

90 FAITH & ECONOMICS

Pope Francis and the Caring Society.

Robert Whaples (editor). 2017. Oakland, CA: Independent Institute. ISBN: 978-1-59813-287-8. \$24.95 (hardcover).

Reviewed by Karla Borja, The University of Tampa

The Christian world is constantly seeking the best practices for handling the resources entrusted to us by God. For some, Pope Francis's encyclical *Laudato si'* provides valuable instructions for protecting the world's human and natural resources. For others, the encyclical is a source of underdeveloped ideas on the economy, private property, and resource allocation. The book *Pope Francis and the Caring Society* includes seven articles that carefully evaluate key elements in Pope Francis's writings on the issues of poverty, inequality, markets, the world economy, family, and the current ecological crises.

The journey begins by examining some of Pope Francis's assertions as he questions the morality and benefits of the free-market system in promoting adequate resource stewardship, and in addressing the problems of inequality and poverty. In addition to advocating for the protection of human and natural resources, Pope Francis urges for the responsible consumption of material goods. For believers, ignoring these calls may entail the dismissal of God in their lives. Each of the book's chapters provides a careful analysis of these statements.

In the first chapter, Andrew Yuengert provides a historical background to the Catholic Church's position on private property and markets. For instance, Pope Paul IV and Pope John Paul II considered private property as a suitable way to create jobs and economic wealth. However, both argued that no market should be free from government regulation. Pope Benedict XVI believed that poverty and inequality were modern societal problems and encouraged nations to dedicate resources to improve transparency in public policy, institutional quality, and the rule of law, particularly in developing countries.

Throughout the history of Catholic social teachings, the Church has regarded the societal benefits of private property and free markets with caution. It is, therefore, not surprising that Paul Francis blames large corporations for harming workers, the poor, and the natural environment. In fact, his teachings question the honesty of business and market activities while advocating for increased government regulation. Yuengert believes that the presence of overwhelming world poverty,

predatory behavior among businesses and political elites in developing countries, and natural resource depletion justify Pope Francis's social teachings. However, this antagonistic position reduces the prospect of healthy exchange of ideas, particularly among scientists, economists, the business community, and free-market advocates.

In the second chapter, Samuel Gregg provides a compelling explanation for Pope Francis's skepticism of markets, businesses, and globalization. The author considers that the Pope's experiences with the *Peronism* movement in Argentina influenced these beliefs. *Peronism* was (and remains for some) a form of populism developed in Argentina during the 1960s. The movement was characterized by charismatic political leaders who appealed to the poor by opposing the wealthy and the international sectors. *Peronism* was also associated with large nationalization programs that employed "clientelist" practices in which the state disbursed funds and offered jobs to those who favored the system. Eventually, a large public sector involved in economic activity triggered corruption and a subsequent economic collapse. Although economic change occurred during the 1980s, the process was tainted by corrupt practices. The general public accused proponents of free-market reforms for starting the economic crisis of 1998–2002.

According to Gregg, Pope Francis's experiences with Latin American markets, international trade, and high income inequality in the region may have influenced his skepticism of the capitalist system as an engine of sustainable economic growth. However, this does not excuse his neglect of the fact that economic globalization has reduced world poverty more profoundly than any other economic system.

In the third chapter, Gabriel Martinez justifies Pope Francis's market skepticism by arguing that the free-market system is inherently flawed. For instance, economic theory demonstrates that competition assures better products, lower costs, and the optimal allocation of resources. However, the theory does not address the attempts of large firms to maintain monopolies through government protection and corruption. Pope Francis suggests that top-down policies and current economic growth fail to produce social inclusion, and Martinez provides compelling evidence and supporting literature about the fallacy of such "trickle-down" effect. He also indicates that Pope Francis's writings are not comprehensive economic analyses of the world economy, but warnings about the dangers of placing excessive trust in the ability of the economic system to address social problems.

In the fourth chapter, the author reminds us that Christians must perform gratuitous acts on a daily basis. On the other hand, Pope Francis expresses the discouraging fact that this has not been the general rule. He therefore calls for the government to take a leading role in redistributing wealth. The author argues that such government activity involves coercion. In contrast, charitable giving is a voluntary act that is more compatible with the Christian viewpoint. He also expresses his concerns about Pope Francis's limited discussion of the government programs needed to achieve optimal wealth allocation.

Government redistribution as motivated by social justice could lead to totalitarian governments that prevent successful overall prosperity. For example, countries experiencing higher economic freedom are associated with higher private charity rates. The author supports his argument with data and statistics and concludes that free markets increase the rate of private charitable giving. However, the author must recognize that correlations do not imply causation. Also, the story in Luke 21:1-4 reminds us that it is not the absolute monetary value that carries the weight of giving, but the relative value to our wealth. Most charitable giving in poor countries is untraced. Every day, poor families in developing countries assist their fellow neighborhoods without coercion. Rather, they do this as a mere act of mercy. Remittances, or the money sent abroad by immigrant workers, is another example of altruism that is evidenced in many developing countries. Most of these international transfers are sent to families and friends who are living under very repressive economic systems.

The final argument in chapter four is that private charitable organizations are more efficient redistributors of wealth than governments. The idea is that one-size-fits-all government programs do not cover those who are most in need. On the other hand, smaller, private charitable organizations are more informed about the communities' socio-economic conditions.

The fifth chapter addresses Pope Francis's views on the current "ecological crisis." In the encyclical *Laudato si'*, the ecological crisis is associated with pollution of the water, soil, and atmosphere. It is also linked to the accumulation of nonbiodegradable, toxic, and radioactive industrial waste. The Pope compares the ecological crisis with the spiritual crisis of the modern world, in which the principles and values regarding our environmental responsibilities are conspicuously missing.

The encyclical also describes the specific actions needed to address the ecological crisis. First, there must be a global consensus for the creation of an international organization that wields the power to override nationalistic interests. Second, Pope Francis proposes a decrease in the production and consumption of all goods to reduce natural resource degradation. Third, he encourages individuals to fight the idea that happiness is based on the consumption of material things.

Pope Francis has been criticized for ignoring scientific and economic facts in his writings on ecology. However, it is well-documented that Pope Francis has sought advice from the scientific community. The author in Chapter 5 also reminds us that the encyclical is not a technical guide on ecological matters. Rather, it addresses the ethical dimension of the problem.

The fifth chapter also argues that *Laudato si'* contains a valid market analysis, but that the language may be too contentious. For instance, most economists would agree that the world economy has not produced the expected theoretical outcomes, including the systematic reduction of poverty and inequality through a “trickle-down” effect. The discrepancy with the Pope’s teachings regards the course of actions, which generally involve increased government regulation. Current data do not support this view. To the contrary, larger governments (particularly in developing countries) promote corruption, rent-seeking behavior, poor usage of limited resources, and the eventuality of lower economic growth.

Regarding the ecological crisis, Pope Francis exhorts us to cultivate the virtue of living with less. However, virtue alone may not suffice in creating a profound lifestyle change. The author in Chapter 5 reminds us of the power of economic incentives at producing changes in human behavior. *Laudato si'* provides a valid contribution to the ecological crisis by warning about environmental degradation and by calling for the development of virtues and moral values. However, it ignores discussion of key economic tools that can be applied to effectively achieve these goals.

In the sixth chapter, Philip Booth claims that the Catholic Church is in favor of private property, but the government must maintain a leading role in areas concerning the environment. Supported by the ideas of Nobel Prize winners Ronald Coase and Elinor Ostrom, Booth opposes this view by criticizing the papal encyclical for its limited exploration of private and communal property rights as alternatives to environmental protection.

Booth provides a background to the Church's teachings on property rights beginning in 1891 with the encyclical *Rerum novarum* by Pope Leo XIII. This is followed by the position of Pope John Paul II in his encyclical *Centesimus annus*. In both documents, the Church favors private property. However, they also assert that states should maintain the predominant role in natural resource preservation. *Laudato si'* follows the same path but contains limited information on how the government should efficiently protect resources. In the author's view, *Laudato si'* could have made important contributions to improving the ecological crisis if it had further discussed the policies needed to protect the environment and provided alternatives to the current property rights system. The author complements the article with a summary of Nobel Prize winner Elinor Ostrom's contributions on communal property, in which the government empowers communities and finances initiatives at protecting their own local environments.

The last chapter examines the crisis regarding the limited role of the contemporary family in generating a well-functioning and sustainable society. Pope Francis, therefore, calls for a strengthening of the family. He also ratifies the Catholic Church's opposition to abortion, family control methods, and same-sex marriages. Regarding the subject of family, Pope Francis insists on the need for a "just wage" so that only one parent is required to work while the other raises children. However, many of these issues (particularly that of the just wage) were not systematically developed in the encyclical, thus reducing the impact and contribution of the document in regard to the development of human capital.

In summary, the editors and authors of the book offer two important claims. First, Pope Francis's efforts in addressing economic and ecological matters are worthy of discussion and analysis. However, the Church and its leaders must make efforts to ensure that their views and proposals are consistent with science and economic theory. Second, the virtues and limitations of Pope Francis's writings are subjected to the reader's expectations when studying these documents. For instance, *Laudato si'* addresses important earthly issues on poverty, income inequality, poor governance, and the current ecological crisis. It provides guidance on virtue, values, and our dual role as market participants and children of God. However, if read as a set of guidelines, procedures, and course of actions, the document will disappoint the reader due to its theoretical and factual shortcomings. ■