

POPE FRANCIS ON INCOME INEQUALITY

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Many years ago the German Jesuit Oswald von Nell-Breuning advised that “the Chair of Peter is not a chair in economics.” [Mueller 1984, p. 65]. Several years before that another German Jesuit, Heinrich Pesch, asserted that “religion cannot produce grain; it cannot do away with physical evils.” [Quoted in Mulcahy 1952, p. 40].

The American Jesuit Thomas Divine [1944, p. 57] affirmed that the task of promoting economic justice “requires not merely a knowledge of the general principles of Catholic moral philosophy but an understanding as well of economic theory and practice which qualify these general principles in the application to any specific pattern of economic conditions.”

Years later, Divine’s Jesuit colleague Bernard Dempsey made essentially the same argument.

The gravest danger to progress has been done by persons who, with a hobby of their own, go to the encyclicals and select isolated passages that seem to support their thesis. These passages are then used repeatedly to propagate their own idea without any reference whatever to the *whole system* of Christian thought, to which the pet idea may be actually repugnant ... The result is widespread misunderstanding, distortion, false emphasis, and far too little progress in understanding the system as a whole. [Dempsey 1958, pp. 73-74; emphasis in the original].

The American Jesuit Joseph Becker [1991, p. 50; emphasis added] stated that in answering “the call of the popes in their social encyclicals for priests to share in the task of building a Christian social order ... [they] were advised ... to master one or other of the social sciences -- *lest they do more harm than good.*” Every one of these Jesuits – von Nell-Breuning, Pesch, Divine, Dempsey, and Becker -- was a specialist in economics. Divine and Dempsey in particular were instrumental in establishing the Catholic Economics Association in 1941. At the same time, there were other American Jesuits at work on socio-economic issues including notably Leo Brown a specialist in labor-management relations and Ted Purcell in business ethics. It appears, however, that in his Apostolic Exhortation *Evangelii Gaudium* Pope Francis, also a Jesuit but without an academic background in the social sciences, did not get the message.

Our comments below regarding income inequality derive from his statements in *Evangelii Gaudium* (*The Joy of the Gospel*) that was published late last year. In that document Pope Francis also addressed economic gain, profits, freedom, the market, private property, and subsidiarity. Our comments on those subjects are available on request at edoboyle737@gmail.com.

THE RHETORIC

Evangelii Gaudium does not mince words about income inequality. In §53 Francis makes the following bold statement.

Just as the commandment “Thou shalt not kill” 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... Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless.

This message is repeated and reinforced at least three times. In §56 he says “While the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few.” Then in §202 he asserts that “inequality is the root of social ills.” In §205 Francis calls for breaking down “the wall of separation between the economy and the common good of society.” Clearly by “the economy” he means the market economy.

Whether intentional or not, implied in *Evangelii Gaudium* is the following syllogism.

Income inequality is the root of social ills.

The market system produces income inequality.

The market system is the problem.

THE MISSING EVIDENCE

A 2014 study of intergenerational mobility in the United States found that, greater income inequality notwithstanding, nine percent of children born in 1986 to the poorest households compared to 8.4 percent of children born 15 years earlier were likely over time to climb to the most affluent households. These data undermine the conventional wisdom that greater income inequality shuts the door to personal economic advancement.

... we find that children entering the labor market today have the same chances of moving up in the income distribution (relative to their parents) as children born in the 1970s. However, because inequality has risen, the consequences of the “birth lottery” – the parents to whom a child is born – are larger today than in the past. [Chetty and others 2014, summary].

Data from the Food and Agriculture Organization also provide a challenge to the assertions on income inequality in *Evangelii Gaudium*. On a global basis,

undernourishment has dropped from 18.9 percent of world population in 1990-92 to 12.0 percent in 2011-2013. It has been even more impressive in Latin America where undernourishment fell from 13.8 percent to 7.1 percent. Though it still remains very high, undernourishment has fallen even in sub-Saharan Africa. The only region where it has not declined is Western Asia. [FAO 2013, p. 8].

The United Nations' Millennium Development Goal of reducing by 50 percent the proportion of persons living on less than \$1.25 a day relative to 1990 was met three years before its 2015 target date. GDP in the southern hemisphere has risen from one-third of world output in 1990 to one-half. Even sub-Saharan Africa has experienced income growth since the turn of the century. More than 40 developing countries have achieved better-than-expected human-development gains notably over the last ten years. [UNDP 2013, pp. 13, 26, summary].

Runst's investigation, which focused on political attitudes regarding market economic principles mainly in eastern and central European countries in transition from social regimes in the 1990s, found that persons in the more successful countries of Poland, Slovenia, Estonia, and Czech Republic were politically farther to the right, less inclined favorably toward a strong leader, more supportive of competition, and less supportive of equality than persons in less successful transition countries. Runst also demonstrated that countries in which there was greater support for market institutions were less likely to support socialist political parties, were more inclined to back market reforms, and were more successful in transition. [Runst 2014, pp. 85, 97, 98].

True enough, Runst's study and Chetty's were released publicly after *Evangelii Gaudium*. More recently, however, Francis has urged the leading executive officers of the United Nations to promote "the legitimate redistribution of economic benefits by the State." [Francis 2014, pp. 1-2].

FOUR REVOLUTIONS THAT DEFEAT POVERTY, HUNGER AND DISEASE

Four factors probe into the nature and the causes of global poverty, hunger, and disease. Fifty years ago, Barbara Ward identified those factors as revolutions and asserted that they have swept over the Western world since the 1850s but are not widely evidenced in the poor countries of the world. At the time, Ward was well-known as an advisor to the Vatican. [*L'Osservatore Romano* 2013, pp. 1-5].

The four are the *biological* revolution that broke through the cycle of peaceful population growth and violent diminution, the *intellectual* revolution of materialism and this-worldliness, the *political* revolution of equality, and the *scientific and technological* revolution that involves the application of savings and the scientific method and insight to everyday business affairs. [Ward 1962, pp.40-41].

Before the biological revolution of modern medicine and sanitation began to reduce mortality and extend life expectancy, populations tended to grow until the limits of economic resources had been reached, and then decline due to malnutrition and starvation

or war with a neighboring tribe over control of resources. Until this revolution, tribal war, and with it disease and hunger, were revisited in every generation. Wars of this type even today are being waged in several African countries.

By the intellectual revolution, Ward means that archaic civilizations, notably tribal in nature, are backward-looking, tend to hold on to the old ways, to mystery and magic rather than hard work and reason.

There is no concept of equality in traditional societies. Wisdom resides entirely with the elders, and the young must wait their turn before their ideas are given a hearing. Extreme conservatism is the order of the day. The political revolution of equality breaks down the hierarchical nature of traditional societies, and the backward-looking ways that dominate such societies and subordinate merchants to warlords and landlords.

In tribal societies there is little or no science. Mystery and magic predominate, effectively putting the exercise of the human will before the use of the human intellect in the manipulation of the physical matter of the universe for human ends. And there is no sustained saving in traditional societies, blocking investment in infrastructure and thereby holding back economic development. [Ward 1962, pp. 40-61].

As for the revolution that Ward identified as the most important of all, it is clear that human well-being depends critically on science and technology in ways that are obvious even to the casual observer. For example, entrepreneurial ideas and schemes often originate in the scientific method and are technologically expressed in the form of new products and services, new materials, and new processes of production.

Two limits apply to this revolution. The first is the destructive impact on human beings from the implementation of new technologies: loss of employment, loss of work that is creative and meaningful, loss of a sense of oneness with others in the workplace. The second limit is the pernicious consequences for natural resources and the environment: depletion of renewable and nonrenewable resources, contamination of the air, soil, and water upon which all living creatures depend.

The task of reducing poverty, hunger, and disease is indeed most challenging. The root of the problem is impoverishment where there is little or nothing to share. However, the vast experience of developed countries over more than 150 years points the way. Most fundamentally this means, as Ward pointed out years ago, that developing countries must embrace the scientific/technological revolution. The task can be done and the development data in recent years is encouraging.

The pope's message on inequality calls to mind Dempsey's comment [1958, pp. 73-74] about "misunderstanding, distortion, [and] false emphasis" that originate with "persons who, with a hobby of their own," take a "pet idea" without proper regard for the kind of scholarly work one finds in Ward and the German and American Jesuit economists.

SHORT ON DOCUMENTATION, LONG ON HYPERBOLE

Problems with inequality in *Evangelii Gaudium* originate with an inadequate understanding of basic economics that Jesuit economists Divine and Dempsey warned about years ago. This problem is worsened by a failure to cite empirical evidence for statements that beg for documentation.

Further, in *Evangelii Gaudium* Francis too often engages in hyperbole rather than careful scholarly language to drive home his message. Consider the following direct quotations (emphasis added).

Today *everything* comes under the laws of competition and the survival of the fittest, where the powerful *feed upon* the powerless. §53.

This imbalance (income inequality) is the result of ideologies which defend the *absolute* autonomy of the marketplace and financial speculation. §56.

The *thirst* for power and possessions knows *no limits*. In this system, which tends to devour *everything* which stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule. §56.

Other examples of hyperbole are found elsewhere in *Evangelii Gaudium* when the focus shifts to other subjects of special interest and importance: economic gain, profits, freedom, the market, private property, and subsidiarity.

Pope Francis has chosen an odd title for this Apostolic Exhortation: *Evangelii Gaudium* (*The Joy of the Gospel*). Given his remarks on income inequality, not to mention the other subjects of special interest and importance, where is the joy in the Pope's message?

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