economy lays bare their imbalances and, above all, their lack of real concern for human beings; man is reduced to one of his needs alone: consumption (EG §55).

In other words, economic life should serve humans, not the other way around. This is more than a claim that we ought not to treat others unjustly in our scramble to secure economic goods for ourselves. It is rooted in the deeper claim that the goods that matter for individuals—the ability to thrive in community, with space to develop in virtue and to creatively exercise the distinctively human capacity to know and to love—should be the ultimate goals of economic striving. Economic goods, in turn, should be purely *instrumental*, desirable not as ends in themselves, but rather only insofar as they serve human development. As John Paul II puts it, progress consists in advancement in being, not advancement in having.<sup>33</sup>

The distinctive terms of Catholic social thought—solidarity, subsidiarity, the common good, the preferential option for the poor—all derive from the worldview that says that economic life is meant to be in service of the human person.<sup>34</sup> From that worldview one can further derive a concern that the aim should be for a society in which unemployment is low, wages are high, and poverty is reduced if not eliminated. But notice that in setting

[citudorei-socialis.html](#), §§1, 17, 27–34, 38, 41, 46; John Paul II, *Centesimus Annus*, §§29, 43; John Paul II, Encyclical *Evangelium Vitae*, March 25, 1995, [http://w2.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf\\_jp-ii\\_enc\\_25031995\\_evangelium-vitae.html](http://w2.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_25031995_evangelium-vitae.html), §81; Pope Benedict XVI, *Caritas in Veritate*, §§4, 11, 23, 34, 48, 51, 55, 62, 67, 74, 77.

<sup>33</sup> John Paul II, *Centesimus Annus*, §36.

<sup>34</sup> The Catholic vision of the human person is obviously more expansive than is the modern view rooted in classic liberalism. In particular, society does not arise as a result of a contract between atomistic individuals, but rather is necessary not just for the survival of the individual but also for her fulfillment. As Aristotle puts it in his *Politics* (1.2), humans are political or rational animals. For starters, we depend on language in order to reason, and language is only possible in community. More deeply, a full human life is a quest to find the good and the true and the beautiful, all of which requires others, since we can find these goods only through inquiry and conversation. For a nice development of this insight, see Herbert McCabe, OP, *The Good Life: Ethics and the Pursuit of Happiness* (London: Continuum, 2005). This view of the human person as inherently social should not be confused with views that elevate society above the individual. To say that the fulfillment of the individual has a social component is not to say the needs of the person should be subordinated to the needs of the collective.

out these goods, the teachings are silent about the roles that should be played by the market and the state. Thus, for example, it is not a matter of Catholic principle that the poor should be helped by state intervention. Nor is it a matter of Catholic principle that the poor should be helped by letting the market work more freely. It is a matter of Catholic principle that the poor should be helped, full stop. The primary goal is care for the poor. One might judge that this is best done through state intervention, or one might judge that it is best done through markets, or that it is best done through other communal action. But these are instrumental questions. The market is good only insofar as it promotes the primary goal of human flourishing. So, too, with state intervention. To use Cloutier's terms, the problem with the market-state binary is that it elevates what should be a matter of prudential judgment about instrumental goods to a question of principle.<sup>35</sup>

On this view, to arrive at a stance toward the economy informed by the Catholic faith, we should leave aside our attachment to either markets on the one hand, or the state on the other. Below, I will describe what such an approach might look like. But we cannot simply leap to what should ideally be the case. In point of fact, modern economic discourse is dominated by the market-state binary. So we should begin by thinking about ways to disengage ourselves from habits of thought rooted in that binary. Here are two suggestions.

First, we should recognize the limitations in our own point of view. We are finite, and as such we cannot expect to have a comprehensive view of the world. Because that is the case, we should be eager to learn from those with whom we disagree, since they are likely to have a better view of aspects of the world to which we ourselves are partially blind. When it comes to the question of how to address economic poverty and injustice, those on the left and on the right have partial truths that need to be taken into account. People on the left are typically more aware of the way markets can fail. They see that market outcomes need not necessarily be just outcomes. Thus, for example, poor individuals in relatively isolated communities dominated by a powerful firm are unlikely to be offered just wages by that firm, which may be the only employer around. People on the left see that we are far from having genuine equality of opportunity, and thus are

<sup>35</sup> One could argue that markets carry with them the intrinsic good of freedom, or that the state carries with it the intrinsic good of collective action. But insofar as we are the sorts of beings who should exercise agency both as individuals and as members of a community, it is not clear why one should prefer either the state or the market. Indeed, the Catholic view of the human person would seem most fittingly served by a view that provides a role for both individual and communal exercises of agency.

likely to recognize that a child born into a poor community with inadequate schools is less likely to be able to develop her best talents than is a child born to wealthy parents in a community with outstanding schools. At the same time, people on the right are typically more aware of the ways the state can fail. They see that government programs can be inefficient. Rent controls, for example, tend to erode the housing supply, and often result in the remaining housing stock being distributed not to the poor, but rather to the well-connected. In addition, people on the right see that government policy is often directed toward private interests, under cover of being directed at the public good. Thus, for example, the long-standing practice of limiting the number of taxis in a given city is good policy for those who currently have a license to operate a taxi cab, but bad policy for people who take taxis, and perhaps even more perniciously, for the relatively poor individuals who might like to make a living as a cab driver, but who cannot afford the artificially restricted supply of licenses.

On any of the key issues of the day, debate would be substantially improved if we went into these conversations with the aim of being reminded of the aspects of those problems that are likely to fall from our own view, rather than with the aim of showing how the other side is just wrong. As Jonathan Haidt warns us, when it comes to moral or ethical questions, we far more often use reason as an ex-post rationalization of our native instincts rather than as a means for arriving at a fuller understanding of reality.<sup>36</sup> We thus should take care that our reason is employed in learning from others to shore up our own blind spots rather than marshaling “reasons” that can be used to dismiss contrary views.

Second, we should focus more on particular situations than on the rather abstract debate about the relative virtues of the market or the state. What can be done to help the poor? There may be very different answers depending on whether we mean the poverty that besets the inner cities or that which besets Appalachia, for example. Even in a given community, there is a complex set of causes, with an even more complicated set of potential interactions between those causes and the solutions one might contemplate. That is a good argument for federalism—hoping that a raft of experiments across the different states and cities might generate more insight into the problem of poverty and its potential solutions. It is also an argument for working *with* the poor to see what might plausibly help; they are likely to have a better idea of the particular problems that make their lives difficult. And finally, it is an argument for an empirical approach that is open-ended. For example, in their

<sup>36</sup> Jonathan Haidt, *The Righteous Mind: Why Good People Are Divided by Politics and Religion* (New York: Pantheon Books, 2012).

book *Poor Economics*, Abhijit Banerjee and Esther Duflo illuminate the lives of the poor in the developing world in ways that do not fall neatly into the market-state binary. They arrived at their insights by conducting small-scale empirical studies that allowed them the flexibility to pursue a range of hypotheses, all with the aim of understanding what the lives of the poor are really like, with a corresponding hope of devising programs and policies that might make a real difference.<sup>37</sup> Such an approach stands in contrast to efforts to “prove” that markets (or the state) work best, by marshaling available statistical evidence.

I think these suggestions would help us have more productive discussions about how best to address our common concern to make the economy more responsive to human needs. But thus far, nothing I have said suggests what might be distinctive about the Catholic approach to economics. The insight that we should think about economic questions in light of the ends that economic goods are meant to serve is not peculiar to Catholicism, but it does lead to an approach to economic questions that is quite distinct from the approach that characterizes modern economic discourse. Although modern economists recognize that economic goods are desirable because they fulfill some need or desire on the part of the person who obtains them, the habit of bracketing the ends that economic goods are meant to serve away from analysis elevates the economic goods to an end in themselves. This tendency to de facto treat economic goods as an end inflects economic discourse on both the left and the right, with both sides tending to focus on economic measures of income and wealth without reference to the ultimate goods those measures are meant to serve.

To see the difference it makes to focus on the human good rather than on instrumental goods, consider the problem of poverty itself. One could focus on a statistic like the percentage of households with incomes below a federally determined “poverty line.” An adequate analysis can indeed take that as a starting point. But insofar as it focuses on material wealth, which is instrumental, it can obscure the real nature of poverty. To put the point another way, such approaches fail to ask the most basic question: What is poverty, and why is it bad? What are the real goods that are threatened by having relatively little in the way of material goods? Material deprivations are surely part of poverty. Lack of access to basic goods like food, shelter, and health care threaten basic biological survival. But that is just the start of an accounting of the problems of poverty. What about the cluster of problems to which Pope Francis alludes when he defines poverty as largely a matter of exclusion

<sup>37</sup> Abhijit V. Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: PublicAffairs, 2011).

(EG §§53–54)? The poor are accorded less respect, and are afforded fewer opportunities to participate in common life. Even Adam Smith, widely regarded as the founder of economics, recognized that the dress, food, and shelter that mark a person as “poor” are often not a problem because of the lack of material comforts involved, but rather because they lead to the social marginalization of the poor person.<sup>38</sup>

On this view, simply dealing with material insufficiency is an inadequate response. First, it ignores the social mechanisms that enforce and maintain class distinctions. If we raise the standard of living of the poor, those with the means to do so will simply raise the bar on the living standard one must maintain in order to enjoy social distinction. To the extent that they succeed, people on the bottom rung will continue to suffer the social disabilities of being “poor.” Second, an overemphasis on material goods carries with it the risk that the poor will be seen merely as objects of concern, mouths to be fed, thereby exacerbating the deeper ills of poverty centered on lack of agency and social marginalization. To think of poverty primarily in terms of the human goods it threatens thus reveals that poverty has many more dimensions than the merely material deprivation that receives so much attention. The debate between Left and Right over whether the market or the state is the best way to raise the income of the poor keeps us from rising to the real challenge of building a community that is welcoming to all. The church’s call for the good of subsidiarity is diminished if it is understood merely as a call to raise incomes for those on the bottom rung.

The flurry of discussion about the fact that income and wealth inequalities have risen sharply over the last few decades is particularly marred by the tendency to treat instrumental goods as though they were ultimate goods.<sup>39</sup> Unlike the issue of poverty, where there is a consensus between the Right and the Left that a reduction in poverty would be desirable, there is no agreement about the extent to which we should worry about economic inequality. Progress in such discussions would require an explanation of what goods are threatened by unequal distribution of income or wealth. Is the problem that the extreme wealth of some provokes envy? If so, the problem does not seem to be a particularly compelling one. Presumably that is not what worries people who are alarmed by rising disparities in income or wealth. So what is the worry? If the worry is that increasing concentration of wealth will

<sup>38</sup> Adam Smith, *The Theory of Moral Sentiments* (1759; Amherst, NY: Prometheus Books, 2000), 70–72.

<sup>39</sup> The astonishing sales enjoyed by Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: Harvard University Press, 2014), bear witness to the current sense of urgency about the question of economic inequality.

push more people into poverty, then we are back to the question of how to deal with poverty. But other goods might be threatened by economic inequality. For example, excessive income inequality could undermine the social fabric as the rich seclude themselves in gated communities.<sup>40</sup> Alternatively, rising inequality could reflect the spread of crony capitalism, which would represent a breakdown in the proper function of both the market and the government in a way that could undermine broad public support for our core institutions.<sup>41</sup> There is a host of reasons why rising economic inequality might be damaging to the goods that economic life is meant to serve. But enlisting broad support to tackle the problem and to identify possible approaches that might be taken to address a better understanding of what goods are threatened by increasing concentrations of wealth and income is surely required. The insistence in Catholic social thought that we focus on the human goods at stake in economic questions thus has a vital role to play in moving public discourse to more fruitful territory.

A related contribution Catholic thought can make to public discourse is to underscore the importance of cultural norms, particularly with regard to the place of material goods in a life well lived. A common complaint about capitalist culture is that it breeds selfishness and greed. Although such complaints are usually overstated, they are responses to a faulty conception of human nature that undergirds modern economic thought. First, although the economic model of the human person does allow for altruistic behavior, the practice of economists is more often to model individuals as pursuing their own narrow self-interest. Thus, for example, a model of criminal behavior will be couched as an exercise in weighing the costs (potential imprisonment) with the benefits (the loot!), with considerations of moral and social obligations set to the side.<sup>42</sup> Although such models are meant as descriptions of human behavior as it is rather than as normative prescriptions, they do influence cultural norms. Students exposed to economics are more likely to think that people commonly pursue their narrow self-interest in all circumstances, and possibly that it is even right to do so.<sup>43</sup> This view

<sup>40</sup> Robert D. Putnam, "Crumbling American Dreams," *New York Times*, August 3, 2013, <http://opinionator.blogs.nytimes.com/2013/08/03/crumbling-american-dreams/>.

<sup>41</sup> Luigi Zingales, *A Capitalism for the People: Recapturing the Lost Genius of American Prosperity* (New York: Basic Books, 2012).

<sup>42</sup> Gary Becker, "Crime and Punishment: An Economic Approach," *Journal of Political Economy* 76, no. 2 (March/April 1968): 169–217.

<sup>43</sup> John R. Carter and Michael D. Irons, "Are Economists Different, and If So Why?," *Journal of Economic Perspectives* 5, no. 2 (Spring 1991): 171–77. In his discussion of this problem, Zingales (*A Capitalism for the People*, 175) observes that one of his students in the business school at the University of Chicago admitted that many of his fellow students were



bubbles up in the culture in a variety of ways. For example, when Thomas Frank asks what the matter is with Kansas, he is referring to the conundrum that people in Kansas vote Republican even though it would be in their economic self-interest to vote Democrat.<sup>44</sup> To see that voting pattern as a conundrum is to overlook the possibility that voters can and should vote not on the basis of what would serve their personal interests, but rather on their perception of what is best for the common good, even if such votes might cost them personally.

Second, there is a cultural perception that the good life is bound up with having “more.” On this view, people have a wish list of desirable things they would like to do or goods they would like to obtain if only they had more money and/or time. Given that, everyone wants increasing wages, and we judge our political leaders based on the degree of economic growth they deliver. The problem with this cultural norm is twofold. First, it equates the good life with the possession of lower goods, thereby distracting us from pursuit of higher goods like virtue and justice that are not directly fostered by economic progress.<sup>45</sup> Second, it inculcates the sense that scarcity is pervasive. If our wants are essentially unlimited and our income (and time) is very much limited, then we never have enough. Everything involves a trade-off. In particular, we can help the less fortunate only by giving up desirable goods for ourselves.

Catholic social thought challenges these cultural norms. The human person does not find fulfillment by pursuing her narrow self-interest, nor does she achieve genuine well-being by acquiring “more.” Rather, the human person is fulfilled through relationship, and through a cultivation of virtue. Lasting happiness is found through pursuit of charity and justice, through cultivating community, through creativity, and through discovery. Unlike material goods, these human goods are not subject to scarcity. The more one person has of them, the more likely it is that others will be able to achieve them as well. We need to work through the cultural space to shape cultural norms in a direction that is more supportive of genuine

“remarkably amoral,” because of their reception of Becker’s work as more prescriptive than descriptive.

<sup>44</sup> Thomas Frank, *What’s the Matter with Kansas? How Conservatives Won the Heart of America* (New York: Henry Holt and Company, 2004).

<sup>45</sup> See Deirdre McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago: University of Chicago Press, 2006), 22–32, for an argument that economic progress does indeed facilitate progress in the virtues. Her argument relies on a conception of the virtues that undervalues the sort of character building that is part of the ancient understanding of virtue.

human development. In doing so, we should find that the problems of poverty and economic injustice become easier to address.

The problem with the market-state binary is that it causes us to miss the importance of challenging cultural norms. But we must challenge them. If people think it is good to be (narrowly) self-serving, you will get bad market outcomes *and* bad state outcomes. If people think that unlimited economic growth is desirable, you will get bad market outcomes *and* bad state outcomes. We need to have a strong vision of what goods are served by our economic strivings. Correlatively, we need to resist with all our might the culture-wide tendency to elevate economic questions to the level of ultimate questions. That tendency is the root of our problems. If we all think more is better, it's hard for us to make the personal sacrifices necessary to promote the common good. If we all think more is better, it's harder to work for an environmentally sustainable path to prosperity for all. And as a result, we'll tend to focus on the sorts of pointless polemics that pass for political discourse in our culture, because it is a way of expressing concern about these issues without actually doing anything. When I think of Pope Francis' exhortation that we resist the idolatry of the golden calf, I think it is best to not assume that he is merely talking about the greedy buzzards on Wall Street. It's a culture-wide problem that impedes all of us from doing what we really can to move toward genuine human community. The Left and the Right manifest that disorder in different ways, but they are both tarred with it. As Catholics we have a diagnosis for that disorder, and the potential to offer a compelling alternative vision in which material goods are properly subordinated to the higher goods they are meant to serve. With such a heritage at our disposal, it would be a shame to continue to squabble as though the important question is whether the latest papal pronouncement is a win for the Democrats or the Republicans.

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#### **IV. Pope Francis on the Economy: A Challenge to Both Right and Left**

Pope Francis insists that we live in an “economy of exclusion and inequality” governed by “the laws of competition and the survival of the

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