

# FRATELLI TUTTI: INITIAL IMPRESSIONS

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The careful writer knows that it is necessary at the very beginning to capture the attention of the busy reader who has to select from a wide array of reading materials which ones to settle on and which to set aside. This reader was stopped in his tracks with Pope Francis' opening statement (§1) in *Fratelli Tutti*: "... Saint Francis expressed the essence of a fraternal openness that allows us to acknowledge, appreciate and love each person, regardless of physical proximity, regardless where he or she was born or lives." Does the Pope really mean that we are to love those persons we do not know face-to-face the same way as our spouse and children?

**Markets and Profits.** Shortly thereafter (§12), he states that "... there are markets where individuals become mere consumers or bystanders," and condemns the powerful for operating under the principle of "divide and conquer." Without citing any sources these assertions are just his own opinions. There is no loss of personhood in being a consumer as long as she is free to act in routine marketplace exchanges and knows the consequences that follow from her decision-making. And though it is true that markets which promote prostitution, human trafficking, drug dealing, and the like reduce the personhood of the participants, this is not true of all markets or even most markets.

Citing one of his own published statements, in §22 he offers this sweeping condemnation: "In today's world, many forms of injustice persist, fed by reductive anthropological visions and by a profit-based economic model that does not hesitate to exploit, discard, and even kill human beings." Does he not understand that in a market system exchange in general takes place only when for both parties what is gotten is greater than what is given up and that for the consumer the difference between what is gotten and what is given up is a surplus and for the merchant that difference is profit? Is he oblivious to the fact that competitive markets tend to force prices down thereby enhancing the surplus of the consumer and at the same time eroding the profit of the merchant?

**Two Sides of Market-Based Enterprise.** There are many cases of persons engaged at the highest levels of business affairs who have destroyed themselves in the pursuit of profits and maximum personal net advantage. They include Andrew Fastow (Enron), Bernie Madoff (Bernard L. Madoff Investment Securities), Michael Milkin (Drexel, Burnham, Lambert), Dennis Kozlowski (Tyco), Bernie Ebbers (Worldcom), Jeffrey Nacchio (Qwest), James McDermott, Jr.

(KBW), Sam Waksal (ImClone), Sam Israel (Bayou Group), and Lou Pearlman (Trans Continental Airlines).

A company operating in a market system sets its objectives according to its own values. The following evidence demonstrates that companies often pursue objectives more highly valued than maximum profits, that the upright company is not a hopeless and unattainable ideal, and that companies can succeed and survive without rigidly pursuing maximum profits. We mention just six.

The much-criticized mega-giant retailer Wal-Mart has pledged \$2 billion to fight hunger.

Vanguard Funds offers its FTSE Social Index Fund Admiral Shares to investors interested in supporting human rights and the environment.

Located in California's Livermore Valley, Concannon Vineyard has been helping the needy since 1883. At present their philanthropy focuses on providing financial assistance to regional food banks and to Stanford Health Care – ValleyCare Breast Cancer Women in Need Fund.

Since 1998, Hyundai's Hope on Wheels program, along with its dealers, has contributed more than \$160 million for pediatric cancer research.

The Patient Assistance Program sponsored by AstraZeneca supplied persons in need around the world with more than \$686 million of medicines in 2018.

Newman's Own produces a variety of food products and over the last 35 years has donated 100 percent of its profits totaling more than \$550 million to good causes that focus on encouraging philanthropy, promoting children's quality of life, empowering people to overcome adversity and uphold human rights, and provide access to fresh food and nutrition education.

**Markets and Freedom.** Francis raises this question in §14: "Nowadays, what do certain words like democracy, freedom, justice, or unity really mean?" He answers his own question as follows: "They have been bent and shaped to serve as tools of domination, or meaningless tags that can be used to justify any action." Again, Francis is expressing his own opinion, this time with a cynical overtone.

Much later in §168, he launches another attack on freedom and the market system. "The fragility of world systems in the face of the pandemic demonstrates that not everything can be resolved by market freedom. It has also shown that, in addition to recovering a sound political life that is not subject to the dictates of finance, 'we must put human dignity back at the centre and on that pillar build the alternative structures we need'." Here again Pope Francis cites himself and anyone who knows his track record knows that by "alternative structures" he means centralized economic decision-making.

Furthermore the pandemic proves nothing about market freedom because elected public officials acting on the advice of their public health advisors and making an exception of essential businesses shut down the market system, not because the system was failing but because open markets threatened to make the pandemic even worse.

**Intermediary Groups.** Francis apparently has no interest in affirming the role of private groups positioned between the individual person, family, or enterprise on the one hand and the central government on the other. Private groups like the Cajun Navy in Louisiana that voluntarily come to the rescue of victims of hurricanes along the Gulf coast. Like Abebooks which is an alliance of cooperating booksellers who offer used, rare, and out-of-print books on line thereby widening the market and creating a win-win situation for buyers and sellers. Like Marine Response Alliance which was established by five independent companies to provide salvage and marine firefighting services to the marine community.

In §180 and §244 Francis refers to *Quadragesimo Anno* but makes no mention there or elsewhere in *Fratelli Tutti* of the vocational group which is the one solution offered by Pius XI for market dysfunction. Today vocational groups are better known as inter-firm and supra-firm alliances. In §175 and §187 he mentions subsidiarity but does not use it as demonstrated so clearly by private intermediary groups such as Marine Response Alliance, Abebooks, and Cajun Navy.

**Private Property.** In §122 he cites himself again stating "... if we make something our own, it is only to administer it for the good of all" thereby apparently attempting to re-construct the principle of private property which proclaims that the thing produced belongs to the person whose hands produced it. This reconstruction appears in his favorable reference in §119 to the early Christian thinkers for whom "... if one person lacks what is necessary to live with dignity, it is because another person is detaining it." It's a pity he does not include John Paul II's social mortgage argument as found in his encyclical *Sollicitudo Rei Socialis* (§42 and sources cited therein). Or Leo XIII in *Rerum Novarum* (§22) who states that Christians are obliged to temper self-interest with generosity and to give to the poor from their abundance.

**Economics, Politics, and Globalization.** By failing to differentiate between economic theory, economic analysis, and economic policy, Pope Francis (§177) misleads and confuses the reader with his statement that "...economics without politics cannot be justified, since this would make it impossible to favour other ways of handling the various aspects of the current crisis." Additionally, his "While one person can help another by providing something to eat, the politician creates a job for that other person and thus practices a lofty form of charity that ennobles his or her political activity" suggests a centrally planned economy because in a market system, though a politician may claim that he has created jobs, job creation is mainly the role of the entrepreneur.

Pope Francis holds two views on globalization. He condemns it (§33) when it comes to globalization of economic and financial affairs because free markets favor the few at the expense of the many. He embraces it when it comes to the migration (§132), trafficking and other forms of human oppression (§24), and a development plan for all humankind (§§15-28).

**What's Missing.** Francis uses the parable of the Good Samaritan extensively in his encyclical to underscore the importance of his central theme of fraternity and social friendship. However, by not calling attention to the work of Edith Stein (Sr. Teresa Benedicta of the Cross, canonized in 1998) on empathy, he missed a teachable moment to reinforce the meaning of the parable in the modern world.

By resting his case on 288 references Francis assures that *Fratelli Tutti* is very long. By citing himself so often (*Laudato Si'* alone is cited 25 times), he repeats himself and fails to break any new ground in economic and financial affairs. He invariably turns to central economic decision-making as the remedy for economic failure.

During the worldwide depression of the 1930s Pope Pius XI urged members of the clergy to prepare themselves in economics and the other social sciences lest they do more harm than good. It is now clear that Francis has not prepared himself to understand how a market system works and that his advisers have shown him that the only alternative is centralized economic decision-making. Missing is any mention of the many working examples of private intermediary bodies that conform to the principle of subsidiarity as articulated in *Quadragesimo Anno*.

Approaching *Fratelli Tutti* as an economist, this reader was left with the impression that the encyclical was drafted by someone who wanted to please Pope Francis. The great social encyclicals *Rerum Novarum*, *Quadragesimo Anno*, *Laborem Exercens*, and *Sollicitudo Rei Socialis* are mentioned a total of five times.

Worst of all, there is not a single reference in *Fratelli Tutti* to the personalism espoused so often and so eloquently by John Paul II as an alternative to individualism.

First impressions are just that – impressions. A deeper dive into the encyclical from other social scientists, theologians, and philosophers surely will reveal more of its strengths, weaknesses, and missed opportunities.



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