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CATHOLIC SOCIAL DOCTRINE AND ECONOMICS: HOW TO
ADDRESS "NEW THINGS" TODAY?

DOMINGO SUGRANYES BICKEL

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Catholic Social Doctrine and Economics: How to Address "New Things" Today?

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ABSTRACT: When it comes to economic issues, the Catholic Magisterium treads on controversial ground. It did so for the first time in 1891 with *Rerum Novarum* after a long preparation in European Catholic circles and gained a remarkable influence in the creation of institutions. In the face of today's profound changes, can the Magisterium speak validly about economic issues for all? Is it possible that in the Church today a message is formulated, as effective as that of 129 years ago?

KEYWORDS: Business ethics; Christian social thought; Church history.

Catholic Social Doctrine and Economics: How to Address "New Things" Today?

DOMINGO SUGRANYES BICKEL

Born 29 April 1945. Spanish national resident in Madrid. Grandfather of 11.

Graduated from the University of Fribourg, Switzerland.

Secretary General of UNIAPAC (International Christian Union of Business Executives), Brussels, from 1974 to 1981.

With MAPFRE international insurance group from 1981, Executive Vice-Chairman until 2008.

President of UNIAPAC from 1997 to 2000.

From 2009 to 2019, Chairman of Vatican-based Foundation CENTESIMUS ANNUS PRO PONTIFICE.



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Introduction

"My Kingdom is not of this world", Jesus tells Pilate: the full dimension of the revelation of the Lord Jesus Christ is not exhausted in any message of social ethics. The Kingdom is present in our reality, it demands and inspires rectifications in our conduct, but it does not end there, it cannot be reduced to an ethical handbook. As for the economy, the analysis of reality and the policies to be applied to its governance give rise to contradictory theories; business is a field of knowledge and action in which powerful interests move people, either to collaboration or to competition, and it is not uncommon for conflict to arise.

With this double difficulty of departure—the irreducibility of the message of the Gospel and the conflicting nature of all economics—is it possible for a Church economic discourse to be valid for all? I am not a doctrinal specialist. I propose an answer from the point of view of a common believer with a career as a practitioner in business.

The documents defining the Church's Social Doctrine—encyclicals, Holy See and Episcopal Conference documents, the Compendium of the Social Doctrine of the Church from 2004—reflect these starting difficulties in their unsystematic nature: they touch on a wide variety of topics with substantial changes in emphasis from one to the other. They are not and do not want to be treaties of economics, or ethical handbooks. They set out principles and inspiration from a high and universal level, with the height of sight demanded by moral authority, but they also refer to present day situations and sometimes pass judgement on specific situations. The reader can perceive a variety of sources and contributions from different collaborators in the drafting. Of course, and it is what matters most, there is always a common thread, echoing the prophetic cry of biblical Israel about justice and its continuation in the Gospels: denouncing injustices towards the most vulnerable; act in favour of the poorest; to set in motion on the spiritual and intellectual path of a vital change, the conversion of the heart.

1. Influence on institutions

The influence of Catholic economic and social thinking on economic history is undeniable. The *Rerum Novarum* encyclical ("Of the New Things") and the entire social movement that contributed to its preparation and subsequent dissemination did inspire a flourishing of Catholic socioeconomic institutions in the late nineteenth and first half of the twentieth century: schools, universities, vocational training institutes, trade unions, political parties, business organizations, agricultural, industrial, credit and insurance cooperatives.

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In Spain, for example, reputed engineering and management schools such as ICADE- ICAI (Comillas), Deusto and ESADE, or the innovative vocational training centres founded by Jesuits and Salesians. In the second wave of mid-century, the great Basque Mondragón cooperative group founded by José María Arizmendiarieta was born from the same sources. This extraordinary creativity, nourished by a spirit of enterprise and decentralized in the Catholic cultural space—originally mainly European— spread across all continents and had a brilliant second flight after the Second World War, when it was among the sources of the European Union and an inspiration in the fall of the iron curtain. Could a similar movement be possible in the 21st century?

The publication of *Rerum Novarum* was preceded by a long process: it had been almost half a century since the events of the English industrial revolution and the organization of socialist movements when, with innovative strength, Leo XIII issued his pronouncement on the new things of economics and work, rejecting the concept of class struggle and, at the same time, drawing an economic and social ideal based on the fair remuneration of work and the social function of ownership.

Several circles had taken part in the slow development of these ideas, in Germany, in Austria, in Switzerland, in France. From there, permanent centres of thought were born—for example, in France, *Économie et humanisme* of the Dominicans and the economist François Perroux, or *L'Action populaire* of the Jesuits—who prepared a new flowering after 1945 and were essential for the elaboration of the encyclicals of John XXIII and Paul VI, *Mater et Magistra* and *Populorum Progressio*. At the same time there was a profound evolution in the way the Church defines its own presence in the world, as revealed in the documents of the Second Vatican Council.

St. John Paul II clearly repositions the message in 1987: "The Church's social doctrine is not a "third way" between liberal capitalism and Marxist collectivism, nor even a possible alternative to other solutions less radically opposed to one another: rather, it constitutes a category of its own. Nor is it an ideology, but rather the accurate formulation of the results of a careful reflection on the complex realities of human existence, in society and in the international order, in the light of faith and of the Church's tradition. Its main aim is to interpret these realities, determining their conformity with or divergence from the lines of the Gospel teaching on man and his vocation, a vocation which is at once earthly and transcendent; its aim is thus to guide Christian behaviour"¹. In the same text, John Paul II affirms Christian charity as "the option or love of preference for the poor", which "must be translated at all levels into concrete actions, until it decisively attains a series of necessary reforms"² and then lists them in a kind of ideal international agenda.

¹ John Paul II, *Sollicitudo rei socialis*, n.41

² *Ibid.* n.43

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But at that very moment there were major changes taking place in Europe. The 1980s mark another great historical moment in the institutional and social influence of the Catholic Church with the Polish trade union movement and its part in the collapse of Soviet regimes. After the fall of the Berlin Wall, the encyclical *Centesimus Annus* by St. John Paul II seemed to respond in 1991 to a time of "death of ideologies": far from any attempt at a "third way", the text recognizes the universal legitimacy of the market or business economy, while denouncing the dangers that its derivations can weigh on social and cultural human development. Unanimity at the time seemed natural around the organization of economic life. But things have become complicated again.

A quarter of a century later, polarization between economic and social positions is back and is now at its highest level. Incompatible, or viewpoints difficult to reconcile coexist between Christians in different continents and with different levels of resources. Reading economic facts, their causes, their mechanisms and their consequences results in contradictory Christian interpretations between those who support the market-liberal, capitalist economy, whatever the words used, and those seeking an alternative "system" or "model".

These generalizations are ambiguous and vague, but they do translate different substantive attitudes that are intuitively perceivable in any debate or in any Christian-inspired document on economics. And these preconceptions often prevent real dialogue and impede constructive and collaborative action to address reforms leading to a more socially responsible market economy.

In this context, in which economics themselves are also questioned and face doubts about their scientific status, Benedict XVI's encyclical *Caritas in Veritate* (CV), which reveals the influence of Professor Stefano Zamagni's civil economy, makes a generous effort to maintain a balance among discordant sensitivities and seeks a common foundation, beyond antithetic positions: "The Church's social doctrine holds that authentically human social relationships of friendship, solidarity and reciprocity can also be conducted within economic activity, and not only outside it or "after" it. The economic sphere is neither ethically neutral, nor inherently inhuman and opposed to society. It is part and parcel of human activity and precisely because it is human, it must be structured and governed in an ethical manner" (CV 36).

Venturing into the field of finance, particularly undermined by ideologies and interests, a recent document (*Oeconomicae et Pecuniariae Quaestiones*)³ that does not have the authoritative status of an encyclical, presents the Holy See's view on specific issues that, in the wake of the 2008 crisis,

³ Congregation for the Doctrine of the Faith and Dicastery for Promoting Integral Human Development, *Considerations for an ethical discernment regarding some aspects of the present economic-financial system*". See my article in number 1436 of *Razón y Fe*, November-December 2018.

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have already nurtured noisy public debates, caused some severe court sentences, and have brought ever more stringent reform and regulation. In doing so, without quoting scientific or experienced sources, the Holy See in some way puts its credibility at stake.

The document contains personal-level recommendations for any citizen, some harsh judgments directed at financial institutions, and recommendations to national or supranational political bodies. The document appears to be aimed at these three levels of decision, although readers' capacity for action in each of them is not always clearly taken into account. To the extent that the text is addressed to an audience of government and business leaders, its pronouncements on specific and discussed issues may constitute an obstacle in the pursuit of the main objective, i.e. personal availability inspired by human solidarity. When the ecclesiastical authority seems to lean over and take sides in a complex economic and political debate such as financial regulation, the part of the auditorium that does not share some of the sustained opinions will find an easy excuse not to pay attention to the main message. We all know cases where the Holy See's economic authority is refuted, either because it is understood as "anti-capitalist", or because it is perceived as too complacent, or else because it makes recommendations that contradict a certain lack of rigor and transparency of ecclesiastical institutions in the management of their own assets.

Not infrequently we thus tend to formulate scientific or practical objections to certain specific positions of the Magisterium, perhaps too decanted on one side of a debatable subject. And this leads us to hastily reject the whole message, not just its circumstantial content. But I admit of course that our resistance to accepting the background message also has another reason: behind our rejection is our weakness in the face of a seduction that Pope Francis often calls "worldliness". That "second beast" of the Book of Revelation, which looks like a lamb, but speaks like a dragon (Revelation 13:11). The continued tension of economic decisions, our commitment to economic sustainability objectives -inevitably measured in terms of monetary success or failure- make it difficult for us to hear a voice that puts solidarity before effectiveness.

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reasoning in the documents, but also blindness due to our own mental distortion: against these two typical kinds of resistance from economic decision makers, Pope Francis takes a different approach from that of recent social doctrine, and a much more powerful one.

2. *Laudato si'* : a different approach

In his *Laudato si'* encyclical (LS), "on care for our common home", Francis resolutely adopts an inductive way typical of the proceeds of the Church of Vatican II in matters of social ethics. When discussing "integral ecology", LS draws on numerous pre-existing sources in the Church; but above all, it listens to science. According to Jaime Tatay SJ, who has studied in depth the method and epistemology of LS, "the extent and depth of the dialogue established by Francis with the scientific community is unprecedented in the history of papal encyclicals and is, to a large extent, a new way of developing SDC"⁴. Inspired by the work of some renowned scientists, the Pope takes charge of a stimulating new subject. A few years before it conquers the first pages in the media, LS places it in a biblical context, raises its impact and fills it with meaning from the point of view of faith and the Church community. The Pope does not ignore controversy: the encyclical takes sides against climate change denialism, but it does not close debates on technical issues and leaves several practical alternatives open. Francis is not afraid that ecological commitment can take several legitimate directions. At the same time radical and balanced, far from the unconsciousness of some and the naturalistic idolatry of others, LS raises environmental issues to their broader economic and social context, that of "integral human development". For Pope Francis, the most important is probably not to take sides with one or the other option of ecological reform, but to provoke reflection on what it means to care for the common home, in spiritual communion with the leaders of Orthodox Christian Churches and other Christian confessions. This masterful exercise of reinterpretation of a current debate, without risking credibility in topics under discussion, is part of the reading of the "signs of the times" recommended by Paul VI and opens a fertile path for the development of the Church's reflection on other issues, particularly on economic ones.⁵

⁴ J. Tatay, *Ecología integral. La recepción católica del reto de la sostenibilidad: 1891(RN) – 2015 (LS)*. BAC, Madrid 2018, 376

⁵ Between the date of drafting and the publication of this article, the *Fratelli tutti* encyclical was published, in which Pope Francis invites us to an intense meditation, with the same compassionate and demanding voice of his daily homilies we listened to during lockdown. He doesn't touch upon economic questions other than marginally, when he criticizes "an obsession with reducing labour costs" (20) or when he appeals to entrepreneurial capacity and reminds them of "the subordination of all private property to the universal destination of the earth's goods" (123). The sense of his message also goes in the direction suggested here when he recommends listening to the development of the sciences (185) and promoting "greater interdisciplinary communication" (204).

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3. A time of listening and consultation

The economic and social spheres are currently facing deep shocks; changes are rapid and, in part, unpredictable. Europe is no longer the centre of events as it was at the end of the 19th century; rather, it plays the role of a rich and demanding consumer of innovations that come from new technological capitals: Silicon Valley, Seattle, Bangalore or Shenzhen. Robotics and machine learning bring with them changes in work, employment, education and culture, just as the printing press, knitting machine and electricity did at the time. The exploitation of the huge amounts of unstructured data left with our digital footprint opens up broad potential and also poses new ethical challenges in health, climate control and climate change, communications, transport... and, above all, on marketing techniques and consumer freedom.

The Covid-19 pandemic has highlighted advantages and shortcomings of our economic organization: during confinement, we have communicated intensively, testing the capacity of networks and operators, and have become familiar with their use as never before. But the economic and social damage caused by lockdowns show the extremely unfair effect of a forced reduction in economic growth, which increases inequalities and destroys jobs. It shows many weaknesses in public management, a general lack of public-private collaboration, unprotection of the elderly and migrants, a rift between generations, media proliferation and saturation and the consequent risk of misinformation... More than a new world, the health emergency shows existing sores and leaves ever greater doses of uncertainty.

It took nearly half a century for the Holy See to respond to Marx and Engels and their *Communist Manifesto*, and to elaborate its own thought on the social problems arising from industrialization. Wouldn't it be wise to consider the present moment, so unpredictable, as another learning age, during which the Church listens to scientists and operators of all tendencies and tries to understand what is happening, before formulating answers and inspiring the creation of new institutions?

The formulas of the past have lost effectiveness, they are obsolete because they respond to ancient approaches and are not using the language of today's secularized culture. In order for the social doctrine to regain the propositive freshness in economic matters it had in another era, it would be necessary to establish first and foremost a formal process of open and international hearings. It is not enough to ask the few usual experts. Conferences of existing Catholic movements are not enough either: one knows already in advance, more or less, what participants are going to say. One should stop delivering the usual speeches and seek opinions much more widely, among Catholics, Christians of other faiths, believers of other religions, and among many non-believers who are working on the issues of an economy for the common good.

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A wide-ranging consultation, conducted independently and with genuine intellectual curiosity, could be organized to reflect observed facts and opinions of scientific economists, universities, companies, and think-tanks around the world. This survey should include academic profiles, of course, but also people linked to Church structures—clergy and lay people—and people with knowledge gained from direct experience in economic activities.

This extensive consultation of ideas and experience should be organized with a genuine concern for economic processes in themselves, without making hasty moral judgments. It is a question of discovering and understanding new opportunities and new problems, not only intentions, not only eventual abuses, but looking into the very heart of the process that is often called, perhaps too complacently, "wealth creation", into the forces that determine the appropriation of wealth by the various agents involved, and into the methodologies that allow to understand and govern the process.

Such a survey should address technical issues, not to label them as good or bad *a priori*, but to understand their meaning and the ongoing discussions on the subject. For example: economic performance measured by Gross Domestic Product (GDP) in national accounting does not include some of the costs of environmental damage. In fact, accounting does not reflect all economic activity, nor is it sufficient to account for the lasting satisfaction of human needs; currently unrecognized costs and productions should be somehow included in the measurement.

This is being discussed in many settings and the development of common criteria would be essential to democratically justify a consensus, for example, on the new tax policies needed for sustainable development. There are several proposals from authorized sources on sustainable human development indexes. These are issues of high technical content, but they derive from an ethical concern for justice: would they not merit in-depth study in the Catholic Church? Another example: admitting a traditional and entrenched distrust of the Church towards the developments of a technology which seems governed exclusively by military or economic interests – a distrust broadly justified if one thinks of the massive weapons used in the world wars of the last century - wouldn't it be useful, to really get into the matter, to break down the attractive but rather vague concept of the "technocratic paradigm"? Shouldn't one listen carefully to the actors of technological change and thus try to understand why and how investment decisions are made in technological innovations, robotization, the "internet of things", "artificial intelligence" or biological engineering, before judging? Thus, the Church's thinking could effectively participate in the development of ideas, already underway in many instances, to define ethical limits and decision-making criteria. This would mean that agencies that take care of Catholic social doctrine overcome a traditional shyness in the face of economic facts as such: that is, in the face of the successes and failures of

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millions of people who, in uncertainty, take risks in the economic and financial field. Reporting some people's misconduct cannot lead to spreading suspicion to an entire section of collective life. More than judgments, it takes a willingness to listen and to accompany.

4. A appropriation strategy

Far from judging *a priori*, a Christian economic reflection thus conceived could play a vital role in awakening spirits and accompanying every believer—and every person in good faith—on the path of self-criticism, in an effort to rediscover the meaning of economic activity and gradually build an updated ethical compass. There is a need for developing a genuine strategy of appropriation of Christian inspiration in economic matters by those who are to be its actors, and this should be done with an active and participative pedagogy, in line with current culture and with what we know about moral learning.

In addition to the above-mentioned global survey, or consultation, episcopal conferences and dioceses could invest in two lines (some are already doing so): promoting debate among experts of different trends, on the one hand, and, on the other hand, creating places of training in Catholic social teaching seen, not as a series of abstract principles, but as an invitation to reflection and coaching along the way. To this end, the relationship with existing, legitimate but insufficient professional or "class" Catholic movements is not sufficient. In a truly universal ("Catholic") perspective, in the face of upheaval in traditional categories, these places of listening and education should always have mixed compositions, with experts on the issues, specialists in ethics, and Christians from different social backgrounds.

The slow elaboration of a renewed Catholic social thought, capable of responding to the "new things" of today and tomorrow, cannot be carried out without a detailed knowledge of the issues under discussion, and without extensive critical reflection on "how", "why" and "what for" we work. This is not a time for hasty statements. It takes a patient effort to listen to the changes, to understand and interpret the facts, to acquire that capacity for collective discernment proposed by Pope Francis in *Laudato si'*. In this same exercise, the new treasure will gradually be formed: an individual and collective cultural attitude, from which the momentum and creativity necessary to mark a Christian—or fully human— economic style can spring up in the world of new things.