



# **UNIAPAC FOUNDATION**

**The Market Economy, Citizenship & Evangelii  
Gaudium**

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# The Market Economy, Citizenship & *Evangelii Gaudium*

## *Reflections on the Apostolic Exhortation*

**Rolando Medeiros**

There is a permanent tension between our being citizens —and therefore interdependent members within a political community— and, at the same time, individual players in a market economy. This tension is not only evident in the content of Pope Francisco’s recent apostolic exhortation, but also in the reactions that this document generated. This essay seeks to analyze these tensions from the author’s personal perspective, including the apprehensions and tensions that the pontifical document evoked in him.

On November 24, 2013, Pope Francis surprised the global community with his exhortation *Evangelii Gaudium*, which blew up a huge storm...and a stormy reaction. His communication sparked interest after the media initially reacted with scandalous headlines denouncing the Pope’s staunch criticism of free enterprise<sup>1</sup>. This was followed by a more thorough first reading (especially of Chapter II and its extrapolations of the Church’s teachings on social issues contained in Chapter IV) that caused further irritation. With subsequent readings, I gained a deeper understanding, not without my own criticism of its style and omissions, and became aware of a more extensive message that went far beyond the meaning contained in the media headlines, many of which were merely arbitrary interpretations. Finally, a gradual humility emerged that clarified these few paragraphs which, of the 288 contained in the document, are more controversial and set off the wide range of reactions —some that were very negative— in the business world.

With time, the waters have begun to clear. These calmer seas allow for a deeper look while avoiding the temptation, in the words of the Pope himself, “*to feel troubled or burdened and to turn away.*” Accordingly, it is time for a more profound reflection in an attempt to penetrate and understand the depths of the message. We are finally ready to understand the real intentions of Pope Francisco which, as he explicitly points out, are simply “*to help those who are in thrall to an individualistic, indifferent and self-centered mentality to be freed from those unworthy chains and to attain a way of living and thinking which is more humane, noble and fruitful, and which will bring dignity to their presence on this earth.*” It is time to heed the call of the Pope “*to be bold and creative in this task of rethinking the goals, structures, style and methods of evangelization in their respective communities,*” including in businesses.

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<sup>1</sup> For example, Mark Binelli, the editor of *Rolling Stone* magazine (which made Pope Francis the cover story of their January 21, 2014 North American edition) wrote that the Pope devoted “much of his first major written teaching to a scathing critique of unchecked free-market capitalism.”

He points out that “*we are all missionary disciples*” and invites “*personal involvement*” from Christian businesspersons and executives to think of the company as one of these “*areas in greater need,*” and to expand its scope and “*go out to others*” and spread the message of Christ “*and in constantly going forth to the outskirts of its own territory or towards new sociocultural settings.*” He invites us “*to be an instrument of God for the liberation and promotion of the poor, and for enabling them to be fully a part of society,*” and he reminds us that “*a just wage enables them to have adequate access to all the other goods which are destined for our common use*” by us “*striving to increase the goods of this world and to make them more accessible to all.*”

What follows is an analysis of the commentary contained in the *Evangelii Gaudium* on the economy and free enterprise; and in particular, on the four specific appeals made by Pope Francis to say: i) ‘No’ to an economy of exclusion; ii) ‘No’ to this new idolatry of money; iii) ‘No’ to a financial system which rules rather than serves; and iv) ‘No’ to the inequality which spawns violence. This analysis takes into account that, in relation to economic issues and the social doctrine of the Catholic Church, it is important to keep in mind<sup>2</sup> the necessity of unity in the essentials, diversity in the contingents, and, in all things, charity.

### **No to an economy of exclusion**

Pope Francis calls on us to say “*No to an economy of exclusion,*” and to reject the notion of “*human beings as consumer goods to be used and then discarded.*” He implores us to abandon “*trickle-down theories which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world.*”

These calls are not staunch criticisms of free enterprise. They do not contradict the favorable position of the Church’s social doctrine on a market economy as described by John Paul II<sup>3</sup>: an economic system that acknowledges the fundamental and positive role of the company, the market, and private property, and the resulting responsibility regarding the means of production and free human creativity in the economy.

The Papal exhortation “*in the missionary key,*” focusing “*on the essentials*” and in “*a more forceful and convincing*” manner, reflect this. It is a criticism from the church of a system in which freedom, in the economic sector, is not circumscribed within a solid juridical framework that places it at the service of human freedom in its totality and considers it as a specific aspect of that freedom, whose core is ethical and religious<sup>4</sup>.

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<sup>2</sup> Michael Novak, *Editorial: Catholic Social Thought and Ideology* (1984) where he asserts that it is dangerous to apply religious categories to economic matters, but concludes: " In essential things unity, in contingent things

diversity, in all things charity"

<sup>3</sup> John Paul II, Encyclical letter. *Centesimus annus*, 42: AAS 83 (1991) 845-846.

<sup>4</sup> Idem

Benedict XVI<sup>5</sup> reminds us that economic activity cannot solve all social problems through the simple application of *market logic*. It must be *directed towards the pursuit of the common good*, which is, above all, the responsibility of the political community. It is contrary to the notion of rationalist individualism, based on the existence of independent and detached individuals.<sup>6</sup> Benedict XVI adds that if economic action —conceived as a mechanism of wealth creation— is detached from political action —conceived as a tool for pursuing justice through redistribution— great imbalances will occur. Pope Francis refers to this when he alludes to “trickle-down” theories. His call is for the economy, as a whole, to be directed towards common good. As such, all economic activities are justified when they are focused on achieving this higher goal of the human community.

To achieve the common good, all social spheres must assume subsidiary responsibilities, where the principle of subsidiarity represents an expression of the inalienable human freedom, a specific manifestation of charity and a ruling criterion for cooperation. It is, above all, help for people through intermediary organizations<sup>7</sup>; and business is one of these intermediaries. As such, Pope Francis’ exhortation is a call for subsidiarity to work as a guiding principle to outline and define corporate responsibilities and to promote those that are inclusive.

However, the principle of subsidiarity is closely linked to the principle of solidarity: a solidarity understood as the firm and persevering determination to devote oneself to the common good. That is to say, for the good of all and each of us, for all of us to be truly responsible for each other<sup>8</sup>. Without solidarity, there is the risk of subsidiarity degenerating into social privatism. However, at the same time, without subsidiarity, solidarity gives way to paternalist social assistance that is demeaning to those in need<sup>9</sup>. Pope Francis’ exhortation is a call for all, within the framework of the company, to feel a sense of responsibility for all; responsible for the integral development of others, thus eradicating inequality.

In this way, Pope Francis’ exhortation is ultimately a call for entrepreneurial humanism; and for a CSR focused on human beings, where the core principle is a respect for everyone’s dignity. It is a call for businesses to never consider “*human beings as consumer goods to be used and then discarded.*”

Further on in his exhortation, when referring to the social inclusion of the poor, Pope Francis speaks of the frequent erroneous interpretation of solidarity as “*a few sporadic acts of generosity*”, instead of “*a new mindset which thinks in terms of community and the priority of the life of all over the appropriation of goods by a few.*” He explicitly states that “*Solidarity is a spontaneous reaction by those who recognize that the social function of*

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<sup>5</sup> Benedict XVI, Encyclical letter. *Caritas in veritate*, (2009) N°36

<sup>6</sup> Frederick Hayek, *Individualism: True and False*, Public Studies Review n°22, Santiago, 1986. Exhibition presented in the 12th Finlay Lecture at the University College Dublin in December 1945.

<sup>7</sup> Benedict XVI, Encyclical letter. *Caritas in veritate*, (2009) N°57

<sup>8</sup> John Paul II, Encyclical letter *Sollicitudo rei socialis*, 38: AAS 80, (1988) 565-566

<sup>9</sup> Benedict XVI, Encyclical letter *Caritas in veritate*, (2009), N°58.

*property and the universal destination of goods are realities which come before private property.” And that “The private ownership of goods is justified by the need to protect and increase them, so that they can better serve the common good; for this reason, solidarity must be lived as the decision to restore to the poor what belongs to them.”*

In order to elucidate the profound meaning of these reflections in regards to the issue of the social inclusion of the poor and how to put these reflections into practice in the business world, it is important to first emphasize that universal solidarity is, not only a fact and a benefit to everyone, but also a duty<sup>10</sup>. Currently, as stated by Benedict XVI<sup>11</sup>, many people, including many business leaders, in as far as their possessions and the assets they manage go, think that they do not owe anything to anybody but themselves. They think they have rights. They do not assume their full responsibility in regards to their own and to other people’s integral development or to their mission of service to the common good... And an overemphasis of our rights also leads to a disregard of our duties, to a disregard of the principle of the universal destination of goods, and to the disregard of an economic vision inspired by moral values that always reminds us of the origin and purpose of these goods, for the creation of a world that follows the principles of fairness and solidarity<sup>12</sup>.

However, the universal destination of goods does not mean that everything is at the disposal of all or each individual. Nor, does it mean that the same thing will belong or be useful to all or each individual. In his sense, and from a business point of view, the Pope’s call “*to restore to the poor what belongs to them*” can be interpreted as a call to businesses to take care of everyone linked to their company by guaranteeing that they never lack the material goods needed to meet their basic needs and the basic conditions for their subsistence. On the other hand, if it is true that all human beings should enjoy the wellbeing required for their full development (a prioritized right in any human intervention involving goods, and in any legal or socioeconomic system), it is no less true that this also implies duties and obligations. In this regard, together with Pope Francis’ call to solidarity, it is a challenge to maintain the balance with the principle of subsidiarity: a subsidiarity that links rights to corresponding responsibilities, which are both reciprocal while affording them profound meaning. When rights are detached from duties, it can lead to an escalation of demands which is effectively unlimited and indiscriminate<sup>13</sup>... and a source of unease and social injustice.

When referring to the economy and income distribution, Pope Francis states that the “*need to resolve the structural causes of poverty cannot be delayed.*” He adds that “*as long as the problems of the poor are not radically resolved by rejecting the absolute autonomy of markets and financial speculation and by attacking the structural causes of inequality no solution will be found for the world’s problems or, for that matter, to any problems. Inequality is the root of social ills.*”

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<sup>10</sup> Paul VI, Encyclical letter *Populorum progressio*, 17: *l.c.*, 265-266

<sup>11</sup> Benedict XVI, Encyclical letter *Caritas in veritate*, (2009), N°43.

<sup>12</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°174.

<sup>13</sup> Benedict XVI, Encyclical letter *Caritas in veritate*, (2009), N°43.

Pope Francis' call is extreme, because the poverty that many experience is extreme and requires a concerted action by everyone to come up with an effective response. This united effort needs to begin with a widespread consensus on the structural causes of poverty and inequality. The absolute autonomy of markets and financial speculation has never existed, nor currently exists anywhere around the globe (nor is anyone currently advocating this position). Therefore, this is not where we will find the structural causes.

Nevertheless, it is relevant to note the difficulties caused by this inference from Pope Francis because it can lead to misinterpretations and, therefore, is especially risky. On the one hand, it could lead to a negative connotation that could impede people from identifying the greatest potentials of the marketplace or it could inhibit its true and full development. The free market is a very important institution from a social perspective because of its capacity to generate efficient results in the production of goods and services<sup>14</sup>. Although it is necessary to subject this institution to moral values to guarantee, and at the same time, define the sphere of its autonomy, it is an irreplaceable tool for regulation in the economic system<sup>15</sup>. When it is genuinely competitive, it is an efficient method to obtain significant results in the area of human justice<sup>16</sup>, independent of what we do outside the market system to provide a decent minimum for those who do not reap the benefits of the free market.<sup>17</sup>

On the other hand, when operating against the market under the pretext of trying to solve the structural causes of poverty, the risk of promoting a hyperactive growth of bureaucracy that inhibits the active participation of people as the genuine actors of social and political life is run.<sup>18</sup> When this occurs, individual wellbeing becomes secondary to the functioning of the socioeconomic mechanism. And this runs the risk of reducing humankind to a series of social relationships, while eroding the concept of the person as an autonomous being with the moral authority to shape social order through decision-making<sup>19</sup>. This risk is clearly apparent, for example, in market redefinitions that consider the free market, not as a spontaneous order, and not only as an organization of relationships between agents of supply and demand, but more specifically as the whole complex system of interrelations and power balances between all the players, individuals and collective bodies that make up a specific economic-political structure and who seek to satisfy their own needs and interests through its processes of production and distribution.<sup>20</sup>

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<sup>14</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°347

<sup>15</sup> Idem N°349

<sup>16</sup> Idem N°347

<sup>17</sup> Friederick Hayek. *The Mirage of Social Justice*. Essay based on the 9th R.C. Mills Memorial Lecture held in la University of Sydney, 6 October 1976.

<sup>18</sup> John Paul II, Encyclical letter *Sollicitudo rei sociales*, 15: AAS80(1988)528-530; cf. Pio XII, *Radiomensaje de Navidad* (December 24, 1952): AAS 45 (1953) 37; Paul VI, Carta Apostólica *Octagesima adveniens*, 47: AAS63 (1971) 435-437

<sup>19</sup> John Paul II, Encyclical letter *Centesimus annus*, (1991) N°15

<sup>20</sup> Luis Razeto Migliaro, *Crítica de la economía, Mercado democrático y crecimiento. Libro segundo: economía de solidaridad y mercado democrático*. Ediciones PET, Santiago 1984.

In light of these considerations, the great challenge to overcoming poverty is to be fully aware that it is a challenge that will be very difficult to achieve—if not impossible—without the production of wealth and the advancement of free enterprise. But at the same time, bearing in mind that while the market is necessary; in itself it is not enough. To establish a free and virtuous society, we need more than just economic freedom: an economic calculation in itself will not provide us with good<sup>21</sup>.

### **No to the new idolatry of money**

In his exhortation, Pope Francis questions our relationship with money. He criticizes that we “*calmly accept its dominion over ourselves and our societies*” creating an “*idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose*” in a “*new and ruthless version*” of the ancient worship of the golden calf. He further denounces lessening the human being “*to one of his needs alone: consumption*” pointing out that “*the thirst for power and possessions knows no limits.*” He states that this situation comes from “*ideologies which defend the absolute autonomy of the marketplace and financial speculation.*”

Pope Francis’ call highlights the crisis of values faced by contemporary society. A society that more and more values people based on what they have and what they make, rather than for who they are. This crisis has resulted in excessive and out of control consumerism.<sup>22</sup> It is a call to promote authentic culture; a culture in which human beings are more human: that is to say, more oriented to “being”<sup>23</sup> rather than to a relentless focus on “having”<sup>24</sup>. It is a call for a complete cultural renovation and a rediscovery of fundamental values upon which we can build a better future<sup>25</sup>. It is, in the words of Benedict XVI<sup>26</sup>, a wake-up call expressing that it is not enough to progress only from a material point of view — development must be, first and foremost, authentic and comprehensive.

For Christian businesspersons and executives Pope Francis’s call is to deploy their talents, creativity and initiatives into the production and distribution of goods that are genuinely “good” and services that genuinely “serve.” That is to say that the primary objective of business goods and services is to satisfy human needs rather than a way to obtain greater profits. Business profits are not an end in itself, but rather the result of having correctly understood client needs, and of having effectively and efficiently organized available resources to meet these needs, in a socially responsible way, thus obtaining customer loyalty. This is a great challenge in today’s extremely competitive market place. Nowadays, even though a company’s products and services may have been excellent in the past and the result of new technologies and innovations; and although these have been widely acclaimed

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<sup>21</sup> Robert A. Sirico, *Toward a Free and Virtuous Society*, Occasional Papers N°9E, Acton Institute for the Study of Religion and Liberty (2001).

<sup>22</sup> John Paul II, Encyclical letter *Centesimus annus*, 37: AAS 83 (1991) 840

<sup>23</sup> John Paul II, *UNESCO Address* (June 2, 1980), 7:AAS 72 (1980) 738

<sup>24</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°360.

<sup>25</sup> Benedict XVI, Encyclical letter *Caritas in veritate*, (2009) N°21

<sup>26</sup> Idem, N°23

by consumers and the company's brand has enjoyed a great reputation; nothing can stop consumers from suddenly transferring their preferences if they find a product or service at a better price or quality that better satisfies their real needs.

On the other hand, in his writings on money idolatry, one can interpret Pope Francis' reference to the ideologies that defend absolute autonomy in the marketplace and financial speculation as a criticism of plans to deregulate the market in order to make more room for greed and for the greedy for whom "*the thirst for power and possessions knows no limits.*" However, this is a condemnation of greed, not the market. Being tools, finances and the economy may be poorly wielded by those who only have selfish interests<sup>27</sup>. Rather than criticizing the means or the instrument, we must reproach the man, his social conscience and his personal and social sense of responsibility.

The imperfections of the marketplace —distortions, entitlement and acquired rights; privileges and preferential access to power that builds artificial entry barriers to new competitors; the lack of transparency; and all the other devices that impede fair and free competition— create an excellent breeding ground for greed. In order to eliminate these market imperfections, in many cases we need more extensive and better regulations; in others situations, we need to improve existing regulations so that they are clear and equal for all; and in others, we need to get rid those rules that promote corruption and bad practices.

The best antidote against greed is to dismantle all the existing imperfections in the marketplace. In this regards we need to: eliminate privileges; break down the entry barriers in sectors that are artificially protected against competition from new and better products and services, or new and better companies; and eliminate the barriers that hinder innovation and responsible entrepreneurship within a solid and equitable legal framework that equally protects all, current and future generations. In a competitive economy, businesspersons should be paid according to the benefits their endeavors provide to society: adequate compensation considering the assumed risk, capital and talent employed. Competition should establish a maximum level for business profits —thus deterring greed—, making these profits a fraction of the wealth generated for society as a whole. This would generate more and more worthy jobs, better salaries, better products and services in more accessible conditions, better suppliers, higher taxes, and a development that is more environmentally friendly.

Pope Francis succinctly and indirectly tackles these issues when he refers to the economy and income distribution. He points out that the dignity of each human person and the common good "*are concerns which ought to shape all economic policies. At times, however, they seem to be a mere addendum imported from without in order to fill out a political discourse lacking in perspectives or plans for true and integral development.*" He acknowledges that business is a noble vocation "*provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the*

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<sup>27</sup> Benedict XV, Encyclical letter *Caritas in veritate*, (2009) N°36



*common good by striving to increase the goods of this world and to make them more accessible to all.”*

The great challenge, therefore, is how to stop this human propensity towards greed from taking advantage of the free markets. How can we guarantee that human dignity and common good influence economic policy? The solution, at the individual level, must involve promoting responsible freedom, rather than impeding personal freedom (either directly or indirectly) to the extent of encumbering personal development and the sense of being in control of one’s destiny. On the other hand, it is not a question of allowing people to do whatever they want. Rather, people need an ethical framework that provides them with a sense of this freedom; otherwise they will feel no need to participate in the market as moral agents in accordance with ethical values. To work well, people need freedom from means-ends relationships.<sup>28</sup> Development can only be completely human if it is free; it can only adequately advance in a political system that promotes responsible freedom<sup>29</sup>.

In social terms, this approach is related to promoting the common good. But a common good understood as the collection of all those components of social life that allow both the collective and its members to completely and rapidly reach self-perfection<sup>30</sup>. That is to say, a common good understood as the harmonic integration of the set of social conditions that make it possible for all members of society to achieve their goals, with a social network provided by society to help its members enjoy a *good life*. This means promoting a society that functions like an orchestra, that promotes the best of each of its members, and at the same time, fosters close relationships between all the members.<sup>31</sup>

In this sense, the common good is<sup>32</sup> a network of goods from diverse sectors and levels, some oriented towards others; rather than a precise institutional project, or the result of a predetermined objective valuation of what is good for human nature. It is the result of the autonomous action of free individuals within social and political frameworks that make it possible. These social and political structures are not restricted only to the state nor do they derive their legitimacy from it. The state must respect their autonomy and provide the support required to guarantee their orderly and free functioning across the various sectors. As such, the way to guarantee that human dignity for all and common good are a part of every economic policy involves improving the role of State in terms of promoting common good. And when the State advances this common good, it must do so according to the principle of subsidiarity.

This focus on common good highlights the responsibility and obligation of the company -as one of the institutions in civil society— to promote and advance integral human development among its members and to direct its work towards achieving common good. This is the great challenge for the Christian businessperson or executive. It represents an opportunity for the work of business to *truly serve the common good* and to take on this mission as a *vocation*.

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<sup>28</sup> Richard Sennett. *The Craftsman*, Yale University Press. New Haven & London (2009)

<sup>29</sup> Benedict XVI, Encyclical letter *Caritas in veritatis* (2009) N°17.

<sup>30</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°164.

<sup>31</sup> Richard Sennett, *Respect in a world of inequality* ", W.W. No1t on Co. Inc. New York (2003)

<sup>32</sup> Jacques Maritain, *The Rights of Man and Natural Law* (1943) 52-53

## No to a financial system that rules rather than serves

*“Money must serve, not rule,”* points out Pope Francis, calling for *“generous solidarity and the return of economics and finance to an ethical approach which favors human beings.”* When money rules instead of serving, *“hiding behind it is a rejection of ethics and a rejection of God.”* This attitude disregards ethics as being counterproductive *“because it makes money and power relative,”* and because *“it condemns the manipulation and debasement of the person.”* In effect, *“ethic leads to a God who calls for a committed response which is outside the categories of the marketplace.”* It reminds us that *“ethics—a non-ideological ethics—would make it possible to bring about balance and a more humane social order.”*

The concern expressed not only in the *Evangelii Gaudium* for an economy at the service of men—instead of the opposite—has been a constant theme of social encyclicals since the *Rerum Novarum* in 1891 but well before that date. For example, in the Third Century, Saint Clement of Alexandria<sup>33</sup> stated in clear terms: *“wealth in itself is neither good nor bad; it depends on how it is made and how it is used. If one has a vocation to create wealth, why not do so if it is done in a good way and put to good use? And if wealth is not created, poverty is disseminated.”* In a recent message to the World Economic Forum<sup>34</sup>, when referring to his evangelical exhortation, Pope Francis emphasized these concepts, highlighting the proven capacity of the forum to innovate and improve the lives of many people through their inventiveness and professional expertise. The Pope urged participants to *“make a difference”* and to *“further contribute by putting their skills at the service of those who are still living in dire poverty.”* He further emphasizes the importance that the various political and economic sectors have in *“promoting an inclusive approach which takes into consideration the dignity of every human person and the common good.”*

Pope Francis calls for greater awareness of the multiple interrelations between the economy and values. On the one hand, there are values such as transparency, honesty, trust and responsibility that are essential for the adequate functioning of the market. As such, they do not represent an obstacle to the economy but quite the opposite. However, the problem resides in the fact that the economy and finances, as tools, can be misused and abused by economic agents, even in a destructive way.<sup>35</sup>

On the other hand, the economy essentially refers to the production of goods and services that are exchanged on the market. However, not all goods and services are exchangeable, such is the case of love, friendship, etc.; and there are others whose value is destroyed when trying to exchange them (those that carry intrinsic rather than external motivation); and still others whose exchange has to be limited due to ethical, rather than economic reasons. Pope

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<sup>33</sup> Saint Clemente of Alexandria (~150 - ~215), *Quis dives salvetur* (Who is the rich man that will be saved? ), a book inspired by Mark 10:17-31 which points out that riches in itself are not bad, but rather the selfish attitude to allow oneself to become possessed by riches is bad.

<sup>34</sup> Francisco, *Letter to Klaus Schab on the 44th Annual World Economic Forum*, January 21, 2014.

<sup>35</sup>[29] Benedict XVI, Encyclical letter *Caritas in veritates*, Chapter III “Sobre el desarrollo humano integral em la caridade y em la verdade, (2009)

Francis' exhortation warns against falling prey to economic reductionism (economicism) by accepting supply and demand as the only relevant or important factors to explain and predict societal behavior, while ignoring other cultural, social, political and moral factors. It is a criticism of the anthropological reductionism of considering human beings as *homo economicus* —solely motivated by self-interest.

, the call to rebuild unity between economy and values is a call to make people the yardstick to measure the dignity of work<sup>36</sup>. Human labor has an ethical value, which is completely and directly related to the fact that it is done by a person<sup>37</sup>. It is a call to think of labor, in itself, as superior to any other factor of production, including capital<sup>38</sup>. As such, the subjective value of labor, i.e. who does it, is superior to its objective value, i.e. what is done. It urges us to view labor as a free and creative human activity, without forgetting that whoever carries it out does it to meet needs and material deficits. We labor not only for the results, but are also motivated by the search for what can better satisfy our undeniable internal demands<sup>39</sup>: human needs in all their extension, which go beyond mere economic categories<sup>40</sup>. In other words, it is a call to recover the value of the work of the “craftsman”<sup>41</sup>, in the sense that this represents the basic human impulse to do a good job and to do something that is “good in itself”, not only as a means to make a living, but also because it applies the knowledge and skills that have been accumulated and passed on through social interaction.

It is also a call for all Christian entrepreneurs and executives to promote a corporate culture that safeguards their employees from being used as tools or from being deviated from what they ultimately want to achieve<sup>42</sup>. It is a call to make those who work —the human being— the beginning, center and end of entrepreneurial work. It is a call to see the company, above all, as a community of people that promotes the comprehensive development of those who cooperate with it, and a genuine and effective space for their development. It is a call to highlight that humankind's most important resource and most decisive factor are people themselves. It is a call to remind us that the comprehensive development of human beings at work does not contradict increased productivity, efficiency and product quality. On the contrary, it favors these aspects because entrepreneurial activities are organized through coordination and cooperation, which depend on the genuinely personal traits of the workers. That is, their disposition to work together; to pursue common goals; and to put their knowledge, creativity, entrepreneurship, their readiness to build relations, and their capacity to face the unknown at the service of the company<sup>43</sup>. These traits belong to the doer of the work much more than to the objective and technical or operational aspects of it.

It is a call for entrepreneurial profit to serve and not govern. While economic benefits are indispensable for a company's sustainability and the first indicator of its adequate

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<sup>36</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°271

<sup>37</sup> John Paul II, Encyclical letter *Laborem exercens*, 6: AAS 73 (1981) 590

<sup>38</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°276

<sup>39</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°318

<sup>40</sup> *Idem*

<sup>41</sup> Richard Sennett, *The Craftsman*, Yale University Press. New Haven & London (2009)

<sup>42</sup> *Idem*, N°48

<sup>43</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°278

functioning, Pope Francis states that profit should not be its primary objective nor should its *raison d'être* be to maximize the return of its investors and owners. Rather, profits should be a result of the company's capacity to serve the common good of society, through producing and distributing goods and services with excellence and efficiency, and satisfying the interests of the various parties involved; not only those of the owners<sup>44</sup>. Furthermore, the exhortation argues that, in addition to its economical function, the company should perform a social function, creating opportunities to meet and assess the capacities of the people involved<sup>45</sup>.

The Pope's exhortation states that company profits should be distributed not only in terms of commutative justice—which regulates the relation between giving and receiving among equals—, but also in terms of distributive and social justice to produce the required social cohesion. That is to say that, in addition to the objective value of the social benefits and goods and services it produces, a company, when making decisions, should take into account the human dignity of those who undertake this work<sup>46</sup> and the other people who interact with a company. In his encyclical letter *Caritas in veritate*<sup>47</sup>, Benedict XVI goes even further and states that for economic, social and political development to be truly human—entrepreneurial humanism—it needs to leave room for the principle of gratuitousness, without forgetting or weakening the traditional principles of social ethics (transparency, honesty and responsibility). Gratuitousness, as a form of fraternity, is present in life in many ways, but goes unnoticed due to a vision of existence that places productivity and profit above everything else. This vision of existence corrupts companies.

Therefore, the economic features of a company should be a condition to achieve not only economic objectives, but also social and moral ones, which should be jointly pursued. The *Evangelii Gaudium* calls for the creation of “*balance and a more humane social order.*” It calls for work—a key to all social issues<sup>48</sup>—to condition not only the economic, but also the cultural and moral development of people, family, society and humanity as a whole<sup>49</sup>. Pope Francis suggests that we measure development not only in terms of goods produced, but also by the way in which they are produced and the degree of equity with which incomes generated are distributed, so that everyone has what they need for their own development and progress. It is a call to understand development as the path of moving from less humane to more humane living conditions<sup>50</sup>.

All investment, production and consumer decisions have an inherent and unavoidable moral facet. To subordinate or ignore this dimension is a threat against human dignity—the primary resource of a company—and against the economy itself. The discrepancy that exists between ethics and economics stems from an overvaluation of self-interest (which is

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<sup>44</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°338

<sup>45</sup> Idem

<sup>46</sup> Idem, N°303

<sup>47</sup> Benedict XVI, Encyclical letter *Caritas in veritates*, Capitulo III “Sobre el desarrollo humano integral em la caridade y em la verdade, (2009)

<sup>48</sup> John Paul II, Encyclical letter *Laborem excercens*, 6: AAS 73 (1981) 584

<sup>49</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°269

<sup>50</sup> Pablo VI, Encyclical letter *Populorum progressio*, AAS59 (1967) 257 -299

only one of the many human motives) to explain the behavior of economic operators. Nevertheless, it is impossible to predict human behavior without taking into account the ethical factors that motivate people<sup>51</sup>. Therefore the way to advance the concept of rational economics is to take into account the ethical drivers which points to Pope Francis' call to return "*economics and finance to an ethical approach which favors human beings.*" The moral dimension of the economy allows us to understand that economic efficiency and the promotion of the solidary development of humanity are goals which are closely linked, rather than being separate or merely alternatives.<sup>52</sup> If to some extent we are all responsible for everyone, then everyone has an obligation to advance economic development for everyone<sup>53</sup>. This is a duty of solidarity and justice, but it is also the best way to advance all of humanity.

Further on in his exhortation, Pope Francis reflects on the relation between the economy and income distribution and points out that "*We can no longer trust in the unseen forces and the invisible hand of the market.*" He further states that growth in equity requires more than economic growth, although it implies such growth, "*it requires decisions, programs, mechanisms and processes specifically geared to a better distribution of income, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality.*"

Pope Francis' call for growth in equity and fairness requires more than just economic growth. It must have many of the aspect discussed above. The reference that he makes to the reach of the invisible hand of the market can only be interpreted as a reference to those goods that are not exchanged on the market, or to those that when exchanged lose value, or to those whose exchange is limited due to ethical rather than economic reasons. In regards to those goods that are freely exchanged on the market, in conditions of free economic competition, the invisible hand is the best tool to enforce justice. Our efforts, therefore, should concentrate on avoiding and eliminating market imperfections —the breeding ground for greed, as noted above—, and on promoting free competition or providing regulation in cases where free competition are not naturally achieved (for example in natural monopolies). This is preferable to trying to bend this *invisible hand* via price regulation or other mechanisms that give rise to injustice, corruption and poverty.

### **No to the inequality which spawns violence**

As long as exclusion and inequality exists within society and population groups or while equal opportunity is not solidly established, "*it will be impossible to eliminate violence*" states the Papal exhortation. "*This is not the case simply because inequality provokes a violent reaction from those excluded from the system, but because the socioeconomic system is unjust at its root,*" advocates Pope Francis emphatically stating that "*Today's economic mechanisms promote inordinate consumption,*" and that "*unbridled consumerism combined with inequality proves doubly damaging to the social fabric.*" He concludes

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<sup>51</sup> Amartya Sen, *On Ethics and Economics*, (1987)

<sup>52</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (2005), N°332

<sup>53</sup> John Paul II, Encyclical letter *Sollicitudo rei sociales*, 32: AAS 80, (1988)556 -559

stating that the situation “*becomes even more exasperating for the marginalized in the light of the widespread and deeply rooted corruption found in many countries – in their governments, businesses and institutions.*”

The characterization that Pope Francis makes of the social and economic system as being *unjust at its roots* in no way contributes to identifying the real causes of inequality, and, therefore, does not help to provide recommendations or his moral authority to try to solve the severe and concrete social problems that exist in countries around the world. In this matter, Benedict XVI<sup>55</sup> pointed out that in the world today there are social inequalities and structural injustices that cannot be tolerated. He further states that in addition to immediate interventions, these problems require a coordinated strategy to find long-lasting global solutions. Pope Francis’ assertion does not echo this sentiment: this, it is a very dangerous and reckless assertion.

Unless he is alluding in a very veiled manner to what Fukuyama<sup>56</sup> calls “the end of history” (the triumph of economic and political liberalism on an intellectual level, but which is still yet to materialize), it is a dangerous assertion indeed, because it lumps together all the prevailing political and economic systems in the world today. As such, undemocratic and totalitarian systems —and a lot of these exist today— are thrown into the same category as democratic systems that respect human rights. Centralized economic planning systems are put together with welfare states, social market economies and free enterprise economies: “*if the shoe fits, wear it.*” It is so general that everyone can feel included...or not; anyone can raise an accusatory finger against anyone else; anyone can interpret it the way they feel like.

It is also reckless because it does not take into account the recent evolution of humankind, especially since 1980. This could lead to *killing the goose that lays the golden eggs*. Never before has humanity witnessed such large scale progress: in economic terms (such as the rise in gross product and per capita income) but also in the sharp decline in the rates of infant mortality, malnutrition and unhealthy living conditions (and a corresponding rise in life expectancy); in poverty and oppression; and in other categories related to equal opportunities, such as illiteracy and access to all levels of education. With all its deficiencies, the world is a much better place than it was 50 years ago. But the statement by Pope Francis ignores these advances, while disregarding the fact that the places where extreme poverty still persists —home to more than 100 million human beings living in indecent conditions— happens to take place in countries where individual human liberties, both economic and political, and religious and cultural, are flouted.

Pope Francis points out that unbridled consumerism is especially harmful to the social fabric. The problem resides in the fact that from the options of production and consumerism a defined culture emerges, like a global concept of life from where the phenomenon of consumerism is born<sup>57</sup>. John Paul II put forth that, upon discovering new needs and ways to

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<sup>55</sup> Benedict XVI, *Rezo del Ángelus*, Sunday, July 12, 2009

<sup>56</sup> Francis Fukuyama, “*The End of History*”, *The National Interest* (Autumn 1988).

<sup>57</sup> John Paul II, Encyclical letter *Centesimus annus*, 36: AAS 83 (1991) 839

satisfy these, humankind must be guided by a comprehensive image of man that respects all the human dimensions of being and subordinates materialism and instincts to spiritual and inner aspects<sup>58</sup>. On the other hand, tightly bound to the problem of consumerism is the environmental issue. In this regard, John Paul II warns that humankind, driven by the desire to have and enjoy, more than by the desire to be and to grow, is excessively and chaotically consuming all the Earth's resources and even their own lives.<sup>59</sup> Nevertheless, this over consumption and the emergence of artificial needs, should in no way impede the esteem and utilization of the new goods and resources we have at our disposition<sup>60</sup>. For the consumer, the antidote against both problems is to advance the concept of responsible freedom. For the producer, the solution lies in advancing social responsibility that is focused on people, by promoting the concept of the company as a long-term project. As Richard Sennett<sup>61</sup> points out, people feel the lack of lasting human relations and long-term plans.

### **Final comments and Conclusions**

I share the opinion that Pope Francis –unlike Jean Paul II and Benedict XVI, who in their encyclicals tried to instill doctrine –is trying to provoke his audience or readers, urging them to radically change their behavior. This resulted in a totally different discursive and rhetorical style: Jean Paul II and Benedict XVI carefully chose each and every one of the words of their speeches and writings and rigorously reviewed their texts to avoid any errors, ambiguities and possible misconstructions; Pope Francis uses a colloquial language, full of metaphors and spontaneity and, therefore, no textual or literal value can be assigned to his use of expression.

For example, when he refers to “shepherds will the smell of sheep”, he is inviting individuals who are responsible for leading human groups – including company leaders – to adopt a style of close leadership, involving simple affective deeds: putting oneself in the other person's place, identifying with the other person while masking any differences that may exist, appropriating the other person's suffering, instead of listening to him while keeping a distance – altruism. This must allow for a veritable understanding of the other person's situation and the joint development of solutions to problems that are often expressed pre-consciously through body language. When Pope Francis compares the Church to “a field hospital after battle”, he is inviting us to focus on what should be our true priorities, and he also calls upon us – as well as on entrepreneurs and business executives – to make “the need to resolve the structural causes of poverty that cannot be delayed” our highest priority.

Finally, Pope Francis is convinced that “*openness to the transcendent can bring about a new political and economic mindset which would help to break down the wall of separation between the economy and the common good of society.*” In Benedict XVI's interpretation

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<sup>58</sup> Idem

<sup>59</sup> John Paul II, Encyclical letter *Centesimus annus*, 37: AAS 83 (1991)

<sup>60</sup> John Paul II, Encyclical letter *Sollicitudo rei sociales*, 29: AAS 80, (1988)

<sup>61</sup> Richard Sennett, *The corrosion of character: The personal consequences of work in the new capitalism*. W.W. Norton & Co., New York (1998).

of Paul VI<sup>63</sup>, he has said that, first and foremost, at its root and in its essence, progress is a *vocation*: part of God's plan. Each individual is called upon to advance their own progress because the life of every person is a vocation. And Benedict XVI states that to say that *development is a vocation* is equivalent to recognizing, on the one hand, that it comes from a so-called transcendence; and on the other hand, that it is incapable of giving its ultimate significance by itself. He concludes that vocation is a calling that requires a free and responsible answer...only if it is free, can development be integrally human. Development can only adequately flourish in a regime of responsible freedom.

In conclusion, Pope Francis states that in writing the *Evangelii Gaudium* he is only interested in “*in helping those who are in thrall to an individualistic, indifferent and self-centered mentality to be freed from those unworthy chains and to attain a way of living and thinking which is more humane, noble and fruitful, and which will bring dignity to their presence on this earth.*” Pope Francis invites the Christian businessperson and company executives to participate in a *great mission*. He states, “*business is a vocation, and a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.*” What a great challenge and how gratifyingly it is to take it on as a *vocation!*” Like a call where “*we achieve fulfilment when we break down walls and our heart is filled with faces and names!*”

**Santiago, July 7th, 2014**

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<sup>63</sup> Benedict XVI, Encyclical letter *Caritas in veritates*, Introduction, (2009) N°16 in reference to the Encyclical letter by Paul VI *Populorum progressio*



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