

## Economics and the Social Thought of the Catholic Church

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*And all who shared the faith owned everything in common; they sold their goods and possessions and distributed the proceeds among themselves according to what each one needed (...) no one claimed private ownership of any possessions, as everything they owned was held in common*

(Acts of Apostles 2:44-45, 4:32).

**Abstract:** The economic theory we know today has been in development since the XVIII century. Physiocrats, Adam Smith, David Ricardo, and Thomas Malthus developed a theory that assumes that economy is governed by natural laws themselves, free competition, individual interest, and a laissez-faire guided the State to protect private property. In the second half of the XIX century, Marx demonstrated the weaknesses of the classical model; however, a few years after Alfred Marshall systematized economic theories and developed the concept of marginal utility, Léon Walras rebuilt the basis of the classical model, according to marginal analysis, and renamed this theory as neoclassical. During the Great Depression of the 30s, John Maynard Keynes appeared to solve the problems derived by the crisis and he practically built what is now known as macroeconomics. Now the World is back to traditional economics driven by neo-liberalism. Meanwhile and facing the uncontrollable advance of capitalism, the social doctrine of the Church has also been in development from the late eighteenth century. Pope Leo XIII wrote the social encyclical Rerum Novarum, and his successors Pius XI, Pius XII, John XXIII, Paul VI, and John Paul II completed the social doctrine, whose principles (dignity of person, solidarity, moral, ethics, responsibility, labor rights, etc.) generally are opposed to mainstream economics, which is represented by a selfish agent maximizing his utility function. Unfortunately, there has not been an open dialogue between the doctrine of the Church and mainstream economic theory; they seem to have taken part in social and economic history without ever interacting. It's time to reach agreements for the sake of humanity.

**Key words:** classic economic theory, neoclassical thought, social doctrine of the Catholic Church

**Resumen:** la actual teoría económica viene desde el siglo XVIII. Los fisiócratas, Adam Smith, David Ricardo y Thomas Malthus fundaron una teoría en la que la economía se rige por las leyes

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naturales, la libre competencia, el interés individual y un estado guiado por el laissez-faire y protector de la propiedad privada. En la segunda mitad del siglo XIX, Karl Marx puso en evidencia las debilidades del modelo clásico. Sin embargo, pocos años después que Alfred Marshall sistematizara las teorías económicas clásicas y desarrollara el concepto de utilidad marginal, Léon Walras reconstruyó el modelo clásico en base al análisis marginal y rebautizó esta teoría como pensamiento neoclásico. Durante la Gran Depresión de los años 30, John Maynard Keynes apareció para resolver los problemas derivados de la crisis y prácticamente construyó lo que hoy se conoce como macroeconomía. Ahora el mundo nuevamente depende de la tradicional economía impulsada por el neoliberalismo. Mientras tanto y ante el avance incontenible del capitalismo, la doctrina social de la Iglesia también se ha desarrollado desde finales del siglo XVIII. El Papa León XIII escribió la encíclica social *Rerum Novarum*, y sus sucesores Pío XI, Pío XII, Juan XXIII, Pablo VI y Juan Pablo II completaron la doctrina social, cuyos principios (dignidad de la persona, solidaridad, moral, ética, responsabilidad, derecho al trabajo, etc.) por lo general se oponen a la economía convencional, que está simbolizada por un agente económico egoísta maximizador de su función de utilidad. Lamentablemente no ha habido un diálogo abierto entre la doctrina de la Iglesia y de la teoría económica, parecería que han tomado parte en la historia social y económica sin interactuar. Es hora de lograr acuerdos por el bien de la humanidad.

**Palabras clave:** teoría económica clásica, pensamiento neoclásico, doctrina social de la Iglesia Católica

## Introduction

There is a Catholic Church's Social Doctrine that all Catholics are supposed to follow. This doctrine is based on four essential principles: the principle of dignity of the human person, the principle of common good, the principle of subsidiarity and the principle of solidarity.

This paper will cover the historical development of the doctrine of the Church from what was written in the Bible to the teachings of the Church under Pope John Paul II, under whose period all the Church's doctrinal contributions related to social and economic issues were collected and systematized.

Some biblical passages were chosen from the Old Testament (Genesis and Psalms), some from the New Testament (Acts of Apostles and Epistles of Paul and James) and transcendental ideas of some Fathers of the Church as Clement of Rome, Polycarp of Smyrna, Caesarius of Arles, Basil the Great, Ambrose of Milan, Gregory Nazianzen, John Chrysostom, Augustine of Hippo, and Thomas Aquinas. Additionally, there were included some ideas of the main precursors of the first social encyclical, *Rerum Novarum*, as were Bishop Ketteler, Archbishop Cardinal Manning, and Cardinal Bishop Mermillod.

Starting with *Rerum Novarum*, the first social encyclical, this work intends to perform a detailed reading of the social and economic aspects. Similarly, there are reviews of other social encyclicals, which were perfecting globally the social vision of the Catholic Church in terms of social and economic topics:

This article seeks to contrast what happened historically in the world. There are some questions that will be answered through this paper. What happened in economic thinking? How has the theory from classical to neo-classical thoughts, in between Marx and Keynes developed? And what was the social and economic thought of the different Church's leaders, from Leo XIII in the late nineteenth century to John Paul II at the beginning of the XXI century,

Finally, in 2004 the publication of the *Compendium of the Social Doctrine of the Church*, which expresses and organizes all reflections and teachings written in papal encyclicals *Rerum Novarum* (1891), Pope Leo XIII; *Quadragesimo Anno* (1931), Pope Pius XI, *Mater et Magistra* (1961) and *Pacem in Terris* (1963), Pope John XXIII, *Populorum Progressio* (1967) and *Octogesima Adveniens* (1971), Pope Paul VI, *Laborem Exercens* (1981), *Sollicitudo Rei Socialis* (1987), and *Centesimus Annus* (1991), Pope John Paul II, and the *Pastoral Constitution of the Church in the Modern World Gaudium et Spes* (1965), was named as the official document of the Second Vatican Council. This *Compound of the Social Doctrine* includes two chapters directly associated to economic development. The sixth chapter deals with human labor, examining such issues as biblical aspects, the predictive value of the

Encyclical *Rerum Novarum*, dignity of labor, workers' rights, solidarity among workers, and some advances in the world of labor related to globalization and other issues. The seventh chapter talks about economic life, analyzing some biblical aspects like poverty and wealth, moral, ethics and economy, private and business initiative, economic institutions as free market, state intervention, saving and consumption, and some "modern ideas" related to opportunities and risks of globalization, the role of international financial system, and the accountability of international community. These concepts developed in the Doctrine leads us to think that the Church is trying to give us some rules to live "economically", perhaps because there are some economic issues related to Bible and Catechism to make the world a better place.

The purpose of this paper is to find out if there is an economic theory behind the Catholic Doctrine, or if it is just a mixture of different social and economic ideas resulting in an eclectic and not easy scheme. Furthermore, is this Catholic social doctrine consistent with economic development, economic growth, business ethics, and social cohesion?

### **1. The Bible Social Thought**

While the social doctrine of the Catholic Church began in the late nineteenth century, the Bible "theorized" about it. In the Bible there are several passages that show a social doctrine. In the book of Genesis, when recounting the creation, God blesses man and woman and encourages them to multiply. God also gives them the natural resources for communal use.

God created man in the image of himself, in the image of God he created him, male and female he created them. God blessed them, saying to them, 'be fruitful, multiply, fill the earth and subdue it. Be masters of the fish of the sea, the birds of heaven and all the living creatures that move on earth (Genesis 1, 27-28).

The first Christians used to live in perfect community, something like communism. There was no private property. Everything was distributed according to the needs of the community members. All activities were conducted according to the consent of the members of the community. And all who shared faith owned everything in common; they sold their goods and possessions and distributed the proceeds among themselves according to what each one needed (Acts of Apostles 2, 44-45).

The whole group of believers was united, heart and soul; no one claimed private ownership of any possessions, as everything they owned was held in common. The apostles continued to testify to the resurrection of the lord Jesus with great power, and they were all accorded great respect. None of their members was ever in want, as all those who owned land or houses would sell them, and bring the money from the sale of them, to present it to the apostles; it was then distributed to any who might be in need (Acts of Apostles 4, 32-35).

When someone had not decided to live fully in community, or was selfish, he was severely punished by the authorities, in this case by the apostle Peter. It is clear that altruistic behavior was not always voluntary:

There was also a man called Ananias. He and his wife, Sapphira, agreed to sell a property; but with his wife's connivance he kept back part of the price and brought the rest and presented it to the apostles. Peter said, 'Ananias, how can Satan have so possessed you that you should lie to the Holy Spirit and keep back part of the price of the land? (Acts of Apostles 5, 1-3).

As outlined below, the community grew and social relations became complex, so, institutions were created. The apostles were devoted to prayer and to spread the word of God. Then, the need for human institutions based on the division of tasks and skills, according to the different abilities of the members of the community appeared. Beyond from the fact that they lived in community. Beyond from the fact that they lived in community in the early Christian era, wealth was not well seen. The letter of James was very clear about condemnation of the rich:

Well now, you rich! Lament; weep for the miseries that are coming to you. Your wealth is rotting; your clothes are all moth-eaten. All your gold and your silver are corroding away and the same corrosion will be a witness against you and eat into your body. It is like a fire which you have stored up for the final days. Can you hear crying out against you the wages which you kept back from the labourers mowing your fields? The cries of the reapers have reached the ears of the Lord Sabaoth. On earth, you have had a life of comfort and luxury; in the time of slaughter you went on eating to your heart's content. It was you who condemned the upright and killed them; they offered you no resistance (James 5, 1-6).

And then...

About this time, when the number of disciples was increasing, the Hellenists made a complaint against the Hebrews: in the daily distribution, their own widows were being overlooked. So, the Twelve called a full meeting of the disciples and addressed them, 'It would not be right for us to neglect the word of God so as to give out food; you, brothers, must select from among yourselves seven men of good reputation, filled with the Spirit and with wisdom, to whom we can hand over this duty. We ourselves will continue to devote ourselves to prayer and to the service of the word (Acts of Apostles 6, 1-4).

In his letters St. Paul wrote that he always wanted to dedicate enough time to work, so he does not have to rely on the generosity of the faithful:

You remember, brothers, with what unsparing energy we used to work, slaving night and day so as not to be a burden on any one of you while we were proclaiming the gospel of God to you. (First Epistle to the Thessalonians 2, 9).

However, he assumed that his followers were charitable, so he could concentrate on preaching the word of God.

Then we shall no longer be children, or tossed one way and another, and carried hither and thither by every new gust of teaching, at the mercy of all the tricks people play and their unscrupulousness in deliberate deception. If we live by the truth and in love, we shall grow completely into Christ, who is the head (Epistle to the Ephesians 4, 14-15).

As seen above, living in community could not last long. It is clear that early Christians, initially inspired by the good news decided to live together, but gradually they changed their previous social behaviors. Because social behavior based on individual will is not usual, living in community requires some control. Humans often behave selfishly or indolently when they are living in community, or as the Psalm says, man is sinful from birth:

Wash me clean from my guilt, purify me from my sin. For I am well aware of my offences, my sin is constantly in mind. (...) remember, I was born guilty, a sinner from the moment of conception (Psalm 51, 2-5).

## 2. The first social thinkers

The Church's social doctrine has developed over several centuries of reflection of the changing situations in the World and under the impulse of the Gospel. John Paul II during a speech on Poland in 1979 said that the Church's social doctrine came not only in recent centuries, but since the beginning, following the vision of man and his relationship with other men, according to Gospel.

The whole doctrine concerning economic and social issues is part of Gospel morality, exposed by the Fathers of the Church, especially by Clement of Rome, Polycarp of Smyrna, Caesarius of Arles, Basil the Great, Ambrose of Milan, Gregory Nazianzen, John Chrysostom and Augustine of Hippo; systematically elaborated by the scholastics, mainly by St. Thomas Aquinas, proclaimed by the great preachers in the seventeenth century and finally shown to the world by Pope Leo XIII, in enacting the encyclical *Rerum Novarum* in 1891.

The Fathers are the most illustrious pastors of the Church of the first centuries. Their teachings are considered by the Church as the indispensable foundation of Christian doctrine. It is understood that because of their proximity to the Apostles now we have the correct interpretation of Scripture. According to the Church, there are four criteria to be recognized as a Father: antiquity, orthodoxy, holiness, and official approval. The Apostolic Fathers are those who were direct disciples of one of the Apostles, and also those Fathers of the first two centuries who made a link between the New Testament and the apologists of the second century. The writings of the Apostolic Fathers are seen as an echo of the teaching of the Apostles.

The *Letter to Diognetus*, written by an anonymous author, is a truly apologetic treatise of the late second century. The unknown author of this letter, written in Athens, responds with a spiritual exhortation to the concerns of a man called Diognetus. However, according to recent researches,

perhaps this is the lost Apology of Quadratus<sup>2</sup> to the Emperor Hadrian. The central topic of this letter exposes something about the life of the early Christians. The letter says that Christians behaved like other citizens; however, they were distinguished by their ethical and collaborative spirit within the World.

For Christians are not differentiated from other people by country, language or customs; you see, they do not live in cities of their own, or speak some strange dialect, or have some peculiar lifestyle. They live in both Greek and foreign cities, wherever chance has put them. They follow local customs in clothing, food, and the other aspects of life. But at the same time, they demonstrate to us the wonderful and certainly unusual form of their own citizenship. They live in their own native lands, but as aliens; as citizens, they share all things with others; but like aliens, suffer all things. Every foreign country is to them as their native country, and every native land as a foreign country. They marry and have children just like everyone else; but they do not kill unwanted babies. They offer a shared table, but not a shared bed. They are at present 'in the flesh' but they do not live 'according to the flesh'. They are passing their days on earth, but are citizens of heaven. They obey the appointed laws, and go beyond the laws in their own lives. They love everyone, but are persecuted by all. (Letter to Diognetus, The identity of Christians)

The Fathers of the Church exhort the faithful to spend money wisely and to have solidarity towards the poor, with whom Christ identifies Himself. They also ensure that the goods have a universal destination and condemn greed, saying that it opposes the Gospel, because it is a form of idolatry.

Clement of Rome, in one of his homilies and referring to the Corinthians, says that "the common use of everything in this world should be designed for everyone, however, due to inequality, a man said, 'this thing is mine' and another man said 'another thing is mine', and so was the division among mortals". Polycarp of Smyrna, based on the letter to the Philippians, recommends "having mercy and compassion, bringing to the right way those who are misplaced, visiting the sick, not neglecting the widows, orphans and the poor, that is, having good practices not only against God but also against men". Caesarius of Arles in a sermon says that "there is a terrestrial and human compassion, and another celestial and divine. Humans are to address the miseries of the poor and the divinity to forgive sins (...) do practice mercy and will receive the mercy earthly and heavenly". Basil the Great approves private initiative but also recommends being charitable, so he preaches "the fruits that you produce you collect for your own benefit, as the reward of a good work is for the benefit of who did it. When you give to the needy, what you give

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<sup>2</sup> Quadratus is the first apologist. He met some "of those who were healed or resurrected by Christ". He is an educated Greek, Athenian. He met Paul and John. According to St. Jerome, he was bishop of Athens, or at least a priest. Eusebius mentions a small fragment of the *Apology of Quadratus* (a. 125) addressed to Hadrian (117-138), which fits into a gap in the *Letter to Diognetus*, so it appears that the *Apology of Quadratus Adriano* is the famous *Letter to Diognetus*. <http://www.elarcadenoe.org/patristica>

becomes yours and your increased returns”. But in his *Homily VI* against wealth, he is very firm with the rich when he says (Garnier, 1976)

(...) if someone spoils a man of his clothing he is a thief, one who does not give clothes to the indigent when he can do it, deserves another name? The bread you keep belongs to the hungry, the silver you hide belongs to the miserable (...) so are the rich, take possession of the commons that have grabbed, and they are the first that occupied.

Ambrose of Milan in his homily *Naboth the Poor* recommends charity, and punishes the rich when he says, “is not yours what you distribute to the poor, you only are giving back part of what belongs to him, because you usurped what was given to the use of all, land belongs to all, not just to the rich”. His work *De Officiis Ministrorum* says “God ordered everything to be produced in order to provide food for everyone and the earth is common property of all. The private good is thus the fruit of usurpation”.

Gregory Nazianzen, in his manuscript *Lectures on the Love of the Poor* (876 BC) recommends (...) not to put our effort to collect and preserve wealth while others are in need (...) share our bread with the hungry, give hospitality to those who are homeless (...) visit Christ, feed Christ, give shelter to Christ, honor Christ, not only at the table like Simon, not only with ointments as Mary, not only in the grave as Joseph of Arimathea (...) let's do it in the person of the poor.

John Chrysostom, also referring to the Gospel of Matthew, says in his homilies (*The Catholic Encyclopedia*, 1910)

Why decorate Christ's table with golden vessels, if Christ himself is starving? Start by satisfying his hunger and then, with what is left, you may adorn your table (...) Do you realize how great is the tyranny of money? How invades everything and brings men where it wants, like tied slaves?

And, remembering the first letter to the Romans, he says “God never made some people rich and some people poor, He gave the same land for all (...) community property is more appropriate form of existence than private property”. Augustine of Hippo, in one of his intellectual approaches, says “if you give what is yours you are generous, but if you give what belongs to him (to Jesus present in the poor), it is a simple refund” (*The Catholic Encyclopedia*, 1910).

In the nineteenth century, it is important to highlight three precursors of the encyclical *Rerum Novarum*. The first one is Wilhelm Emmanuel von Ketteler, Bishop of Mainz, understood so well the needs of the people, that he was elected to parliament in Frankfurt when he was still pastor of Obsten. In several of his sermons in Advent of 1849, in the light of the Gospel, he condemned the procedures of liberal capitalism and marked the beginning of Catholic social movement in Germany. He was a critic of the market system and called “slave market” the process of hiring workers. In 1873, he presented to German parliament a draft of a political reform



including workers' demands on wages, prohibition of child labor, days off, limiting working hours, health protection, etc. The second precursor is Henry Edward Manning, Cardinal Archbishop of Westminster, he used to be very sharp in his statements. He once said

I have great respect for the political economy, I believe fully in the law of supply and demand, free trade and capital savings as fundamental conditions of the industry, but I refuse to believe that parliament should not intervene in the economy (...) the future of England is not based on increased production but on moral and civic health of families (...) it is not possible to establish an effective and peaceful relation between employers and employees until we have a fair and appropriate norm about wages and profits. He strongly supported the labor unions and he also believed in the family as the nucleus of society and claimed for the role of living machines that took the mothers and for the role of beasts of burden that took the fathers (*The Catholic Encyclopedia*, 1910).

Finally, Gaspard Mermillod, Cardinal Bishop of Lausanne, was determined to bring together Christian intellectuals of Europe to study social problems. He believed that Christians had a mission in society and said as a slogan that “the duty of Christians is not deserting their rightful place in the social activity. They have their place in the studies and the efforts that attempt to give the work greater benefit and greater dignity” (*The Catholic Encyclopedia*, 1910).

### **3. Economics and Catholic thought in the nineteenth century**

Until the late nineteenth century, the Catholic Church was not officially involved in socio-economic issues. In 1891 Pope Leo XIII issued the encyclical *Rerum Novarum*, which started what now is known as the *Social Doctrine of the Church*. However, there is a historical evolution of this doctrine. Already, in the first century, the early Christians lived according to guidelines fairly close to communism as it can be read in the Acts of the Apostles.

The first time that the Catholic Church gave its official opinion on social and economic issues was when Leo XIII was Pope (between 1878 and 1903), when financial and industrial capitalism began to consolidate. Those were years of innovation in transport and communications, the phone went into service, the steamship facilitated trade and even the church of San Peter was illuminated by electric light.

The advance of capitalism was uncontrollable. Both scholars and politicians assumed that economy was governed by natural laws themselves, that free competition would always balance supply and demand, the production of goods and services would be persistently stimulated by competition and that consumption would be sustained and overall progress would be insured. It was hoped that individual interest automatically guarantee all harmonic interests. The State then, should be guided by the *laissez-faire* and limited to protect private property, ensuring the performance of contracts and provide certain basic services.

Recalling history, capitalism gained strength in the Eighteenth Century and was consolidated during the Nineteenth. From those years on we live an era characterized by three main aspects: population growth, capital accumulation and technical progress, and the Industrial Revolution was the trigger to achieve this. Before the impact caused by this revolution, for thousands of years the world lived sheltered by the agricultural revolution, humans produced what they needed using labor and natural resources. However, one of the three aspects mentioned above, capital accumulation, gave the final push to humanity. This new production factor represents the set of material goods that are used as tools to produce final goods and capital goods too, that must be replaced regularly. The capitalist transformation took place thanks to the machines, in other words, thanks to the capital.

This capitalization process produced a large increase in production worldwide, unfortunately without a reasonable process of distribution of wealth, which was concentrated in small groups of people called “capitalists”. These people reorganized production processes in factories –new capital. This new scheme of organizing production is the foundation of industrialization or the transition from commercial capitalism to industrial capitalism.

In the late Eighteenth Century classical economists began to appear in response to the drastic change in the economic paradigm, from trade to industrial societies. In France, in the mid-eighteenth century, the French economists or Physiocrats studied the great economic change that was happening. A very important legacy of the Physiocrats is the *Tableau Economique* of François Quesnay. Likewise, British economists, especially Adam Smith, David Ricardo and Robert Malthus analyzed and studied the great change that was taking place in the global economy. While classical economists understood the economic paradigm shift, they did not see the need to adjust the institutional structure.

The rise of “heterodox” economists, like Karl Marx, dramatically demonstrated the shortcomings of the classical model, especially with regard to social institutions facing a new stage of capitalism: industrial capitalism replacing commercial capitalism. The dynamics of this new phase of capitalism showed the system as incapable of solving social conflicts between capitalists and workers. The institutional implications could not be explained by classical economists, who were unable to respond adequately to the “production phase” appearing in the new industrial society. The old institutions suitable for the commercial stage of capitalism became obsolete for the industrial phase and required major changes that the classical economists were unwilling to recommend. Marx focused on denouncing the shortcomings of the system especially with regard to the institutional aspect of social and economic research. He prioritized the social problems of the new era of capitalism and denounced all capitalist institutions. He said that institutions required

profound changes to meet the changing times and obviously proposed something very different to a reformulation of classical economic theory; he claimed to a radical revolution in practical reality.

However, in the beginning of the 1870s three economists from different countries theorized about the value -or price- of a commodity, and related it to the marginal utility that is provided to the consumer. In 1871 the British thinker William Stanley Jevons published his *Theory of Political Economy*, and in the same year the Austrian Author Karl Menger published in German *Principles of Economics*. Three years later, Léon Walras, who was French, published in his own language *Elements of Pure Economics*. The contribution of these three economists is similar to the theoretical development of Alfred Marshall in the late 1860s, but published in 1890. The topic these four independent economists theorized was the use of marginal analysis in economic theory, something that would be regarded later as the foundation of Neoclassical Economic Thought. Both Marshall and Walras are considered the fathers of Neoclassical Theory.

In the late nineteenth century, many economists developed the concept of marginal productivity of the factors and marginal analysis became the basis of economic theory. That is, the focus of economy was microeconomic theory, leaving aside until 1930 the essential macroeconomic problems: income level and growth rate.

This subjective theory based on marginal utility, and opposed to the objective theory of classical economists (including Marx) became fashionable in the 1870s and persist for many years. But, what made a theory practically developed from nothing so successful? By 1870, the concept of marginal utility was considered secondary, and if ever it was mentioned as complementary to the fundamental concepts related to production.

Answering this question is possible if we consider what was happening in those years. First, the strong critique of Marx to capitalist economy and the publication in 1867 of the first volume of *The Capital*, and the general discontent caused by the negative social effects of the new form of capitalism. Marx's "invitation" to a social revolution had an immediate reaction of the ruling class, who frightened by this new threat, began to react. Unfortunately for this class, the response could not be analytic because Marx's arguments were very difficult to refute. So, which theoretical approach that does not include social topics, work conditions and means of production? How timely was an economic theory that did not take into account social issues? How timely, then, was the theory of marginal utility?

In the 1870s another economic theory was born. A theory appropriate for the needs of the ruling classes of those years, perhaps irrelevant but analytically fascinating. The Marginalist School of Economics built a very interesting theory that did not focus on the dynamics of a growing

industrial society, but rather on the behavior of rational individuals in a competitive and stationary society. So, the mainstream economics would keep controlling the world.

So, the belief that economy had its own natural laws made the Catholic Church think that there was a time of breakdown of relations between morality and economics, in an atmosphere of great industrial and financial development, but unfortunately built on injustice and suffering. The first paragraph of the Encyclical *Rerum Novarum* refers to what the Church thought of the late nineteenth century:

That the spirit of revolutionary change, which has long been disturbing the nations of the World, should have passed beyond the sphere of politics and made its influence felt in the cognate sphere of practical economics is not surprising. The elements of the conflict now raging are unmistakable, in the vast expansion of industrial pursuits and the marvelous discoveries of science; in the changed relations between masters and workmen; in the enormous fortunes of some few individuals, and the utter poverty of the masses; the increased self-reliance and closer mutual combination of the working classes; as also, finally, in the prevailing moral degeneracy. The momentous gravity of the state of things now obtaining fills every mind with painful apprehension; wise men are discussing it; practical men are proposing schemes; popular meetings, legislatures, and rulers of nations are all busied with it - actually there is no question which has taken deeper hold on the public mind (RN).

The vast differences between the few rich and the poor are largely explained by work-related issues, working up to 14 hours per day, child labor, poor wages and terrible working conditions. In other words, capitalism “worked efficiently”.

However, there was an alternative, socialism proposed a solution: revolution and people power. Some years ago, the *Communist Manifesto* (1848) and the first volume of *The Capital* (1867) were published. In 1864 London had opened the first International Socialist Movement called International Workers Association (IWA), which initially brought together English syndicalists, French anarchists and Italian republicans, in order to organize politically the proletariat of Europe, and, if possible, of the rest of the world.

The Marxist theory of the self-destruction of capitalist system was gaining followers due to its tendency to accumulate wealth in a few hands, causing growing crises due to excess of supply excess of and rising unemployment. So in 1971 the Paris Commune which was a brief insurrectional movement that ruled the city between March and May of that year, was established, as a self-organized political project similar to popular anarchism or communism.

Unfortunately for the Church, socialisms of those years were anti-religious, including atheists that presented religion as an ally of the capitalist oppressors. According to Marx, “religion was the opium of people”. The Church, then, was in trouble. The Revolution that devastated thrones violently attacked the Church because it was considered part of the monarchy. Even

intellectually the Church had been losing its prestige since the Enlightenment. Sages of the time, intoxicated by their scientific successes, mocked the Christian dogmas, some governments practiced a radical secularism, to the point that religious people were expelled from some countries.

Against a revolutionary and hostile environment and facing the threat of atheism socialism, the Church raised its voice in protest. After nearly 1900 years and 255 Popes, the Catholic Church officially pronounced on the social and economic problems. Leo XIII's encyclical *Rerum Novarum* was promulgated in May 1891 and the Church had the courage to tell the world that it had the solution to the political, social and economic problems, laying the foundation for a just economic order. The Pope was convinced that the problem was not only political, social and economic, but fundamentally moral.

#### 4. The Catholic thought in the early twentieth century

The twentieth century began with the social teaching of Leo XIII mainly about the dignity of the human person. The thirtieth paragraph of the *Rerum Novarum* refers to human dignity and has a passage from the Book of Genesis:

Fill the earth and subdue it, and rule over the fish of the sea and the birds of the air and all the creatures that move on the earth. By this all men are equal, and there is nothing to determine differences between rich and poor, between masters and workers, between government and private parties as oneself is the Lord of all. No one is allowed to violate with impunity human dignity.

Human beings are then sublimely worthy and transcendent. Their social rights and duties and the criteria for judging the morality of social and economic structures that regulate human coexistence is something incorporated to their nature. The encyclical letter condemns the excesses of capitalism when it says that

(...) most business relationships are subject to the power of a few, to the point that a very small number of affluent and wealthy imposed just under the yoke of slavery to a crowd infinite proletarians (RN 1), but rejects the socialist solution for stoking hatred of the poor against the rich, and try to end the private ownership of property, estimating better, instead, all goods are common and administered by people governing municipality or governing the nation (RN 2).

Thus, *Rerum Novarum* refers to socialism as unfair because it goes against the natural rights of individuals and their property that strips who had acquired legitimately, while distorting the nature of the state to confer totalitarian powers. And the remedy is worse than the disease, says the encyclical when explains that in trying to “transfer the assets of individuals to the community, they are deprived of the freedom to invest their profits, taking away hope and power to increase family assets and profit” (RN 3). It is unacceptable to talk about class struggle, it cannot be assumed that

(...) a social class is naturally hostile to the other, as if nature had been available to the rich and the poor to fight each other in perpetual mourning. Is alien to reason and truth (...) both are needed at all: neither capital can exist without labor, nor labor without capital. The agreement begets beauty and order of things, on the contrary, the persistence of the struggle must necessarily arise confusion along with a barbarian savagery (RN 14).

The encyclical recognizes the positive effects of capitalism, such as industrial development and scientific progress, but, as was mentioned, it also condemned its excesses and its liberal base, unchristian and immoral, which explains the abuses of the beneficiaries of the system. So Leo XIII sets himself the task of correcting the capitalist system suppressing deviations and subjected to the demands of Christian morality.

There is a clear difference with Protestantism. In early twentieth century Max Weber (1905) published *The Protestant Ethic and the Spirit of Capitalism*, which defines the capitalist spirit as those habits that promote rational behavior to achieve economic success, habits that are not characteristic of Catholicism. According to Weber, this rationality, that is part of the Protestant religious behavior, influences not only the spiritual, but also in the ethical, economic, political and artistic. Protestant religious ideals create an economic mentality called economic “ethos”, which is present mainly in the owners of the means of production in countries where bourgeois capitalism enters booming. This is due to economic traditionalism rupture allowing the release spirit to arise against the old authorities. It means that the development of the productive forces of economic rationality required something absent in Catholic morality.

Therefore, the intention of Leo XIII's *Rerum Novarum* was to give some recommendations on key elements of capitalism: private ownership of the means of production, collaboration between capital and labor through wages and profits, complementary between social classes, market economy and competition within certain limits, private initiative and private investment, and public sector regulator. In other words, it recognizes capitalism as a system in which some people provide capital and others work, and that everyone is paid according to their contribution. The idea is not to provide an alternative system to capitalism or socialism. It is not intended to be a third way. The issues raised by Leo XIII in the Encyclical *Rerum Novarum* would be picked up later by his successors throughout the twentieth century in order to build an increasingly consistent social doctrine of the Church.

Overall, the *Rerum Novarum* proposes complementarity of social classes. While they have different interests, those are not antagonistic but complementary, and conflicts that may arise should be settled peacefully. To consider the abolition of classes is a utopia, inequality among men is inevitable, “not equal the talents of all, nor the skill, nor health, nor are the forces, and the difference of these things inevitably arises spontaneously the difference of

fortune” (RN 13). It seems that integration of social classes is based on the duties of each class and its compliance will depend on the practice of justice, (...) calling both classes to fulfill their respective duties and, specially, the demands of justice. Of these duties, which correspond to the proletariat and workers are to be fully and faithfully what their own freedom and justice under any clause on labor (...) And these, the duties of the rich and employers: not considering workers as slaves, respect them, as its right, the dignity of the person, especially ennobled by what is called the Christian character (RN 14).

Above all things, salaries should be paid according to the rules of justice. It is clear that no one speaks of a wage-commodity result of a contract based on supply and demand nor a living wage, but a “fair wage to defraud anyone of the fair wage is a great crime that calls down avenging wrath from heaven. Behold, the wages of the workers (...) they were defrauded by you, cries: and the cries of them has reached the ears of the Lord of hosts” (RN 14). Leo XIII believed that the task of fixing the minimum wage should not lie to the state but to some special agency formed by workers and employers. As for private property, Leo XIII examines the issue from the point of view of the worker. “It is necessary that the right domain for nature, attributed to each person, be transferred to the man as head of the family” (RN 9). And to guarantee freedom “we must reject that socialist fantasy of reducing private property to common property, because it harms those who are intended to be helped” /RN 11).

The Encyclical is clear when it says that “private property must be preserved and inviolable” (RN 11) and “private law of property has not been given by-law but by nature, therefore public authority cannot abolish it, but only moderate its use and combine it with common good” (RN 33). It is clear that from the social thought of the Church, private property is defended and communal property is rejected.

At this point, it is interesting to note some “evolution” in the Church's social thought. The Fathers of the Church created a doctrine that was much less attached to private property. St. Ambrose said that “God ordered everything to be produced as food for all, and the earth was the common property of all, hence the private good is the result of usurpation”<sup>3</sup>. In the same direction, St. John Chrysostom said that “God never made some men rich and some poor. He gave the same land for everyone. The earth belongs to the Lord and its fruits must be common to all. The words ‘mine’ and ‘yours’ are a source of discord. Community property is a form of existence more appropriate to form of nature than private property<sup>4</sup>. St. Thomas Aquinas said that “peace among

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<sup>3</sup> Homily “Poor Naboth”, *Padres Latinos*, 14, 747

<sup>4</sup> Homily, *Epistle I Romans, a Timothy XII*, 4

men is guaranteed better if each man has his due”<sup>5</sup>, but also said that each owner should have enough to feed, to clothe, to house and to recreate his family, and the surplus belongs to the poor.

The Encyclical *Rerum Novarum* agrees with partnerships as long as they contribute to the solution of social problems. The state “has no power to prevent their existence, however, should protect them without interfering in their functioning” (RN 35). According to the Church, the main function of the partnerships is to “assure employment and provide assistance in case of accident, illness or old age” (RN 40). The Church also considers that socialist associations are destructive of human and Christian values, and “encourages the faithful to form their own Catholic associations” (RN 37). Strike are a right, but are to be used in extreme cases and only if the damage caused is less than the damage that seeks to remedy. Therefore, every effort should be made to “prevent laws that remove in time conflicts between employers and employees” (RN 29).

As for state intervention in the economy, the Church differs from the liberal doctrine of the time, which was opposed to any government intervention in economic relations. Thus, the Pope proclaims the right and duty of the State to intervene in economic life as guardian and promoter of common good. The State must intervene “with the full force of the laws and institutions, that is, making the management and administration of the State itself spontaneously sprout prosperity of both society and individuals, as this is the role of politics and the bounden duty of rulers” (RN 23). It emphasizes that “rich people, protected by its own resources, require less public protection, the lower class, however, devoid of all resources, is entrusted principally to state sponsorship” (RN 27) and “tries to release the poor workers of the cruelty of the ambitious, abusing people without restraint, as they were objects for personal gain (...) and that the labor day takes not more hours than permitted by their strengths” (RN 31).

The practice of justice is not enough, so the Church defends the issue of charity as a complementary role.

Since the desired solution is expected mainly from a great outpouring of charity, Christian charity, which itself summarizes all the law of the Gospel, and, always ready to offer itself for the good of others, in the safest antidote against the insolence and selfishness in the World, and whose features and degrees divine apostle Paul expressed in these words: charity is patient, is kind, does not cling to what is theirs, it is all-bears all things (RN 41).

During the first third of the twentieth century the Vatican did not issue a new Encyclical and the social doctrine of the Church stood firm with Leon XIII’s *Rerum Novarum*.

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<sup>5</sup> St. Thomas Aquinas, *Summa Theologica II*, Issue 99



## 5. From the 1929 Crash to the Second World War

Recalling the great social and economic events, between the late nineteenth century and 1920, in addition to World War I, the world economy began to experience financial crises. The previous economic expansion, caused by accelerated industrialization had generated high levels of violent competition that led to falling prices of industrial products with a concomitant decrease in profits. People began to think that economic progress was not unlimited at the same time Marxist and Leninist theories that presaged the end of the capitalist system began to appear.

During the 1920s the world experienced a slight period of economic expansion that ended with the 1929 crisis, which hit the same worldwide. However, after the crisis the world experienced a slight recovery period that lasted until the outbreak of World War II. During those decades, people thought that economy was moving through cycles. In order to compose the collapse generated in 1929, the British economist John Maynard Keynes came to the scene. Then everyone turned their efforts to try to solve the problem of unemployment and stopped thinking about growth for a while. It was the era of state intervention, countercyclical policy and search for adequate levels of aggregate demand through government spending. Nobody spoke about growth but progress, stability and economic security.

Keynes was the most famous and influential economic theorist of the twentieth century. His influence can be compared to David Ricardo, Karl Marx, John Stuart Mill and Alfred Marshall. His masterpiece, *The General Theory of Employment, Interest and Money* (1936) is a real break with the ideas of the past, especially in terms of Say's Law. He contributed to the concept of aggregate demand, abandoning the notion of total production and approaching the idea of consumption function. He also considered investment as the most volatile way of spending and introduced the idea of “animal spirits” as the most important factor of investment. His contribution was essential to recover the idea of macroeconomics and somehow helped to stop the “dictatorship of market”. It is clear that he believed in state intervention as a healthy instrument to improve economy.

In May 1931, during the second year of the crisis, Pope Pius XI (1922-1939) issued the encyclical *Quadragesimo Anno*, forty years after *Rerum Novarum*. Besides continuing with the previous guidelines, the Pope's new encyclical focused on the recovery of social order in accordance with Gospel, outlined the principles to achieve and clarify some interpretation doubts of *Rerum Novarum*.

While the encyclical *Rerum Novarum* had a positive influence on the condition of workers in industrialized countries, in less developed countries the situation was very different. As the new encyclical *Quadragesimo Anno* said:

But since manufacturing and industry have so rapidly pervaded and occupied countless regions, not only in the countries called new, but also in the realms of the Far East that

have been civilized from antiquity, the number of the non-owning working poor has increased enormously and their groans cry to God from earth. Added to them is the huge army of rural wage workers, pushed to the lowest level of existence and deprived of all hope of ever acquiring “some property in land) (QA 59).

Then the task of the Church grew, the serious problem of accumulation of wealth in few hands became a worse problem: a tyrant power that transcended the borders between countries. Pius XI said that “economic dictatorship has supplanted free market; unbridled ambition for power has likewise succeeded greed for gain; all economic life has become tragically hard, inexorable, and cruel” (QA 109). According to the encyclical, this “economic tyranny” is the explanation of the depression of the 30s, caused by the tyrannical behavior of the bankers of the 20s.

This dictatorship is being most forcibly exercised by those who, since they hold the money and completely control it, control credit also and rule the lending of money. Hence, they regulate the flow; so, to speak, of the life-blood whereby the entire economic system lives, and have so firmly in their grasp the soul, as it were, of economic life that no one can breathe against their will (QA 106). This concentration of power and might, the characteristic mark, as it were, of contemporary economic life, is the fruit that the unlimited freedom of struggle among competitors has of its own nature produced, and which lets only the strongest survive; and this is often the same as saying, those who fight the most violently, those who give least heed to their conscience (QA 107).

The position of the Catholic Church regarding the crisis of the 30s was: the abusive, even tyrannical behavior of an excessive market freedom in which only the strongest could survive, The Pope largely blamed bankers and their bad behavior before the crisis of 1929, which had terrible consequences for the world: declining production, rising unemployment, and social disturbances everywhere.

Meanwhile, the socialism was moving “dangerously” and totalitarianism was strengthened in Europe: Fascism in Italy and Nazism in Germany.

The Church was still working in its attempt to reform capitalism and make it more human, without falling into the temptation defined by socialists: capitalist system is unjust and abominable.

Pius XI said that the economy

(...) sought to adjust this economic system according to the norms of right order; hence, it is evident that this system is not to be condemned in it. And surely it is not of its own nature vicious. But it does violate right order when capital hires workers, that is, the non-owning working class, with a view to and under such terms that it directs business and even the whole economic system according to its own will and advantage, scorning the human dignity of the workers, the social character of economic activity and social justice itself, and the common good (QA 101).

Therefore, it was necessary to defend the system, and at the same time to purify the errors, while the desire for profit is central to capitalism, not immoral per se, what is wrong is to seek profit as

the only ideal of life, violating the laws of morality. Furthermore, economic freedom can be a great tool for progress, but must be located within moral standards.

This encyclical also addresses the issue of remuneration to capital and labor. While Pius XI recognized historical injustices regarding the production sharing between the capitalist's profit and the worker's wage, he does not believe that any additional capital amortization should belong to the workers. Moreover, he says that salary is not unfair per se, since work has an individual and social character, and should be paid according to three aspects: first, enough to cover the worker's and his family's livelihood and second, take into account the conditions of the company and the entrepreneur and finally the wage must be accommodated to the common good.

As for private property, Pius XI confirmed the natural right of property:

Rather the Creator Himself, has given man the right of private ownership not only that individuals may be able to provide for themselves and their families but also that the goods which the Creator destined for the entire family of mankind may through this institution truly serve this purpose (QA 45).

It is important to note that this encyclical approves state intervention in private property when someone misuses it, in order to regulate its use according to the common good:

Therefore, public authority, under the guiding light always of the natural and divine law, can determine more accurately upon consideration of the true requirements of the common good, what is permitted and what is not permitted to owners in the use of their property (QA 49).

The encyclical *Quadragesimo Anno*'s central theme is restructuring social order as the primary mechanism to solve the problems concerning wages, wage disputes, employers' abuses and intransigent syndicates. This suggests introducing a new type of social structure based on the professions:

The social policy of the State, therefore, must devote itself to the re-establishment of the Industries and Professions. In actual fact, human society now, for the reason that it is founded on classes with divergent aims and hence opposed to one another and therefore inclined to enmity and strife, continues to be in a violent condition and is unstable and uncertain (QA 82).

These associations or corporations could play an important role in the economic and social field, based on the principle of subsidiarity:

It is true that on account of changed conditions many things that were done by small associations in former times cannot be done now by large associations. Still, that most weighty principle, which cannot be set aside or changed, remains fixed and unshaken in social philosophy: Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a

greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the social body and never destroy and absorb them (QA 79).

This solidarity principle, fundamental in the social doctrine of the Church, seeks the harmonious collaboration of groups, unlike syndicates and employers' organizations that defend their interests and motivate enmities and conflicts. So, what the encyclical *Quadragesimo Anno* is looking for is that the apparent opposition between capital and labor be merged into a higher unity, in a collaborative way recommended by the organic nature. To do this, the Church proposes a structure of society in which men are classed not according to the category assigned to them in the labor market, but in accordance with the social role each play. "Industries and Professions - are constituted in which men may have their place, not according to the position each has in the labor market but according to the respective social functions which each performs" (QA 83), that is, not according to their position in the labor market but according to the trade or profession they play. This is known as corporatism and works well. For example, a corporation in the construction sector would congregate engineers, architects, and builders. It looks like the principle of subsidiarity is much closer to the neoliberal doctrine than any another one.

## 6. The post-World War period

In the late forties, social scientists began to produce development theory. Created in 1948 by the United Nations, the ECLAC became the most important Latin American school of development thinking. In 1949, the ECLAC leader Raúl Prebisch<sup>6</sup> conducted a study about *Center-Periphery System* and showed how some industrial countries from the center were privileged at the expense of peripheral countries, and how the international trade system was deteriorating the terms of trade. In 1950 Hans Singer<sup>7</sup> published a study that found similar results to those of Prebisch, which is why this proposal is known as the Prebisch-Singer Thesis.

The school of thought of ECLAC theorized about the uneven process of development in the world with a Latin American and South view. ECLAC's approach is consistent with some Marxist ideas and that is why in conservative environments it was seen as "communist", despite

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<sup>6</sup> Argentine economist, former General Secretary of ECLAC (Economic Commission of the United Nations for Latin America and the Caribbean) and later of UNCTAD. Considered the founder and leading exponent of the school of economics called "Latin American structuralism".

<sup>7</sup> Jewish-German economist, student of Schumpeter. With the advent of Hitler in 1933 went to England where he obtained his doctorate in economics, after the war he worked at the United Nations between 1947 and 1969, as a researcher and developer of the United Nations Programme for Food.

its origin is linked to the United Nations. The Latin American Structuralism contribution would then be taken up by the current Neo-Structuralism.

However, in the seventies, the development of underdeveloped countries was inadequate, economic policy was expensive and inefficient because of misguided strategies in exchange, tax, labor and price issues. State enterprises were inefficient and fiscal imbalances were common due to subsidy policies in education, health and water supply. Then, the external debt crisis arrived, the lost decade of the eighties crowned with the Washington Consensus and the collapse of the Berlin Wall. Neo-liberalism appeared in the early 1970s led by World Bank and International Monetary Fund economists. The neoliberals proposed a crusade to eliminate institutional rigidities caused by protectionist policies, expensive social programs and excessive syndicate power. To implement the Consensus of Washington, the International Monetary Fund and the World Bank implemented structural adjustment programs.

Thus, the world turned to traditional economics, neoclassical economists definitely assumed the leadership; the classical economists had finally their heirs. Overall, this was happening in the economy during the years after World War II. But what was happening in terms of the construction of the social doctrine of the Church?

John XXIII was pope only for five years (1958-1963) but will always be remembered as “the Good Pope”. Barely three months after his election the Second Vatican Council was convened. This council would mark the renewal of the Catholic Church. John XXIII wrote eight encyclicals, some of them of great social impact, especially *Mater et Magistra* and *Pacem in Terris*. In 1961, seventy years after *Rerum Novarum*, John XXIII issued *Mater et Magistra*, dealing with recent social development of the world in the light of Christian social doctrine and presented the Church as mother and teacher in a speech addressed “to all workers in the World”.

John XXIII had a fairly well developed social doctrine of their predecessors and also in the World international organizations responsible for promoting welfare of society had been created. *Mater et Magistra* highlights the development of popular culture, accountability and the standard of living of workers due to important social advances:

In the social field, we have the development of social insurance and, in the more economically advanced communities, the introduction of social security systems. Men in labor unions are showing a more responsible awareness of the major social and economic problems. There is a progressive improvement in basic education, a wider distribution of essential commodities, greater opportunities for advancement in industry and the consequent breaking down of class barriers, and a keener interest in world affairs shown by people of average education (MM 48).

As for private initiative and state action, the encyclical recommends specifying the different policy areas. “It should be stated at the outset that in the economic order first place must be given to the personal initiative of private citizens working either as individuals or in association with each other in various ways for the furtherance of common interests” (MM 51). But while the private sector must be the engine of the economy, the State must intervene to regulate: “puts it within the power of the public authority to a much greater degree than ever before to reduce imbalances which may exist between different branches of the economy or between different regions within the same country or even between the different peoples of the world” (MM 54). “Where the good offices of the State are lacking or deficient, incurable disorder ensues: in particular, the unscrupulous exploitation of the weak by the strong” (MM 58).

Then, it was believed that this encyclical marked an approximation of the Church to socialism by its emphasis on achieving social approaches: “one of the principal characteristics that seems to be typical of our times is an increase in social relationships, (...) many and varied forms of associations in the lives and activities of citizens” (MM 59). This emphasis requires the intervention of the state especially in fields related to the people’s welfare:

This development in the social life of man is at once a symptom and a cause of the growing intervention of the State, even in matters that are of intimate concern to the individual, hence of great importance and not devoid of risk. We might cite as examples such matters as health and education, the choice of a career, and the care and rehabilitation of the physically and mentally handicapped (MM 60).

John XXIII lamented the very low levels of wages in some countries, he blamed the capitalist system but possibly at the stage of development of these countries: “this is probably due to the fact that the process of industrialization in these countries is only in its initial stages, or is still not sufficiently developed” (MM 68). He believed that the wage should be such to maintain an acceptable standard of living: “it must be determined in accordance to justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner” (MM 71), but its determination depended on several factors such as “the effective contribution that each individual makes to the financial performance of the company for which he works, and the requirements of the general good of the particular country” (MM 71). He also thought that it was up to the state the seeking balance between wages and prices and other aspects of the economy: “between agriculture, industry and services; creation of a proper balance between economic expansion and the development of social services, especially through the activity of public authorities” (MM 79).

Similar to his predecessors, in his encyclical John XXIII recommended the participation of workers in management of the company “to achieve true human community, concerned about

the needs, the activities and the standing of each of its members” (MM 91) and although he preferred the Catholic syndicates, he did not oppose that Catholic workers participate in other unions, if they respect personal freedoms in religion and morality. He claimed that the workers’ associations had passed the stage of class struggle and sought more collaboration and solidarity.

As for private property, John XXIII kept the traditional doctrine of his predecessors; despite legal advances that allowed to solve problems that previously competed only to private property, for example, social insurance: “today people are aiming at proficiency in their trade or profession rather than the acquisition of private property. They think more highly of an income that derives from capital and the rights of capital” (MM 105).

In 1963, 53 days before his death, John XXIII, concerned that the human race had become capable of destroying itself, promulgated the encyclical *Pacem in Terris*, which reflected the necessary conditions for true peace in the world, which “can never be established, never guaranteed, except by the diligent observance of the divinely established order” (PT 1). The main theme of this encyclical is peace, and for the very first time an encyclical listed human rights, which, together with the responsibilities are universal and inviolable. “His is a nature that is, endowed with intelligence and free will. As such he has rights and duties, that together flow as a direct consequence from his nature. These rights and duties are universal and inviolable, and therefore altogether inalienable” (PT 9).

According to *Pacem in Terris*, the following are the fundamental human rights: “Man has the right to live and to the means necessary for the proper development of life, particularly food, clothing, shelter, medical care, rest, and, finally, the necessary social services” (PT 11); “a natural right to be respected” (PT 12); “the natural right to share in the benefits of culture, and hence to receive a good general education, and a technical or professional training” (PT 13); “to profess his religion both in private and in public” (PT 14); “to choose the kind of life which appeals to him” (PT 15); “the parents right to educate their children” (PT 17); “in the economic sphere, the inherent right not only to be given the opportunity to work, but also to be allowed the exercise of personal initiative in the work he does” (PT 19); “the worker is likewise entitled to a wage that is determined in accordance with the precepts of justice” (PT 20); “the right to the private ownership of property” (PT 21); “the right to meet together and to form associations with their fellows” (PT 23); “the right to freedom of movement” (PT 25); “the right to take an active part in public life” (PT 26); “the right of legal protection of his rights” (PT 27). In those rights, they are entitled also natural duties: “to respect the rights of others” (PT 28); “and work on his own responsibility, in achieving the common good” (PT 34).

Two key aspects of achieving peace are order and harmony. In this encyclical, John XXIII reflected on how the authorities and the people should live together: “Human society can be neither well-ordered nor prosperous without the presence of those who, invested with legal authority, preserve its institutions and do all that is necessary to sponsor actively the interests of all its members” (PT 46).

As St. Thomas teaches, in regard to the second proposition, we maintain that human law has the rationale of law in so far as it is in accordance with right reason, and as such it obviously derives from eternal law. A law that is at variance with reason is to that extent unjust and has no longer the rationale of law. It is rather an act of violence” (PT 51).

Also, the order and harmony should be observed between different nations, as recommended by the encyclical: “The first point to be settled is that mutual ties between States must be governed by truth. Truth calls for the elimination of every trace of racial discrimination, and the consequent recognition of the inviolable principle that all States are by nature equal in dignity” (PT 86). To do this it is recommended the application of the principle of solidarity, as the encyclical emphasizes:

Since relationships between States must be regulated in accordance with the principles of truth and justice, States must further these relationships by taking positive steps to pool their material and spiritual resources. In many cases this can be achieved by all kinds of mutual collaboration; and this is already happening in our own day in the economic, social, political, educational, health and athletic spheres—and with beneficial results (PT 98).

The ultimate application of the principle of solidarity between different nations is the acceptance of migrants. When the encyclical states the Refugee's Rights stresses that “it is not irrelevant to draw the attention of the world to the fact that these refugees are people and all their rights as people must be recognized. Refugees cannot lose these rights simply because they are deprived of citizenship of their own States” (PT 106).

John XXIII recommended these points when he saw that the world was on its way to becoming a global society. Then, he proposed a supranational organization in the World with a global public authority having jurisdiction. His reasoning was as follows:

Today the universal common good presents us with problems that are world-wide in their dimensions; problems, therefore, that cannot be solved except by a public authority with power, organization and means co-extensive with these problems, and with a World-wide sphere of activity. Consequently, the moral order itself demands the establishment of some such general form of public authority (PT 137).

Vatican II was an ecumenical conclave of the Catholic Church convened by Pope John XXIII. It consisted of four sessions, the first, in 1962, was the only presided by the Pope because he died a year later. The other three were presided by Paul VI, until its closure in 1965. It was convened to promote the development of the Catholic faith, achieving a moral renewal of Christian life of the



faithful and church discipline adapt to the needs of new times. The goal of the council was not to address specific problems or to expand the teachings contained in the social doctrine of the Church, but to confirm them through a document that emerged from the conclave: Pastoral Constitution *Gaudium et Spes*. It ratified the concepts developed for over seventy years of the doctrine of the Church. This pastoral constitution is very clear by showing that, despite having so much wealth, many people are still starving: “Never has the human race enjoyed such an abundance of wealth, resources and economic power, and yet a huge proportion of the world’s citizens are still tormented by hunger and poverty, while countless numbers suffer from total illiteracy” (GS 4).

And to confirm the role of the Catholic Church in the social field, the Council through its Pastoral Constitution ensured that “in the economic and social realms, too, the dignity and complete vocation of the human person and the welfare of society as a whole are to be respected and promoted. Men are the source, the center, and the purpose of all economic and social life (GS 86). In terms of economic development, *Gaudium et Spes* is clear when it states that

(...) economic development must remain under man's determination and must not be left to the judgment of a few men or groups possessing too much economic power or of the political community alone or of certain more powerful nations. It is necessary, on the contrary, that at every level the largest possible number of people and, when it is a question of international relations, all nations have an active share in directing that development. (...) Growth is not to be left solely to a kind of mechanical course of the economic activity of individuals, nor to the authority of government (GS 65).

The Council also presents an interesting program of land reform:

Insufficiently cultivated lands should be distributed to those who can make these lands fruitful; in this case, the necessary things and means, especially educational aids and the right facilities for cooperative organization, must be supplied. Whenever, nevertheless, the common good requires expropriation, compensation must be reckoned in equity after all the circumstances have been weighed (GS 71).

The Church also calls on developed countries to show solidarity:

(...) it is a very important duty of the advanced nations to help the developing nations in discharging their above-mentioned responsibilities. They should therefore gladly carry out on their own home front those spiritual and material readjustments that are required for the realization of this universal cooperation (GS 86).

In 1967, two years after the closing of the Second Vatican Council, Pope Paul VI issued the encyclical *Populorum Progressio*, which deals with solidarity between people and the problem of developing countries. In the encyclical, the Pope denounced the worsening imbalance between rich and poor, criticized colonialism and affirmed the right of people to welfare. He is critical with

both capitalism and collective Marxism. Globalization was the normal scenario. The world was rapidly integrating, countries shared more: information, science, technology, arts, entertainment and sports. But they were also threatened by the same dangers, suffering the same crisis and seeking the same solutions. In 1967 underdevelopment was identified as a global problem, the whole developing countries were in crisis. In this global context problems also became global problems. “Today it is most important for people to understand and appreciate that the social question ties all men together, in every part of the World” (PP 3). Then, the proposal of the Church was a complete doctrine on the solidary development of peoples.

The proposal of the Church was based on the Third World’s drama. Unlike what happened in the late nineteenth century when *Rerum Novarum* was issued, the crisis displayed throughout the Third World and not only in some European industrial cities: “The hungry nations of the World cry out to the peoples blessed with abundance. And the Church, cut to the quick by this cry, asks each and every man to hear his brother's plea and answer it lovingly” (PP 33). For this reason, the Church invited everyone to participate actively in the development of human solidarity:

We are sure that all men of good will want to join our fellow Catholics and fellow Christians in carrying out this program. So today we earnestly urge all men to pool their ideas and their activities for man's complete development and the development of all mankind (PP 5).

The roots of the problem were very deep and complex, loaded with the weight of history that had expanded cultural and technical differences. All this accompanied by the absence of moral values and scarcity of capital. As an example, according to the stats of the World Bank, in 1967 the Gross Domestic Product per capita of the United States was \$ 2,300, while in India was only \$ 60.

*Populorum Progressio* defined development not only as economic growth; “the development we speak of here cannot be restricted to economic growth alone. To be authentic, it must be well rounded; it must foster development of each man and of all men (...) we cannot allow economics to be separated from human realities” (PP 14). Talking about material wealth, in a speech on June 1, 1941, Pius XII stated that “the economic wealth of a nation does not consist in the abundance of goods, but that the abundance constitutes the material basis for staff development its members”.

In this sense, the encyclical calls global solidarity to solve a social and economic problem, which also had been globalized, and proposes three fundamental duties to the more developed countries:

This duty concerns first and foremost the wealthier nations. Their obligations stem from the human and supernatural brotherhood of man, and present a three-fold obligation: 1) mutual solidarity—the aid that the richer nations must give to developing nations; 2) social

justice—the rectification of trade relations between strong and weak nations; 3) universal charity—the effort to build a more humane world community, where all can give and receive, and where the progress of some is not bought at the expense of others. The matter is urgent, on it depends the future of world civilization (PP 44).

Eighty years after *Rerum Novarum*, in 1971, the same Paul VI promulgated the encyclical *Octogesima Adveniens*. The major concern of the Church at the time was that the world not only was able to eliminate the differences, but generated new problems, such as rural-urban migration and environmental degradation. The encyclical said:

Flagrant inequalities exist in the economic, cultural and political development of the nations: while some regions are heavily industrialized, others are still at the agricultural stage; while some countries enjoy prosperity, others are struggling against starvation; while some peoples have a high standard of culture, and others are still engaged in eliminating illiteracy (OA 2).

This encyclical is also concerned about another group of marginalized, the “new poor”.

The Church directs its attention to those new “poor” -the handicapped and the maladjusted, the old, different groups of those on the fringe of society, and so on - in order to recognize them, help them; defend their place and dignity in a society hardened by competition and the attraction of success (OA 15).

The encyclical *Octogesima Adveniens* also condemns any kind of discrimination: “Among the victims of situations of injustice - unfortunately no new phenomenon - must be placed those who are discriminated against, in law or in fact, on account of their race, origin, color, culture, sex or religion” (OA 16).

Ten years later, new Pope John Paul II promulgated *Laborem Exercens*. This encyclical, dedicated to human labor, confirmed all previous social doctrine of the Church and further deepened on new meanings of human work. During the early 80s, technological change had reached a high level and expertise was so advanced, that no worker produced this or that object, but worked in a particular activity within a complex industrial unit. The machines were becoming more efficient and were able to do the work of more workers. In large companies, financial and planning units were bigger than production units. As a result, unemployment was increasing.

John Paul II was sure that “human work is a key, probably the essential key, to the whole social question” (LE 3) and in this encyclical the Church demonstrated its belief and conviction from “the very first pages of the Book of Genesis that work in a fundamental dimension of human existence on earth” (LE 4). *Laborem Exercens* also ensures that the subject of the work is still the man, but apparently are machines that produce results. Due to the development of capitalism, proportions were lost as to the worth of the human person. The workers were no longer people and turned into inputs, and the machines were most appreciated. However, the Church spoke to

the World. The encyclical *Laborem Exercens* was very clear when said, with deep ontological and moral value, that “work is for man and not man for work” (LE 6). Regarding property and work, the encyclical said

(...) the issue of ownership or property (...) diverges radically from the programme of collectivism as proclaimed by Marxism and put into practice in various countries (...) at the same time it differs from the programme of capitalism practiced by liberalism and by the political systems inspired by it (...) it has always understood this right within the broader context of the right common to all to use the goods of the whole of creation: the right of private property is subordinated to the right of common use, to the fact that goods are meant for everyone (LE 14).

As for salary, John Paul II was clear when he said that there was not a better system than salary to manage relations between employer and employee:

The key problem of social ethics in this case is that of just remuneration for work done. In the context of the present there is no more important way for securing a just relationship between the worker and the employer than that constituted by remuneration for work. Whether-work is done in a system of private ownership of the means of production or in a system where ownership has undergone a certain "socialization", the relationship between the employer (first and foremost the direct employer) and the worker is resolved on the basis of the wage, that is through just remuneration for work done (LE 19).

Also, he was not opposed to the professionalization of women as long as it does not sacrifice her role as mother and wife. The encyclical recommends that syndicates do not act as political parties seeking power, but as unions to ensure the just rights of workers. Finally, exalts the work and places where he works as part of God's creative work, in addition to presenting Jesus as a worker:

The Truth that by means of work man participates in the activity of God himself, his Creator, was particularly given prominence by Jesus Christ at Whom many of his first listeners in Nazareth were astonished, saying, “Where did this man get all this? What is the wisdom given to him...is not this the carpenter?” (LE 26).

Twenty years after *Populorum Progressio*, John Paul II promulgated the encyclical *Sollicitudo Rei Socialis* to revisit the issue of development. While between 1967 and 1987 there were some positive results to the problem of underdevelopment, the overall impression was negative, to the point that the encyclical begins by describing the situation in the developing world:

(...) it is sufficient to face squarely the reality of an innumerable multitude of people - children, adults and the elderly - in other words, real and unique human persons, who are suffering under the intolerable burden of poverty. There are many millions who are deprived of hope due to the fact that, in many parts of the World, their situation has noticeably worsened. Before these tragedies of total indigence and need, in which so many of our brothers and sisters are living, it is the Lord Jesus himself who comes to question us (SRS 13).

And continued condemning what was happening in the world, the persistent and widening gap between north and south, the poor distribution of food and lack of health, sanitation and housing:

In fact, just as social inequalities down to the level of poverty existence in rich countries, so, in parallel trend, in the less developed countries one often sees manifestations of selfishness and a flaunting of wealth that is as disconcerting, as it is scandalous. The abundance of goods and services available in some parts of the world, particularly in the developed north, is matched in the south by an unacceptable delay, (...) the production and distribution of foodstuffs, hygiene, health and housing, availability of drinking water, working conditions (especially for women), life expectancy and other economic and social indicators (...) there are different worlds within our one world: the First world, the Second world, the Third world and at times the Fourth world (SRS 15).

According to the Church, the persistence of this serious problem of underdevelopment is due firstly to the political and economic classes of these countries: “omissions on the side of the developing nations themselves, and especially on the side of those holding economic and political power” (SRS 16). But it could be explained also by the responsibility of industrialized nations that did not understand well the duty to help the more backward countries. It could also be understood by the interdependence between them and other countries, too: “the developed nations, which have not always, at least in due measure, felt the duty to help countries separated from the affluent world to where they themselves belong (...) and the interdependence between developed and less developed countries is the question of the international debt” (SRS 16). The encyclical also critiqued the international loans for development. “Thus the availability of capital and the fact of accepting it as a loan can be considered a contribution to development, something desirable and legitimate in itself, even though perhaps imprudent and occasionally hasty” (SRS 19). He continues stating that the world showed violence, with immediate consequences as the millions of refugees who have lost everything, even their own homeland.

The consequences of those affairs are to be seen in the festering of a wound that typifies and reveals the imbalances and conflicts of the modern world: the millions of refugees whom war, natural calamities, persecution and discrimination of every kind have deprived of home, employment, family and homeland. The tragedy of these multitudes is reflected in the hopeless faces of men, women and children who can no longer find a home in a divided and inhospitable world (SRS 24).

In May 1991, John Paul II issued the encyclical *Centesimus Annus*<sup>8</sup> commemorating the centenary of *Rerum Novarum* and commenting to the world about the causes and significances of the collapse of the Soviet Union in 1989. Also, he wanted to reflect on the new development at the gates of the XXI century, and he also gives a creative boost to the social doctrine of the Church. Besides its

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<sup>8</sup> Based on Weigel (1999)

political content, this encyclical addressed issues of contemporary economics. *Centesimus Annus* begins with a reverence to Pope Leo XIII, author of the moral principles of Catholicism against the social, economic and political aspects of the late nineteenth century, who, according to John Paul II is a lasting example for the Church. The themes of *Rerum Novarum* remain part of the intellectual heritage of the Church to address social and economic problems. Leo XIII spoke mainly of the dignity of workers, the right to private property, the right of association, including the right to form unions, the right to fair wages and the right to religious freedom.

John Paul II did not intend to design some “catholic economics” or something like that, he rather explicitly stated that the Church's social doctrine is not based on models and he preferred to analyze more deeply the themes of his encyclical *Laborem Exercens*, he tried to answer questions such as what people use the free economy for? How economics contributes to the common good? How useful is economy for humanity? Also, this encyclical addressed the issue of free and autonomous “social tissue”, expressed in family associations, business groups, social groups, political groups and cultural groups, as response of human nature. The promotion of these voluntary associations plays a key role in the development of a free society. Only one year before John Paul II died, Pontifical Council for Justice and Peace published the Compendium of the Social Doctrine of the Church, which includes more than a century of theological and intellectual work of the last ten popes, based on nineteen centuries of tradition and wisdom.

In 2013, pope Francis wrote the apostolic exhortation *Evangelii Gaudium*. In it he deals with delicate subjects, so much so that he has been accused of being a Marxist. In chapter two, he recommends building a non-exclusive economy, and gives us an example the commandment “Thou shalt not kill”

and sets a clear limit in order to safeguard the value of human life, today we also have to say “thou shalt not” to an economy of exclusion and inequality. Such an economy kills. How can it be that it is not a news item when an elderly homeless person dies of exposure, but it is news when the stock market loses two points? (...) This is a case of inequality. Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. As a consequence, masses of people find themselves excluded and marginalized: without work, without possibilities, without any means of escape (EG 53).

He also criticizes those who defend a neoliberal ideology based on a trickle-down theory as a distribution mechanism, in order to guarantee the necessary conditions for a correct performance of the economy, and ensure

economic growth, encouraged by a free market (...) This opinion, which has never been confirmed by the facts, expresses a crude and naïve trust in the goodness of those wielding

economic power and in the sacralized workings of the prevailing economic system (EG 54).

Francis insists in his criticism of economic power and the growing idolatry to money that prevails in the World. He states that the financial crisis originates from a human crisis based on “the denial of the primacy of the human person! We have created new idols. The worship of the ancient golden calf has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy” (EG 55).

He is also highly critical of the poor distribution of wealth, justified by market-based ideologies that also protect financial speculation and tax havens, when he says

“(...) the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies which defend the absolute autonomy of the marketplace and financial speculation (...) To all this we can add widespread corruption and self-serving tax evasion, which have taken on worldwide dimensions (EG 56).

Francis recognizes the importance of money but he insists that fetishizing it is a serious mistake, it is clear that “money must serve, not rule! The Pope loves everyone, rich and poor alike, but he is obliged in the name of Christ to remind all that the rich must help, respect and promote the poor” (EG 58). He also denounces inequality, because it is terrible, “the poor and the poorer peoples are accused of violence, yet without equal opportunities the different forms of aggression and conflict will find a fertile terrain for growth and eventually explode” (EG 59).

### Comments

Entitling this section “conclusions and comments” was difficult, since it would be better to just call it “comments”, due to the fact that writing conclusions about something that has not been completed and keeps being permanently constructed is not an easy task. The social and economic thought of the Church is in continuous development according to what it is still been thought about economics and politics. Catholic social thought has not concluded because bright minds within the Church are still appearing and continuing to provide possible solutions to a world that inexorably has lost values and has become increasingly uneven. I think this is an incomplete essay, the amount of material reviewed increased considerably: instead of reading the *Compendium of Social Doctrine*, there was need to study eleven encyclicals and one pastoral constitution. It is obvious that the extent of the social doctrine of the Church deserves much greater depth. So I think I have a pending research about economics and Catholic thought.

Specifically, regarding the topic of this essay, the Church has been institutionally criticized, but I think that intellectually and spiritually, their contribution is impeccable. The contribution of

the Church on social and economic issues is comprehensive, coherent, consistent and always valid. It has not become a theory only because the ecclesiastical authorities have not wanted it to.

It is important to note that one of the major heterodox and influential economic trends today, the social and solidary economy seems to be based on the Church's social doctrine. This does not look so obvious because it was not promoted enough, but we must recognize that the intellectual basis of the social and solidary economy is Christian. This new economic paradigm - still under construction- sought fundamental aspects of Christian doctrine, for example, employee's dignity, solidarity and subsidiarity principles.

Looking back at economics history, in the late eighteenth century, the main classical economists, Smith, Ricardo and Malthus, studied the great changes that were taking place in global economy, and built the classical model. But, in the second half of the XIX century, a heterodox economist, Karl Marx, demonstrated the shortcomings of that model. However, by the end of this century, Marshall and Walras rebuilt the foundations of the classical model based on the use of marginal analysis in economic theory, thanks to them the classical theory fitted the needs of the time, renaming this theory as neoclassical thought. This kind of renewal of the theory happened perhaps because the leading thinkers and politicians of the time perhaps had some misgivings of Marx's arguments. So, what would be a new theoretical approach that does not include social topics and work conditions? A new economic theory was born, a theory appropriate to the needs of the ruling classes of the time, and finally mainstream economics would keep controlling the world. Nevertheless, as a result of the depression of the 30s; the world had had a break that lasted a couple of decades when Keynes appeared to solve the serious problems created by the crisis. But in the second half of the XX century, the world turned to traditional economics driven by the Consensus of Washington and the structural adjustment programs.

But what was happening, in the middle of traditional economic thought, in terms of the construction of the social doctrine of the Church? What about morals and ethics?

Smith invoked an “invisible hand” to harmonize individual egos. Then, there would not be moral constraints set upon the human ego because an invisible hand harmonizes the acts of all (...) the British economist Joan Robinson pointed out that with this invisible-hand doctrine Smith “abolished the moral problem” (Frey, 1996).

The Church meditated deeply on the social and economic problems of the World, while performing its main function of shepherding the faithful. In perspective, it seems that the Church took too long to react to the unstoppable advance of the capitalist economy. Nearly nineteen centuries of waiting, until finally Leo XIII published the encyclical *Rerum Novarum* in 1891. From that time, to the dawn of the XX century, his successors continued the construction of the doctrine of the Church until the publication of the *Compendium of the Social Doctrine* under the leadership of



John Paul II in 2005. While this compendium reflects the scholarship of the last ten popes embodied in their encyclicals, it is really a summary of the social content of the Bible and the wisdom of the Fathers and Doctors of the Church over many centuries.

The apparent delay in the reaction of the Church could be explained by the historical moment that the world was going through then. Economically, a classic model that was failing, a relentless critic as Marx who was very difficult to refute, and a renewed classic model, marginalist or neoclassical, that could give new life to traditional thinking. In politics, a socialist system as a valid alternative to a moral-less capitalist system that was becoming increasingly unfair to those who risk their capital to generate wealth and prosperity.

In this context, the Catholic Church had the moral obligation to provide a real solution to the social problems of the world, an alternative solution to socialism, whose atheist character scared the Church. This solution was the *Social Doctrine of the Church*, written since 1891 and systematized in 2005 under the name of *Compendium of the Social Doctrine of the Church*, whose principles related to economics in summary are:

(...) dignity of labor, workers' rights, solidarity among workers, economic life, poverty and wealth, moral, ethics and economy, private and business initiative, economic institutions, free market and state intervention, saving and consumption, risks of globalization, the role of international financial system, and the responsibility of international community (Passinetti, 2010).

It is clear that all these principles were always away from the “ethics” of capitalism, represented by a selfish and rational agent maximizing his utility function.

As seen in the encyclicals, there are several differences between the principles of the social doctrine of the Church mentioned above and the traditional economic assumptions. The main difference is the “economic” definition of the individual as a rational agent, who optimizes his utility function based on having perfect information. This is not necessarily true, because a person cannot be a computer who knows all the alternatives and able to assign a value to his pleasures and his pains, and based on that assumption makes irrevocable decisions. Instead, a real person acts based on values and without doing calculations. In the case of Catholics, values are learned from reading the Bible. Such is the case in stories near solidarity and far away from profit, as “the Good Samaritan” (Luke 10, 25-37) and the “Sermon on the Mountain” (Matthew 5, 3-12).

Through the parable of the *Good Samaritan*, Jesus teaches a Master of Law to recognize his neighbor and to show solidarity to him. In this story we see that the only person able to help the man who had been robbed and hurt is precisely the worst person possible, a Samaritan. At that time, Samaritans were considered heretics and foreigners. This behavior can not belong to a rational agent defined by the traditional economics. Donald Frey (1996) is very clear when he says

“Dickens sarcastically dismisses the writings of his character Gradgrind as ‘proving...that the Good Samaritan was a Bad Economist’ or, as the modern economics-text writers might say, irrational” (Charles Dickens, *Hard Times*, 1854).

*The Sermon on the Mountain* is a wonderful summary of moral doctrine of Jesus Christ who, through nine compelling and disconcerting phrases, provides happiness and bliss to whom the world considers unhappy and wretched: the poor in spirit, those who weep, who are hungry, etc. This is another example that shows that the behavior of a person is not to be “rational” optimizing his utility function.

But, can a Christian be an economist? This question is difficult to answer, Charles Wilber in his paper that bears the same title answers “of course, yes, but not with some easiness once one becomes aware of the moral premises that permeate economic theory”. And Wilber concludes that “meaning and dignity come from being participative members of the faith community. Faith community is neither created nor maintained by rational self-interest alone”. He also recommends considering what Kenneth Boulding wrote in 1968 (Wilber, 2006 p. 83):

There is a danger...in a predominately commercial society (...) Economic man dwells in Limbo—he is not good enough for Heaven or bad enough for Hell. His virtues are minor virtues: he is punctual, courteous, honest, truthful, painstaking, thrifty, and hardworking. His vices are minor vices: niggardliness, parsimoniousness, chicanery. (...) On the strong he escapes the deadly sins, his very vulgarity saves him from pride (how much better, for instance, is the commercial vulgarity of Coca Cola than the heroic diabolism of Hitler).

However, we must be cautious, because those who are part of mainstream economics are convinced that ethics are included in the neoclassical model:

Nobel laureate George Stigler insisted in the book *The Economist as Preacher and Other Essays*, the concept of self-interest provides a universal explanation of human activity. “Man is eternally a utility-maximizer”, he wrote, and not just in economic activity but “in his church, in his scientific work, in short, everywhere”. Another Nobel laureate, Gary Becker, has elaborated how self-interest could explain the most personal decisions, including marriage, child-bearing, and so on (Frey, 1996, p. 2)

Apparently, there have not been serious debates nor open dialogues between the social doctrine of the Church and mainstream economic theory. These two approaches seem to have taken part in social and economic history without ever crossing. It's time to reach agreements for the sake of humanity.

Unfortunately, marginalist theory, canonized by the general equilibrium model, became a cage in which all economic relations are ideally contained. And who does not investigate according to these conventional parameters, risks not being taken seriously because research is supposed to have “scientific” status. This because the famous *general equilibrium model* is the most elegant, logical

and rigorous ever proposed, suitable to groups of homogeneous individuals acting according to their own interests. However, the competitive market is a weak institutional mechanism that has been developed over time and that does not work unconditionally. In fact, under certain conditions, it does not work at all. In any case, markets require vigilance and prudence. We have to think that this economic theory is going through a very critical period. It seems urgent and radical to reconsider its foundations.

Moreover, it is clear that social doctrine of the Church could be “teacher of humanity” as John XXIII said, especially regarding the rights and dignity of the human person. Even more in the historical period in which we live, when responsibilities have globalized, creating new social and technological needs and the need for environmental protection worldwide (CV, chapter 16)

This dynamic of charity received and given is what gives rise to the Church's social teaching, which is “*caritas in veritate in re sociali*” (charity in truth, in social life): the proclamation of the truth of Christ's love in society. This doctrine is a service to charity, but its locus is truth. Truth preserves and expresses charity's power to liberate in the ever-changing events of history. It is at the same time the truth of faith and of reason, both in the distinction and also in the convergence of those two cognitive fields. It is true; as Benedict XVI continues to remind us, *Deus Caritas Est* (God is Love).

According to the *Annuario Statistico della Chiesa* (2019), 17.7 percent of the world's population is Catholic (America 48.5%, Europe 21.8%, Asia 11.1%, Oceania 0.8%). It is a significant percentage, at the same time, the Catholic Church does great job around the World. The social and solidarity work of the Catholic Church is present in all continents. The number of lay missionaries in the world is about 350 thousand. In the field of education, the Church manages 72 thousand nursery schools worldwide attended by 7 million pupils; 96 thousand primary schools for 35 million pupils; 48 thousand secondary schools for 20 million pupils. The Church also follows 2.5 million high school students and 3 million university students. The charitable and assistance institutions managed worldwide by the Church include 5 thousand hospitals with the highest attendance in America and Africa; 16 thousand dispensaries, mostly in Africa, America and Asia; 610 leper colony mainly distributed in Asia and Africa; 16 thousand homes for the elderly, chronically ill and disabled, mostly in Europe and America; 10 thousand orphanages, mostly in Asia; 12 thousand kindergartens with the largest number in Asia and America; 14 thousand marriage counseling centers, mostly in Europe and America; 3.5 social education or rehabilitation centers and 36 thousands of other institutions.

Mainstream economics has (almost) always focused on efficiency and generation of wealth. However, wealth is not necessarily reverted to those who need it most, but tends to accumulate in a few hands emphasizing inequality.

It seems that the Church has always been trying to contribute with possible solutions to distribution of wealth focusing extreme poverty. The Church has also been concerned with the poor and the most vulnerable, especially with the many related institutions working on it.

Somehow, one could think of a kind of coincidence between the social doctrine of the Church and some concepts of Marxism, despite their very different theoretical and philosophical foundations. A coincidence that is much more difficult to find between Christian doctrine and the postulates of the market economy. In fact, some popes have shown their sympathy for the poor and have worked hard for them, similar to certain left-wing groups. The popes, John XXII, Paul VI and Francis, have not approved inequality and poor distribution of income and wealth. Even they have even been accused of being “communists” for or having chosen a vocation to help the poorest and neediest people.

The historical evidence collected in the New Testament shows Jesus Christ always surrounded by the simplest people and “working” (performing miracles) on behalf of the poor, the sick, the vulnerable and those rejected by the society. When the Church talks about society, economy and markets, it is according to the life of Jesus Christ, the message of the Gospel and the tradition of the Catholic Church's social teaching, not according to an ideological point of view, still less Marxist.

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