

Chapter Title: Business in Catholic Social Thought

Book Title: The Business Francis Means

Book Subtitle: Understanding the Pope's Message on the Economy

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Published by: Catholic University of America Press. (2017)

Stable URL: <http://www.jstor.org/stable/j.ctt1w6tf8s.4>

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Business in Catholic Social Thought

WHY DOES CATHOLIC THEOLOGY address business and markets so extensively? Shouldn't Catholic theology remain in its field of competence (as is true of all other sciences), treating religious and spiritual questions only? The short answer to these questions begins with recalling that God is the Creator and final cause of all that exists. In all we do we should aspire to live according to God's will and love Him, including in our economic relationships. Thinking about the moral dimension of business means thinking about God as the aim of all our activities. The Catholic tradition reflects on the economy from a viewpoint of faith because Christian faith has a public, or, as one might say, a cultural dimension, as John Paul II wrote: "A faith that does not affect a person's culture is a faith 'not fully embraced, not entirely thought out, not faithfully lived.'"¹ Catholic reflections on the economy and on society have generally taken place on three levels. The hierarchy of the Catholic Church has published documents on social issues that form its body of Catholic social *teaching*. These documents were and are prepared following theological discussion, and the documents in turn lead to more discussion after their publication. These theological reflections, taking place both before and after the publication of a document, are denominated Catholic

social *thought*. Catholic social thought, however, comprises not only reflections on Church documents, but also independent theories gravitating around the Catholic faith as well as reflections on the Church's practical service to the poor and needy. Both Catholic social teaching and Catholic social thought form the Catholic social *tradition*² that has evolved over the centuries. Catholic social teaching, thought, and tradition thus relate to each other in the manner of widening concentric circles.

General Perspectives on the Development of Catholic Social Thought

For anyone coming from a non-Catholic religious tradition, it might be important to understand the differences between the course taken by the Catholic tradition as compared to that of the Christian communities that emerged from the Reformation. Both the Catholic and Protestant traditions have attempted to resolve an inherent tension in Christianity—the tension between temporal power and spiritual authority, a distinction that has its root in Christ's injunction to give to God what belongs to God and to Caesar what belongs to Caesar.³ In a religious context where those who wield political power are also entrusted with religious questions (as was the case in pagan Rome), or in a context in which the spiritual authority also regulates temporal affairs, there is theoretically no intrinsic tension between the two because religious and political functions are exercised by the same people belonging to one and the same system. Even when these traditions, ideally, distinguish the profane from the sacred sphere, the people who are in charge of the vertical relationship with God are also in charge of horizontal earthly affairs. There might be different interpretations or political alignments among these people, but in principle, any tensions are not between "Church and State." This system is referred to as "monism." Christianity, in

contrast, presents a universalized “dualism,” beginning with the Old Testament distinction between royal and prophetic institutions. In the name of God, the prophets of the Old Testament raised their voices in defense of justice against abuses by the civil power. Christ’s injunction about God and Caesar reinforces the dualism of the prophetic tradition. In a dualistic system, both functions, the spiritual and the temporal, serve the same people, but are entrusted to two different sets of institutions in the same society: the Church and the civil power structures. They can oppose one another. This “Christian dualism” thus opens a field of tension; however, as Pope Benedict XVI stated: “Unlike other great religions, Christianity has never proposed a revealed law to the State and to society, that is to say a juridical order derived from revelation.”⁴

Despite this, the Christian Church has been and continues to be challenged to make its faith fruitful for social life. In its quest to foster social orders compatible with Christ’s Revelation in every specific historical circumstance, the Church over the centuries up to the Reformation strove, with varying degrees of success, to maintain two principles: first, the distinction between and institutional separation of temporal power and spiritual authority; but at the same time, second, the primacy of Christian moral law over politics. This second principle expresses the conviction that the State is not the supreme authority in the universe, or in other words, that God is the Lord of history and of all things, and that therefore God’s moral law also binds politicians. The second principle is a common heritage of all Christian denominations,⁵ but not so the first. Since the Reformation, the social thought of Protestantism and Catholicism have taken different roads in defining the relationship between these two principles.

In contrast to Luther’s Two Kingdoms Doctrine⁶ and the tendency in Protestant countries to entrust the secular sovereign powers with responsibility for the visible and external affairs of the Church,⁷ the Catholic tradition developed the theory of “*potestas indirecta*.” This theory is linked to late Scholasticism,

in particular to the School of Salamanca. It was made known to a wide public by Francisco de Vitoria⁸ and Robert Bellarmine, SJ.⁹ In a nutshell, *potestas indirecta* meant that popes had the right to teach Catholic moral principles to Christian princes, who were in turn obliged to put them into effect through their exercise of civil power. The doctrine implies a limitation on papal power, as it denies the pope *direct* political power. Popes, taught Bellarmine, usually had no right to interfere in the political affairs of Christian monarchs, and obviously none at all in the affairs of non-Christian princes. On the other hand, in contrast to the Reformers, the Catholic Church has taught and teaches that she is at the same time the visible and the invisible Church, and that the pope is sovereign over both the temporal and spiritual spheres. The Church is called to speak out on temporal matters as well as spiritual ones, and Christian behavior in temporal matters, not just grace by itself, is decisive for salvation. The moral principles applicable to politics and the social order, including the economy, taught by the Catholic Church, are not based on Revelation but rather on reason, and are, taken together, referred to as “natural law.” In the words of Benedict XVI, the Catholic tradition “has pointed to nature and reason as the true sources of law – and to the harmony of objective and subjective reason, which naturally presupposes that both spheres are rooted in the creative reason of God.”¹⁰

The *potestas indirecta* doctrine posed a problem in cases of conflict. What happened if the Christian monarch did not obey, stalled, or even acted in a way that contradicted a pope’s injunctions? In that case, says Bellarmine, political power devolved to the pope, and he could legislate, proclaim legal judgments, exercise administrative powers, and even depose kings and queens.¹¹ This problem was one of the reasons the doctrine was only partially successful in practice.

By the time of the Second Vatican Council (1962–65), the doctrine’s function as a guide for the Church had become completely untenable. By 1962, pluralist democracies had replaced monarchies in most countries, and after the terrible experience

of totalitarianism the Holy See had become very wary of the assurances of authoritarian governments that they would defend the interests of the Church. However, for our present purposes, it is important to know that during the first half of the twentieth century, the *potestas indirecta* doctrine was the “default position taken by bishops in Catholic countries: the Church was the guardian of moral and spiritual values that the government should uphold and implement, while respecting the Church’s freedom to Christianize society.”¹² This was the situation in Pope Francis’s Argentina during his youth.

The Paradigm Shift at the Second Vatican Council

In the Second Vatican Council’s Pastoral Constitution *Gaudium et Spes*, the Catholic Church adopted a paradigm shift. This shift is already expressed in the council’s designation of the Constitution as a “Pastoral Constitution on the Church in the Modern World,” which does not represent a mere change in terminology. While Leo XIII had defined the relationship between faith and society as one between Church and State, the Second Vatican Council envisioned the Church “in the world.” What this implies is a change in the way in which the mission of the Church and her evangelization are conceived. Whereas before the council there was a tendency toward a “top-down” approach, this was replaced by a “bottom-up” orientation; in other words, whereas before the council the stress was put on facilitating the conformity of society to the moral law through the aid of political instruments (laws, decrees, concordats, etc.), after the council the Church’s emphasis was placed on the apostolate of the laity and culture. This process has been called the “voluntary disestablishment” of the Catholic Church,¹³ which opted for a new habitat in civil society, proclaiming the hour of the lay Christian. Laypeople too are called to holiness, and through their personal apostolate from within the world, to bring about the evangelization of the societies in which

they live. This implied the Church's recognition of spheres of earthly affairs with their own laws and logic. If Christians are supposed to be true citizens of this earth, sharing the joys and sorrows, the hopes and anguish of all other humans, then they must also embrace the rules according to which earthly affairs, including economic affairs, function. *Gaudium et Spes* refers to the "autonomy of earthly affairs,"¹⁴ and thus implicitly accepts their emancipation from clerical tutelage, or, put differently, accepts modern secularity.¹⁵

Being centered and anchored in civil society and having renounced its political privileges, however, does not mean that the Catholic Church has ever or could ever accept the privatization of the Christian faith. This would be secularism, or in other words the imposition of public non-belief through governmental coercion. The autonomy of earthly affairs in reality is merely relative; that is, it is relative to God's law and subject to it. This means that Christians individually and collectively must raise their voices to defend unborn life, social justice, marriage and family, and other Christian values. The Christian faith has a public dimension. Pope Benedict XVI formulated the position of the Church on several occasions. He called the duty of the Church's hierarchy and teaching authority in regard to the State and politics "indirect" (in Latin: *officium intermedium*). This means that her social teaching "has no intention of giving the Church power over the State. Even less is it an attempt to impose on those who do not share the faith ways of thinking and modes of conduct proper to faith. Its aim is simply to help purify reason and to contribute, here and now, to the acknowledgment and attainment of what is just."¹⁶ The Church's hierarchy itself does not intervene in party politics as the lay faithful may and should do, but through its "intermediate service" makes humane and just politics possible.

The Second Vatican Council was born out of a great optimism and filled with a desire for a new Christian humanism.¹⁷ This stance was supported by the almost-total post-World

War social consensus on questions of natural law. There was hardly any consensual divorce, abortion was legally prohibited in most countries, there was no experience of experimentation on embryos, and there was no gay marriage, among other things. This consensus lasted only a short time after the conclusion of the council, however. In the late 1960s the sexual revolution broke out, a phenomenon which directly attacked Christian anthropology while at the same time using the language of human rights in which the modern ethos of liberation had been written, a language which the Church had opened herself to at the council. Seemingly overnight, the existence of “human rights” to abortion, contraception, divorce, etc., was postulated in Western societies. Pope John Paul II referred to this development as a betrayal by Western civilization of its own constitutional principles and cultural roots.¹⁸

The Catholic reaction to this new situation was to summon Christians to a “New Evangelization” in all fields of human life and activity, including but not primarily that of the economy. This undertaking evoked many questions: What role do Catholic faith and morality play in the world? Is the Christian faith only a reinforcement, an eschatological horizon for secular ethical rules? Is there anything specifically Christian? And if there is, is it only to be sought in the field of individual ethics? Is there nothing specific in Christian social and moral theology that speaks to human efforts to structure society?

The Principles of Catholic Social Teaching

The *Compendium of the Social Doctrine of the Church*, which summarizes the papal social encyclicals up to 2004, refers to charity as “the highest and universal criterion of the whole of social ethics.” As from an “inner wellspring,” the values of truth, freedom, and justice are born and grow from love.¹⁹ “Charity is at the heart of the Church’s social doctrine,” said Benedict XVI in his social encyclical *Caritas in Veritate*.²⁰ The revelation

that God is love and the centrality of the commandment of universal love, even of enemies, is the distinctive hallmark of the Christian religion. It is a demanding goal that we more often than not do not achieve in practice. The Gospel is the story of Jesus Christ who through His death and resurrection in humility calls us into His kingdom, which consists not in food and drink but in “righteousness, peace, and joy in the Holy Spirit.”²¹ Righteousness, the Biblical “*sedaqa*,” is a concept whose meaning goes beyond mere justice in the classical legal sense—*sedaqa* combines God’s justice with His grace and mercy. It is a form of justice that, out of mercy and compassion for the poor, actively takes up their cause. As a consequence of our being made in the image of God, believers are expected to imitate God in exercising this particular blend of justice and mercy. *Sedaqa* unites the religious dimension with the social one: God protects the weak, the poor, the widows, and the orphans. We are obliged to help them out of justice, not out of condescending generosity or beneficence.²² Jesus requires this “greater righteousness” of His disciples (Mt 5:20). He did not send His disciples out to found cities or states but to be witnesses to His resurrection, and in the joyous light of this truth to recognize Him in the least of His brethren. In this endeavor, Christians must avoid fideism and fundamentalism: the Gospel is not a socioeconomic program that can be applied immediately and ready-made without the mediation of philosophy and science. Charity as the Gospel’s heart needs reason and human skills, justice, institutions, and law in order to become manifest in the social order. Religious enthusiasm without reason can be very dangerous.

Since the first social encyclical, Leo XIII’s *Rerum Novarum* in 1891, Catholic social thought has developed principles and values that serve as stepping-stones on the great road of charity. Leo XIII spoke out to improve the plight of workers (the “labor question”), demanding just wages, fair and moral treatment, and property and freedom for workers. He also called for their legal protection and their right to organize in

worker associations. In the next social encyclical, *Quadragesimo Anno* in 1931, in the middle of the Great Depression, Pope Pius XI broadened the scope of the Church's social doctrine, addressing not only the plight of workers, but also the proper ordering of society (the "social question"). He called for social justice and social charity, proposing Catholic social teaching as an alternative to both materialistic socialism and libertarian capitalism. He re-asserted the Church's endorsement of private capital and introduced the principle of subsidiarity. During the Cold War and immediately after the Cuban crisis, Pope John XXIII published *Pacem in Terris* on peace and human rights. In it he referred to the values of justice and love, freedom and truth, but also to institutions like the separation of powers, the independent judiciary, and others, as essential elements of social improvement. This positive appraisal of institutions finds its magisterial conclusion in John Paul II's encyclicals *Sollicitudo Rei Socialis* and *Centesimus Annus*, in which the Pope defined solidarity as an essential virtue for international development, and explained the structural advantages of liberal constitutional democracies based on the rule of law and a free economy, while at the same time highlighting the risks that these present when they are not based on an adequate anthropology.²³ The recognition of the decisive role of institutions is of great importance for the social teaching of the Church—in the Catholic tradition there had been and to some extent still is a certain blindness on this topic.²⁴

From this development of the social teaching (sketched only very cursorily here) have emerged the four *principles* of Catholic social thought—human dignity, common good, solidarity, and subsidiarity—and its four *values*: justice, love, freedom, and truth. The principles form the foundation of society and the points of departure for reform, whereas the values are the aims that should be reached.

Catholic social teaching applies its principles and values in three modes that exercise three different functions.²⁵ These "modes" correspond to the three offices of Christ that every

Christian receives in baptism and exercises through a holy life: the prophetic, the regal or pastoral, and the priestly. First, the Church denounces social injustice, the violation of human rights and dignity, and structures of sin. This is the prophetic tradition (mode) inaugurated by the prophets of the Old Testament, such as Amos, Isaiah, Jeremiah, and others, who in the name of God and with divine authority criticized abuses of economic and political power (function). From the first social encyclical onward, the Church has prophetically raised her voice to defend the weakest and those most in need of help. Thus Leo XIII in *Rerum Novarum* denounced “the utter poverty of the masses” and the fact that workers had been “surrendered, isolated and helpless, to the hardheartedness of employers and the greed of unchecked competition.” He deplored “rapacious usury” and the injustice that a “small number of very rich men have been able to lay upon the teeming masses of the laboring poor a yoke little better than that of slavery itself.”²⁶ However, denunciation helps the poor only if constructive and positive remedies are offered to counterbalance the criticism. It is relatively easy to criticize what does not work. The much more challenging task is to build a humane and happy society that works.

The second function of Catholic social teaching therefore consists in proposing considerations for a beneficial organization of society through economic models and institutions that might answer the question of how to overcome the social injustices, which have been rightly denounced. This corresponds to the second mode, in which Christians exercise their baptismal calling: the regal or pastoral office. For example, Leo XIII rejected socialism as a mistaken solution because it violates property rights and runs contrary to the true nature and mission of government.²⁷ Catholic social teaching has promoted property rights and the rule of law as institutional arrangements that protect workers; however, even the best institutions falter if they are undercut by poorly-formed individual consciences and a lack of social virtue.

Thus, thirdly, Catholic social teaching also repeats demands for virtuousness (pertaining to the priestly mode or office): structures and institutions alone are not capable of solving the problems that beset society. We need social virtues. This is one of the reasons why Pius XI did not trust competition to be the sole rule of markets but instead demanded that the virtues of social justice and social charity also regulate the economy.

Each pope has his specific accents. Pope Francis has thus far strongly emphasized his prophetic mission and the need for virtue (prophetic and priestly mode or office); in contrast, he has not emphasized the constructive function of the Church's social teaching about institutional ethics. It will become apparent in the pages of this book that Francis forcefully denounces injustice and demands virtuousness from all members of society. He has also shown a preference for a particular economic model, specifically the social market economy or social economy of the European tradition,²⁸ and has never endorsed the American economic model. His reference to the social market economy was, however, not in a major document, but rather in a short speech. He called for moving from a "liquid economy... directed at revenue, profiting from speculation and lending at interest, to a social economy that invests in persons by creating jobs and providing training... [and] that guarantees access to land and lodging through labor."²⁹ The term "liquid economy" must not be understood to refer to "financial liquidity," without which no modern economy could work, but to a type of economy that devalues stable human relationships and defined ethical roles, an economy "prepared to use corruption as a means of obtaining profits."³⁰ Francis is the first pope in history to explicitly endorse the social market economy. However, we must not attribute too much importance to this fact—he mentions it only once, and he might not be fully acquainted with its implications or its roots in post-World War II Germany. In addition, the tone of his speech and the aims he mentions in it are of the prophetic type, without any emphasis on the

dimension of institutional ethics. This prophetic emphasis prevails in all of his messages about business. This means that although Francis has a great deal to say to us no matter what economic system we live under, he has not yet developed his own discussion of institutional ethics, a discussion which is a traditional part of Catholic social teaching.³¹

Certainly, the principles and values of Catholic social teaching are broadly stated and thus sometimes tend to be somewhat vague. They were not, however, formulated in isolation from real Christian life by obscure academics. These principles and values are the result of a deep theological reflection on specific topics, which are essential for the proper ordering of the economy, and over the millennia have challenged the Christian faith. These specific topics include private property, wealth and profit, markets, and money (finance). In the following sections, I will briefly present the Catholic tradition concerning these subjects.

Specific Topics

Private Property

The *Compendium of the Social Doctrine of the Church* states:

Private property is an essential element of an authentically social and democratic economic policy, and it is the guarantee of a correct social order. *The Church's social doctrine requires that ownership of goods be equally accessible to all,*³² so that all may become, at least in some measure, owners, and it excludes recourse to forms of "common and promiscuous dominion."³³ *Christian tradition has never recognized the right to private property as absolute and untouchable:* "On the contrary, it has always understood this right within the broader context of the right common to all to use the goods of the whole

of creation: the right to private property is subordinated to the right to common use, to the fact that goods are meant for everyone.”³⁴

Questions concerning private property; that is, whether property may belong to individual persons, and whether these persons are allowed to use and dispose of property as they deem fit, are decisive for any discussion of economics. As with other topics, Catholic teaching on private property is a blend of the Christian tradition as established by the Bible and the Church Fathers, the liberal system of Roman law, and modern influences.

The Church Fathers treated the institution of property not from a juridical, but rather from a theological and moral perspective based on the Bible. In the texts of the Old Testament, one can distinguish both a vertical and a horizontal dimension of property. The vertical dimension refers to the concept of property in the relationship between man and God. God, as the proprietor and overlord of the Holy Land, commands that this land be distributed among the tribes of Israel.³⁵ Only after the land is distributed does a horizontal dimension of property come into being. It consists of the juridical distribution and defense of private property among men, referring to the distribution of the land among the tribes and their individual members. The seventh commandment, “Thou shalt not steal,” is a clearly stated protection of the institution of private property in this horizontal sense. Private property in the Old Testament was understood to be limited by moral and social considerations. The limitations on private property were apparent in the manifold legal prescriptions regarding society’s care for the poor, widows, orphans, and foreigners. There was also positive legislation meant to protect slaves. In part, these protective norms were contained in the rules for the Jubilee. Even though they were probably never fully put into practice, the social measures of the Jubilee year were intended to institutionalize a fair economy: every fifty years, real estate

that had been sold was to return to the original owner, family, or clan, and the Hebrews who had been sold as slaves were to be released. The Jubilee year provided a “reset” of economic equality in order to restore fairness to economic relations. These various limitations on private property provided for in the Old Testament were very difficult to put into practice, but the prophets severely criticized Israel for not doing so.

The New Testament presupposes the existence of private property, but at the same time urges believers not to put their hope and trust in material treasures that rot and pass away. Jesus demands a complete freedom of heart and detachment from all possessions in order to follow Him.³⁶ Property in the New Testament has the character of a means, and the attitude required of owners is that they should “buy as though not owning.”³⁷

In the following centuries, the Church Fathers concentrated upon the vertical dimension of property, underscoring the universal destination of goods, whereas the horizontal dimension was developed by the Scholastics in the Middle Ages in accordance with Roman law. In addition to the Bible, the Church Fathers were influenced by Hellenistic ideals of communal use and possession of goods. Augustine combined all of these influences in a theological perspective on issues of property—in accordance with Hellenistic moral philosophy, and following our Lord’s teachings,³⁸ Augustine distinguished between goods we should enjoy (*frui*: God, virtue, *honesta*), and others we should only use (*uti*: material means, health, strength, power, etc.). For Augustine, to own something meant to use it rationally and justly, in a detached manner made possible only by interior freedom. Otherwise, an owner becomes enslaved to his possessions.³⁹ In his *Commentary on the Gospel of St. John*, Augustine argued that by divine law all things belong to God, and that God created the world for everyone. It was human law that effectively divided things and attributed property individually to owners.⁴⁰ The later medieval reception of this text reduced the Augustinian position to the idea that private property was not derived from divine law, but was a

result of positive human law alone. This interpretation omits the important fact that for Augustine human law pertaining to property is based on a divine origin.⁴¹ Augustinianism, as the medieval reception of Augustine is called, held that property was a consequence and necessity of sin, not of nature.

The various Christian traditions related to property resulted in the conviction, still present in Catholic social teaching, that “in need all things are common.”⁴² This idea must not be confused with collectivism or communism. The Church Fathers argued from a moral perspective, concentrating on the vertical dimension of property. In the eyes of God, human beings do not own anything, but instead God has created all things for the common use of the entire human race. Utz called this concept “negative communism,”⁴³ as things by nature belong to nobody in particular, but are meant by the Creator to serve all. In this sense, for instance, St. John Chrysostom wrote: “Not to share one’s wealth with the poor is to steal from them and to take away their livelihood. It is not our own goods which we hold, but theirs.”⁴⁴ This was spoken in a certain socioeconomic context—at that time a few families owned vast expanses of farmland that was tilled by poor, dependent settlers. Like the later serfs, they were obliged to deliver a portion of their products to the landowners, who, as we know from the results of archaeological excavations, lived in magnificent palaces. In times of famine and dearth, the situation of the individual farmers became unbearable. The rich families always had abundant food, receiving it from the poor. That is why John Chrysostom affirmed that the goods of the well-off, among whom he also identified himself, actually belong to the poor workers. This must not be interpreted in a contemporary context as advocating collective ownership or condemning private property, but rather as a wake-up call to our social conscience.

The morality of private property is confirmed by the universal teacher of the Catholic Church, Thomas Aquinas, who followed Aristotle in founding private property on natural reason. From Aristotle’s arguments for property, Thomas

developed three arguments in favor of private property: (1) the argument from efficiency, (2) the argument from order, and (3) the argument from peace. First, people tend to take better care of what is their own. Holding goods in common is inefficient, because when dealing with what is not their own, people leave the work to others. Second, without a division of property, there would be confusion. If everyone knows exactly which things are in their care, things are treated better, and order results. Third, with private property, every person has his or her own property and can be content with it. Undivided communal goods among sinful men lead to frequent quarrels and disturbances of the peace.⁴⁵ Division of property was not originally established by natural law, Thomas notes, because by nature nothing, absolutely speaking, is ascribed to anyone in particular; this division was a rational addition for the better cultivation and peaceful use of possessions.⁴⁶ It is noteworthy that it is the common good that justifies the institution of private property, not the right of individuals. Something similar was taught by the other major Catholic theological school, the Franciscan School, whose greatest scholar was the Scotsman John Duns Scotus.

In contrast to the Aristotelian Dominican School, founded by Albert the Great and Thomas Aquinas, the Franciscan School more closely followed the Augustinian tradition, stressing that private property was a consequence of sin and an institution belonging solely to civil law. Duns Scotus taught that before original sin, there was no private property, but instead communism.⁴⁷ In the present state of fallen nature, however, communism was revoked because the strong and mighty would not leave the poor and weak their share.⁴⁸ Private property is thus necessary to defend the poor. Duns Scotus does not go on to conclude that the institution of private property is therefore part of natural law; on the contrary, for his school, private property was instituted by mere human law, and can therefore be modified, confiscated, or transferred by law.⁴⁹ The ideas of Thomas Aquinas were to prevail over

time, and the conviction that private property is an institution mandated by natural law is the opinion shared by most theologians nowadays.⁵⁰

It is important to understand, however, that in the Catholic tradition up to the encyclical *Rerum Novarum*, the common good was prior to individual rights. The latter existed only insofar as they served the common good of the community. As we have seen, the medieval teachers justified private property because it contributes to the general well-being and peace of society. Under the medieval view, there was no need to reconstruct the notion of societal common good in light of individual interests, because the common good had not been fragmented into individual rights understood as potentially antagonistic to the common good. The common good came before the individual good. Modern political philosophy overturned this approach—for John Locke, for instance, the first right before any other right, before the common good, is private property: man, through his work, appropriates the objects he produces, and the fruits of those objects. With the creation of a surplus of production, men begin to exchange goods and come together in commonwealths to better ensure the protection of their property (understood as life, safety, and material goods).⁵¹ Thus, in Locke's view, the good of the individual turns out to be not only prior to but also at the origin of the common good. The paradigm shift of modernity took us from natural law as ordering society as a whole to natural rights as individual entitlements against the whole. This paradigm shift also affected Catholic social teaching on private property, though not so radically. It was Leo XIII in *Rerum Novarum* who chose the modern approach and language: he postulated a natural right to property that is prior to the formation of society.⁵² In this change he was undoubtedly (albeit indirectly) influenced by classical economists like Adam Smith. Having established private property as a natural right, Catholic social teaching undulates between formulations that stress its individual character and others that are more

inclined toward the common good. Pope Francis is closer to the medieval Franciscan tradition, giving priority to the common good and the universal destination of goods.⁵³ He sees private property as an institution of natural law, but not as an individual right prior to the common good.

Wealth and Profit

The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied. But profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people — who make up the firm's most valuable asset — to be humiliated and their dignity offended. Besides being morally inadmissible, this will eventually have negative repercussions on the firm's economic efficiency. In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society. Profit is a regulator of the life of a business, but it is not the only one; *other human and moral factors* must also be considered which, in the long term, are at least equally important for the life of a business.⁵⁴

The message of the Bible regarding wealth and profit is linked to the concept of poverty and the poor.⁵⁵ In the Old Testament, wealth and riches are initially presented as God's blessing for a righteous life, whereas poverty, need, and misery are seen as a curse and a punishment for sin. It was the experience of the "scandal" of the rich and the well-off sinner, as well as that of the suffering of the innocent that

provoked a change of perspective.⁵⁶ Additionally, it was the experience of collective humiliation and poverty during the Exile, as well as that of post-exilic Judaism and the incessant vexations suffered by the Jewish people that peaked during the wars of the Maccabees, which provoked an awareness that poverty could be a sign of loyalty to God's covenant. The Jews who remained faithful to God's commandments preferred poverty to wealth if the latter was achieved at the price of betraying the covenant. Israel was God's "poor people." Although it is a matter of debate whether or not there was a political movement or social group that identified itself with the "poor of God" ("*anawim Jahve*"),⁵⁷ the great value attached to poverty of spirit in intertestamental Judaism, such as was characteristic of the Qumran community, is significant.⁵⁸ However, it should be also be noted that poverty resulting from laziness was decried in the Bible, especially in the Wisdom literature.⁵⁹

True to its characteristic inclination toward individual ethics, the New Testament deals with poverty and wealth mainly in terms of voluntary poverty, the renunciation of material means as a virtue in following Christ. The parables of the camel able to pass through the "eye of a needle,"⁶⁰ and of the hidden treasure and the precious pearl,⁶¹ express the need for complete interior detachment and freedom of heart. At the same time, Jesus, in word and deed, cared for the poor and taught His disciples to address the needs of their neighbors. In His discourse on the Final Judgment, the works of mercy practiced on the poor and needy are presented as the law by which we shall be judged.⁶²

However, our Lord's words should not be interpreted in a modern political sense, as if the poor of the Bible were the proletarians of Marxist doctrine. Even less can one justify violence and class struggle by means of Christian revelation. Jesus Himself dealt with rich people, accepting and praising their services.⁶³ Encountering Christ allowed the rich to discover their social responsibility and the joy of sharing.⁶⁴

In the epistles of the New Testament, which reflect the reception of Jesus's teachings among the first generation of Christians, we discover two attitudes toward the rich: one is represented by 1 Timothy,⁶⁵ the other by James.⁶⁶ The difference between the two is striking. The harsh condemnation expressed in James finds no parallel in 1 Timothy, which understands wealth as an opportunity to do good. The two quotations seem to reflect two general moral attitudes, one of severity, austerity, and peremptoriness toward the rich; the other of social realism, conciliation, and motivation to good. In any case, it is significant that both lines remain in an unresolved tension bequeathed to Christian theology.

Turning to the Church Fathers, it is necessary to take into consideration the cultural context in which they taught. In Greek, the poor were divided into the *ptochoi* and the *penetes*. *Ptochos* was a person who lived in misery and was physically incapable of fending for himself, either because he was sick (e.g., a leper) or because he had no material resources whatsoever. A *penes* was someone who had to work in order to survive. He might possess health, tools, a house, even some slaves, but he had to work on a regular basis. This person was considered "poor" in antiquity. The "rich" in ancient parlance were the *eleutheroi*, the free men, representing a very small portion of society, whose material means were of such abundance that they had the leisure of not having to work (*negotium*), and could dedicate themselves to philosophy, politics, warfare, and related matters (*otium*).⁶⁷ The ancient concept of poverty, and thus also that of the Church Fathers, was linked to the concept of work, reserved for the poor and considered unworthy of the rich.⁶⁸ The Church Fathers had to overcome this attitude, especially in the budding monastic communities in which the sons and daughters of rich families desired to abstain from manual work in order to dedicate themselves solely to prayer, study, and teaching. Augustine is quite clear: all must work, in obedience to Paul's injunction that he who does not want to work shall not eat.⁶⁹

In their writings, Basil, John Chrysostom, Ambrose, and others defend the poor (*penetes*) against exploitation.⁷⁰ They demand that the rich invest their money in productive activities instead of keeping their wealth locked away.⁷¹ Stoic philosophy was helpful in this respect. Wealth was one of the preferable *adiaphora* (things that as such are not necessary to a moral life but are advantageous to it); its moral quality depended upon its virtuous use. It was not the possession of wealth that was evil, but its abuse—wealth could and should be used for a good cause. Clement of Alexandria summed this up in the question: if nobody had anything, who could help the poor?⁷² The concern of the Fathers was not the formulation of an economic theory, but aid being provided to the poor (*ptochoi*) and the organization of charity in the churches.

This is the ethical heritage of Catholic social thought, in the light of which it sought to understand the role of profit in commercial society.⁷³ The search for profit as an aim in itself has been seen over the centuries as avarice, one of the capital vices. However, in economic life, the quest for material wealth is a prime motivation, a fact Catholic theology could not ignore. The general trend of medieval Scholasticism was therefore to justify a moderate profit, not as an end in itself, but insofar as it was needed for the merchant's sustenance and that of his family and for maintaining (but not improving) his social position, for the common good, and for almsgiving.⁷⁴ Modern Catholic social thought still more or less moves along the same lines. Of course, with the emergence of social mobility and particularly of the commercial society replacing the feudal system, the social implications of the faith had to unfold in a changed context, and the wish to improve one's social position was no longer seen as avarice. The concept which best expresses the contemporary position of Catholic social teaching is "integral development."⁷⁵ This is a combination of economic growth and the moral, spiritual, and cultural aspects of human life. Economic growth, material prosperity, and wealth are without doubt necessary conditions for living in dignity and

freedom, but they are insufficient. Health care, education, faith, and family life are values without which happiness cannot be attained. In this sense, Pope Francis has demanded:

nourishment or a “dignified sustenance” for all people, but also their “general temporal welfare and prosperity.” This means education, access to health care, and above all employment, for it is through free, creative, participatory, and mutually supportive labor that human beings express and enhance the dignity of their lives. A just wage enables them to have adequate access to all the other goods which are destined for our common use.⁷⁶

Together with all other Christian traditions, Catholic social thought has therefore throughout the centuries made present Christ’s healing love among the sick, the hungry, and the miserable, not only alleviating the effects of immediate privations, but also struggling to overcome their causes. This is also the best way to secure internal and external peace. Paul VI put it this way with the iconic phrase: “Development, the new name for peace.”⁷⁷ At the same time, Catholic social thought stresses interior detachment from all material wealth, also within the Church. One of the hallmarks of Pope Francis’s goals for reform of the Church is his attack on any form of “spiritual worldliness.”⁷⁸

Markets, exchange, value, and just price

It would appear that, on the level of individual nations and of international relations, the *free market* is the most efficient instrument for utilizing resources and effectively responding to needs. But this is true only for those needs which are “solvent”, insofar as they are endowed with purchasing power, and for those resources which are “marketable”, insofar as they are capable of obtaining a satisfactory price. But there are many human needs which find no place on the market. It is a strict duty of

justice and truth not to allow fundamental human needs to remain unsatisfied, and not to allow those burdened by such needs to perish.⁷⁹

That the exchange of goods is a necessity of everyday life, as well as the core and essence of economic activity, is accepted without question in the Catholic tradition of social thought. Catholic social teaching does not attempt to explain the economy analytically in the scientific sense but strives to imbue it with ethical and spiritual values. However, in order to do so it must understand and accept the laws and logic of markets. The Catholic tradition of reflection on economic exchange emphasizes the *justice* of prices and wages. What makes a price or a wage just is not easy to establish; usually it simply means the competitive market price. However, as has already been stated, Catholic social teaching is based not on economic but rather on moral theory. The concept of a *just* price and a *just* wage conveys the idea that there exists a measure besides and beyond money. In medieval economic ethics, for instance, reference to the estimation of the market or to what we would call the market price was understood as a standard of justice (not merely as an economic outcome of negotiations), meant to protect the buyer from economic coercion: a special need or urgency of the buyer or the seller should not cause the price to rise above the usual market average.⁸⁰ The Catholic tradition over the centuries has also consistently and unanimously condemned market manipulations in the form of monopolies or oligopolies.⁸¹

Exchange regularly takes place in markets created by commercial dealings among merchants. The Church Fathers, although they wrote quite infrequently about the theme, had a positive or neutral attitude toward commerce and trade, presupposing its moral admissibility. The social concerns of the Church Fathers centered upon the protection of the poor from exploitation, and social aid to the sick, widows, and orphans, as well as foreigners. Consequently, they preached

against irresponsible luxury and wealth, and against usury, understood as oppressive interest rates on loans to the poor. This attitude simply echoes the Bible itself.⁸²

St. Augustine, the greatest authority of Latin Antiquity, defended commerce against wholesale condemnation; according to him, the vices observed in commercial dealings were to be blamed on the individual merchants, not on commerce as such.⁸³ It was in the feudal period that a negative view of commerce entered the Christian tradition. The feudal society was ordered according to a principle of “hierarchical representation”: the knights fought for and defended all, the monks and nuns prayed and did penance for all, and the farmers worked for and fed all. The cultural value horizon created by such a social order had little space for merchants, who seemingly did nothing for others, and only put money in their pockets. Thus a commentary on Matthew from the sixth century says that just as Jesus expelled the merchants and money changers from the temple, the Church had to be liberated from businesspeople! This idea was reinforced when it was introduced in the *Decretum Gratiani*, an eleventh-century collection of Church laws.⁸⁴ Such a harsh judgment could not be maintained for long.⁸⁵ The general attitude in the Catholic tradition of social thought is that commerce and markets are necessary and useful social realities, and are thus seen in a positive light. The same is not true of capitalism—the European Catholic tradition (as opposed to the Anglo-American tradition) tends to distinguish “markets” from “capitalism.” In the European tradition, capitalism is generally regarded negatively as a system of exploitation.

When Pope John Paul II published his encyclical *Centesimus Annus* after the collapse of the Communist bloc, he was well aware of these different interpretations and traditions. His encyclical is a critical endorsement of the free market economy and of Western liberal and social constitutional democracies based on the rule of law. His distinctions and definitions are still worth repeating:

Can it perhaps be said that, after the failure of Communism, capitalism is the victorious social system, and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? . . .

. . . If by “capitalism” is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a “business economy,” “market economy” or simply “free economy.” But if by “capitalism” is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.⁸⁶

Eighteen years later Benedict XVI approached the topic of markets quite differently. The circumstances had changed. Not only had the Western world just been through its worst financial and economic crisis since 1929, but the intellectual context had become dominated by post-modernism. Post-modernism rejects all universal narratives of meaning: all meaning and sense in life is subjective and of one’s own choice. As it were, each one of us sits on his or her own cloud, without connection to others because there is no sky in common. Post-modernism thus also implicitly rejects the notion of *essential* differences between people in the strong sense of the word, accepting only the notion of diversity as the result of individual choice. Personal identity, for example, has become fluid. People have no stable personal profile anymore; it can change continuously because no objective limits on self-definition are accepted, a fact which can be seen in the ever-growing number of genders.

Without *difference* in the strong sense of the word, true duality and thus relationship are not possible because they both presuppose objective difference. In such a cultural context, Benedict XVI proposed rethinking the Holy Trinity in its social dimension and rediscovering the human person as relationship. According to Benedict, personhood does not consist in mere individuality, as personality might, but in a communion of relationships that make possible what is typically human in us: love, comprehension, dignity, freedom, etc. Benedict XVI thus rethinks the markets as engendering relationship:

In a climate of mutual trust, the *market* is the economic institution that permits encounter between persons, inasmuch as they are economic subjects who make use of contracts to regulate their relations as they exchange goods and services of equivalent value between them, in order to satisfy their needs and desires. The market is subject to the principles of so-called *commutative justice*, which regulates the relations of giving and receiving between parties to a transaction. But the social doctrine of the Church has unceasingly highlighted the importance of *distributive justice* and *social justice* for the market economy, not only because it belongs within a broader social and political context, but also because of the wider network of relations within which it operates. In fact, if the market is governed solely by the principle of the equivalence in value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. *Without internal forms of solidarity and mutual trust, the market cannot completely fulfill its proper economic function.*⁸⁷

These considerations fit into the overall project of Benedict XVI of serving the political and economic society indirectly by helping to broaden the concept of reason: faith and reason, religion and society, need each other and “should not be afraid

to enter into a profound and ongoing dialogue, for the good of our civilization.”⁸⁸ For this reason too, Benedict XVI wrote that the social problem has become a radically anthropological one.⁸⁹ The human person has become an object of technical manipulation, economic exploitation, and political and military subjection, as has become apparent in the appalling mass migration that is taking place on the European doorstep. With science we know *what* man is, but we do not know *who* he is, or what he is here *for*. For Benedict XVI, love is central to answering the anthropological question. Only love is credible; the central element of the new evangelization of society is Christian love. The challenge of charity is the principal legacy that Benedict XVI left to Catholic social teaching on markets. It is formulated as a challenge, leaving the answers to the question of how to insert charity into normal business dealings to those operating in the field:

The great challenge before us, accentuated by the problems of development in this global era and made even more urgent by the economic and financial crisis, is to demonstrate, in thinking and behavior, not only that traditional principles of social ethics like transparency, honesty and responsibility cannot be ignored or attenuated, but also that in *commercial relationships* the *principle of gratuitousness* and the logic of gift as an expression of fraternity can and must *find their place within normal economic activity*. This is a human demand at the present time, but it is also demanded by economic logic. It is a demand both of charity and of truth.⁹⁰

Gift, gratuitousness, and fraternity are concepts that at first glance have little to do with business, but the fact that they are employed by Benedict provides us with a number of important insights⁹¹ that also highlight the continuity between Benedict XVI and his charismatic successor Francis. We will return to them later on.

Pope Francis is pursuing a program of “radical evangelism.” For professors of hard-core economics, the Pope’s economic statements sound too much like easily-stated claims of absolute truth, insufficiently technical to be taken seriously as a scientific contribution to defining and understanding the markets. I think the Pope would agree with this: he does not pretend to be, nor does he want to be an economist. However, there are economists who are open to social concerns and who want to go beyond a merely technical comprehension of their subject, and who therefore agree with the aims proposed by the Pope. These economists have joined forces with him in conducting research that focuses on topics such as the inclusion of the poor in the market economy, the importance of ethics in economics, the struggle against any form of corruption and cronyism, and related topics.

The Latin American pope has brought new vigor, life, and joy into Catholic social teaching. But the Anglo-American tradition can also make a valuable contribution to Catholic social thought: the positive experience of inclusive political and economic institutions that are just as necessary as individual virtues like charity and mercy, if not more so.

Finance and Financial Markets

Finance . . . needs to go back to being an *instrument directed towards improved wealth creation and development*. Insofar as they are instruments, the entire economy and finance, not just certain sectors, must be used in an ethical way so as to create suitable conditions for human development and for the development of peoples. . . . Financiers must rediscover the genuinely ethical foundation of their activity, so as not to abuse the sophisticated instruments which can serve to betray the interests of savers. Right intention, transparency, and the search for positive results are mutually compatible and must never be detached from one another. . . . Both the regulation of

the financial sector, so as to safeguard weaker parties and discourage scandalous speculation, and experimentation with new forms of finance, designed to support development projects, are positive experiences that should be further explored and encouraged, highlighting *the responsibility of the investor*.⁹²

Money existed in primitive societies in the form of sea-shells, cattle, pieces of metal, and finally coins and the forms of money we use today. Since its invention money has played a decisive role in exchange economies. Why is money so attractive? Be it in the form of metal coins or banknotes, of book money, non-cash money, or digital bitcoins, we can neither eat it nor immediately use it as a tool. It is a symbol, and yet, political power is at its command, nations are under its sway, armies march at its behest, and we all scramble after it. What is it that makes money so powerful, that overcoming its temptation is practically a miracle? St. Thomas Aquinas comments on the passage of Matthew in which Jesus asks Peter to catch a fish, take the coin he would find in its mouth, and pay the temple tax with it: Thomas says that whoever constantly talks of money and wealth has a coin in his mouth. Whoever converts such a person and removes his overweening desire for money has miraculously caught a fish and fulfilled Christ's command. He has freed the person from slavery to money.⁹³ Mary L. Hirschfeld has pointed out that "money mimics God as the object of human desire for the genuine infinite good [God], diverting that desire to the simulacrum of an indefinite accumulation of finite goods, or, even worse, of money itself."⁹⁴ The only true infinite good is God, who alone can fulfill our desire for infinite good. When a human being turns away from God, and thus also away from his or her true happiness, surrogates fill God's place. Among these money beckons with its appearance of unlimited possibilities. It contains a false promise that ignites in us the "greed for gain, which knows no limit and tends to infinity."⁹⁵ Money is therefore dangerous.

On the other hand, we need money. Any good project in this world—for instance a university—needs money. A colleague at my university once jokingly (but also half-seriously) described to me its (fictitious) coat of arms: a hippopotamus in a river with its mouth wide open, and a man standing on a bridge over it, pouring a sack of gold into its mouth! I will leave the interpretation of this image to the reader's imagination; however, one thing is clear: at some point, the hippopotamus has had enough. More would be greed; more would damage, not serve. Money is a two-faced Janus: it has a good side but also a very dangerous one.⁹⁶

In his pastoral speeches, Pope Francis reflects this ambiguity. Speaking to representatives of Italian cooperatives the Holy Father said:

It takes money to do all these things! Cooperatives in general are not established by large capitalists, but rather it is often said that they are structurally undercapitalized. Instead, the Pope tells you: you must invest, and you must invest well! In Italy of course, but not only, it is difficult to obtain public funds to compensate for a shortage of resources. This is the solution I propose to you: bring good means together with determination in order to accomplish good works. Collaborate more among cooperative banks and businesses; organize resources to enable families to live with dignity and serenity; pay fair wages to workers, investing above all in initiatives that are truly necessary.⁹⁷

On the other hand, the Pope has warned against the idolatry of money time and again. With St. Francis, he has called it the “devil’s dung,” and cries: “Money must serve, not rule!”⁹⁸ Accountancy, which is an important service for any business, seems to cause an allergic reaction in Pope Francis,⁹⁹ and he is not alone in this difficulty.

Today, when we refer to finance we mean not simply money but financial capitalism as it has developed in the

Western world. The financial sector has grown enormously over recent decades due to globalization and the reduction of international barriers to exchange. In financial capitalism, financial assets acquire a prevailing importance to the point of determining the performance of the economy. This, as such, is not bad; rather, it is typical of advanced or developed economies.¹⁰⁰ Finance is an *indispensable* element of modern free market economies. In order to function well, the financial market must be liquid—meaning that the owner of a financial position can trade it with ease, if for example he or she wishes to diversify his or her portfolio to reduce risk. Liquidity is important because it reduces transaction costs and the costs of capital in general, thereby encouraging investment, generating more profits, raising wages, and creating wealth that can be used to address social and environmental needs.¹⁰¹

Across the political spectrum, thinkers agree that well-functioning, ethically sound financial markets, systems, and institutions are integral to economic growth and well-being.¹⁰² Economic research provides empirical evidence that finance fosters growth, promotes entrepreneurship, supports education, alleviates poverty, and reduces inequality.¹⁰³ Developmental economists share the conviction that poverty is more often caused by an absence of financial institutions rather than their existence.¹⁰⁴

So, why the aversion to finance in some quarters? Perhaps because, despite all its positive effects, recent decades have also brought out some sobering consequences of financial capitalism—the fragility of the financial system has unequivocally come to the fore in bank runs, moral hazards, boom-and-bust cycles, systemic distress, bank failures, and currency crises.¹⁰⁵ Within the last fifteen years there has been an excessive expansion of credit and excessive monetary expansion in general. There has also been a terrifying amount of unethical conduct in the financial sector: “not a day passes without news of a fresh financial scandal.”¹⁰⁶

Furthermore, the findings of Piketty on the re-emergence of a class of rentiers—that is, of people who live off the rent of capital—is hardly surprising.¹⁰⁷ Academics who clearly support capitalism have affirmed that:

The link between the size of the financial sector and economic growth weakens—or even reverses—once countries become rich and reach the technological frontier. Now rent seeking in financial markets can lead to great private gains but have little impact on economic growth. Growth is actually harmed to the extent that talented risk takers are drawn into the financial sector to engage in rent transfers, rather than starting businesses and engaging in rent creation.¹⁰⁸

These authors acknowledge that “there is no theoretical reason or empirical evidence to support the notion that all the growth of the financial sector in the last forty years has been beneficial to society,” because a major component of this growth has consisted of “pure rent seeking,” that is, activities that have only profited individuals without any attendant work or service to others.¹⁰⁹

The dark side of finance alone, however, does not suffice to answer the question as to why something so clearly useful is viewed by some in such a dubious ethical light. Many other industries, like the pharmaceutical or the chemical industries, not to mention politics, have endured terrible scandals without anyone doubting the justification for their existence. Why is the case of finance different? Although people might not like Bill Gates, they can immediately appreciate the advantages of the PC. They do not, however, immediately feel the same way about the benefits of a liquid financial market, especially when it is working well. And when things go awry, the public usually blames the bankers. The reputation of finance is very low because it is seen as serving private interests and not the public good. This creates “envy and

public resentment... There is a natural public dislike towards finance.”¹¹⁰ This is dangerous because “without public support, the best form of finance – the competitive, democratic, and inclusive finance – cannot operate.”¹¹¹

There is also diffused skepticism about finance in the Christian tradition, especially the Catholic tradition. St. Josemaría, for instance, had to overcome great difficulties in convincing the Holy See that lay Christians who earnestly strive for holiness can work in business and finance.¹¹² This should not surprise us: St. Josemaría was up against molds of spirituality that viewed the holiness of religious as the only model. Thomas Aquinas, for example, taught that clerics and religious should refrain from commerce because they should not only avoid what *is* evil but also what *seems* to be evil, as was—according to him—the case for business because of the vices frequently connected with it.¹¹³ However, this attitude does not have its source in Scripture or the Church Fathers, who, as noted above, had either a positive or neutral attitude toward commerce. The Church Fathers for instance expressed the history of salvation in the monetized language of the ancient commercial society in which they lived—“redemption,” the “economy of salvation,” and other expressions and parables are taken from financial and business language. The deepest reason for the Church’s wary stance toward commerce and finance in the past was her concern about avarice or greed, defined as “immoderate love of possession.”¹¹⁴ After Gregory the Great systematized the capital vices,¹¹⁵ there was an ongoing debate among the Scholastic teachers concerning whether pride or avarice was the worst sin of all. The Bible offered support for both positions.¹¹⁶ In any case, in Scholastic eyes merchants and especially financiers were in constant danger of avarice because they worked for profit. They wanted to increase their wealth. The profit motive as such was condemned as avarice.

Nonetheless, there is no condemnation of money either in the medieval Dominican or Franciscan Schools. Following Aristotle, these Schools saw money as a measure of value, a

means of exchange, and a store of wealth.¹¹⁷ Nor was there any condemnation of money and finance as such in the School of Salamanca, which incorporated the positive elements of Renaissance humanism into the Catholic tradition.¹¹⁸

This latter point is important for the topic at hand because a semantic shift regarding avarice had taken place in the civic humanism of the Renaissance, particularly in Florence. The new upward mobility in society had justified the profit motive and the desire for greater wealth. The boundaries of permissible growth had been expanded, and the answer to the question when enough was enough had become gray.¹¹⁹ In this new cultural horizon, finance could be seen in a slightly more positive light, albeit still fraught with moral peril. Domingo de Soto (1494–1560), the author of the first textbook of moral theology as an independent discipline, explained that the reason for his literary endeavors was the complexities of finance and the need to guide the Christian conscience in the field of contemporary business.¹²⁰ Because of this, finance is at the origin of modern moral theology.

There is, however, one significant, decisive difference between the Scholastic view and some modern views of money. In the medieval tradition, money is placed at the service of the so-called “economic cycle”: goods are exchanged for other goods with the help of money as a means of exchange and as a measure of value between disparate commodities. The economic cycle thus is Goods (G)—Money (M)—Goods (G). Goods are the aim and measuring stick of money. Money is measured and limited by goods. There is no need for more money than the value of the goods that are available for purchase.

This explains why just price and just wage were and are so central to the Catholic tradition. I am aware of the great difficulties attached to these notions and of the debates on the various definitions of value. However, as has already been stated, the notion of justice in business fundamentally expresses the idea that there is a measure of value beyond money: goods should be truly good and services truly serve.

Thus, the Scholastics, following Aristotle, opposed the so-called “chrematistic cycle” in which money in itself is the aim. In this cycle, money is exchanged for goods in order to acquire more money, which is a reversal of the scheme described above: M—G—M. For the Scholastics, there is no objective end to this cycle. In the economic cycle, goods are measured by needs or at least wants, and there is an objective limit to what a person can physically consume or possess. In the chrematistic cycle, in contrast, money is pure potentiality and is infinitely expandable.

The rejection of the chrematistic cycle is one of the reasons for the canonical and theological condemnation of usury. For nearly a thousand years of Church history, any form of interest on loans was condemned as intrinsically evil.¹²¹ A thorough discussion of the historical development of, and the debates surrounding, this prohibition is beyond the scope of the present chapter. However, this much must be said: when Thomas Aquinas and the other Scholastic teachers came to reflect on the matter, the condemnation of usury was already a centuries-old tradition in the Church, as confirmed by the pronouncements of popes and councils.¹²² It thus had become a question of faith, which medieval theologians supported rationally from a natural law perspective. In his book *De Malo*, Aquinas, for instance, lists twenty-one arguments against the charging of interest.

For practical commercial and financial reasons, for example, the creditor’s evident opportunity costs of holding onto liquid funds and the default risk of the debtor, the Catholic tradition developed a distinction between mere money and capital.¹²³ When a merchant invested money it acquired a seminal character: it became an instrument, grew, and bore fruit. When the merchant extended a loan from his capital, he was thus entitled to interest (not usury). This typically “Catholic” form of finance was employed until the end of the eighteenth century, and as late as 1745, Pope Benedict XIV re-affirmed it in his encyclical *Vix pervenit*.¹²⁴

I am not arguing for a return to such a regime, but for the wisdom of the insight into the difference between money and capital. Benedict XVI called for a renewal of the entire financial system in the hope that it could once again be “an instrument directed towards improved wealth creation and development.”¹²⁵ This requires a sober intention of putting financial capital at the service of productive activity. Francis has similarly complained that the “lessons of the global financial crisis have not been assimilated,” and that “finance overwhelms the real economy.”¹²⁶ Both recent pontiffs are in line with the medieval skepticism of increasing wealth through purely monetary operations, and both agree about the evils of consumerism.

In view of the potential moral dangers of finance described here, a Christian might feel inclined to avoid getting involved in it. However, this attitude would miss an important point: following the logic of Christ’s Incarnation, Christians must not withdraw from the world, but rather should engage with its temporal structures, sanctifying them from within through the light of truth and the warmth of love.¹²⁷ Christ has redeemed the whole of reality, including finance, and continues to do so through the efforts of Christians. Christians today should therefore be leaders of social innovation joined to moral improvement. This implies avoiding investments in unethical activities (for instance, abortion, contraception, illicit drugs, and child labor, but also socially unjust or ecologically damaging production), and requires the moral strength to reflect on the avoidance of foolish private and public debt. In many cases, the correct moral decision will not be clear. The color of the markets is often not black and white but gray: frequently investors will have to apply the principle of double effect or the moral rules governing material cooperation in evil. Christian behavior should also put the central Christian commandment into effect: love of God and neighbor. Along this line, Benedict XVI posed the challenge of introducing love into social macro-relationships, thus expanding its limits beyond the sphere of

family or friends.¹²⁸ One way of doing this, for example, is charitable investment decisions (not donations but impact investments). Christians have a lot to contribute by advocating for the anthropological dimension of money as a medium of virtuous relationships. The cardinal virtues—practical wisdom, justice, temperance, and courage—are all extremely necessary in order to correctly assess whether particular financial products are means to good ends, to rein in greed, and to control our “animal spirits” and “irrational exuberance.” The possibility of leading a virtuous life can encourage Christians who are active in finance to evangelize in their walk of life. Evangelization, so dear to Pope Francis, is a program of cultural transformation that starts with the affirmation of the goodness of what exists. It then proceeds to cleanse it of its sinful elements.¹²⁹ This second step, the cleansing process, unfolds in three actions: the proclamation of values (or practical truths), offering exemplary practices (virtues, best practices), and the creation of institutions.¹³⁰

As I will try to show in the following pages, Pope Francis has sent strong moral messages to business and finance following Catholic social thought but with his own particular style and accent. The Pope’s messages, I think, can give important positive stimuli to a Christian business leader’s vocation, but they have not always been perceived as positive by quite a number of people in the United States. On the basis of traditional Catholic social thought, I will now specifically analyze Pope Francis’s message on business.

Notes to Chapter One

1. John Paul II, Apostolic Exhortation *Christifideles Laici* (December 30, 1988), 59, quoting himself from multiple prior occasions.
2. On the following pages I also call the Catholic social tradition the “tradition of Catholic social thought” or the “Catholic tradition of social thought.” See Johan Verstraeten, “Re-thinking Catholic Social Thought as Tradition,” in *Catholic Social Thought: Twilight or Renaissance?*, ed. Jonathan Boswell,

- Francis P. McHugh, and Johan Verstraeten (Leuven: Leuven University Press, 2000), 59–77.
3. See Mt 22:21 and parallels in Mark and Luke.
 4. Benedict XVI, *Address in the Reichstag Building on His Visit to the Bundestag*, September 22, 2011. To this quotation one might add that there have been peripheral Christian groups that have tried to implement a revealed social order in a fundamentalist way.
 5. See Hugo Rahner, *Church and State in Early Christianity* (San Francisco: Ignatius Press, 1992); Martin Rhonheimer, *Christentum und säkularer Staat* [Christianity and the secular state] (Freiburg: Herder, 2012).
 6. Luther taught that God ruled the whole universe in the form of two kingdoms: the secular kingdom He ruled through law and coercion; the heavenly one through Gospel and grace. See Robert Kolb, “Two-Kingdoms Doctrine,” in *The Encyclopedia of Christianity*, vol. 5, ed. Erwin Fahlbusch et al. (Grand Rapids: Eerdmans–Brill, 2008), 569–75; Reiner Anselm, “Zweireichelehre I,” in *Theologische Realenzyklopädie*, vol. 36, ed. Gerhard Müller (Berlin: De Gruyter, 2004), 776–84; Wilfried Härle, “Zweireichelehre II,” in *ibid.*, 784–89; Max Josef Suda, *Die Ethik Martin Luthers* [The Ethics of Martin Luther]. (Göttingen: Vandenhoeck & Rupprecht, 2006), 117–37; Harold J. Berman, *Law and Revolution II: The Impact of the Protestant Reformations on the Western Legal Tradition* (Cambridge, MA: Harvard University Press, 2003), especially 40–42, 177.
 7. See especially Thomas Hobbes, *Leviathan*, ed. J. C. A. Gaskin (Oxford: Oxford University Press, 2009), 3.42.
 8. Francisco De Vitoria developed his theory of *potestas indirecta* in connection with the Spanish conquest of America, of which he is deeply critical, in “Relectio De potestate Ecclesiae prior,” in *Obras de Francisco de Vitoria: Relecciones teológicas*, ed. Teófilo Urdanoz (Madrid: BAC, 1960), 242–327. For more information see Luciano Pereña, “La Escuela de Salamanca y la duda indiana,” in *Francisco de Vitoria y la Escuela de Salamanca: La ética en la conquista de América*, ed. Demetrio Ramos (Madrid: CSIC, 1984), 291–344.
 9. See Robert Bellarmine, “Controversiarum De Summo Pontifice Liber Quintus (De potestate Pontificis temporalis),” in *Roberti Bellarmini Opera Omnia*, vol. 2, ed. Justinus Fèvre (Paris: Vivès, 1870); a partial English edition of various writings can be found in Robert Bellarmine, *On Temporal and Spiritual Authority*, ed. Stefania Tutino (Indianapolis: Liberty Fund, 2012).
 10. Benedict XVI, *Address in the Reichstag Building*.
 11. Cf. Bellarmine, “Controversiarum,” 5.6.
 12. Austen Ivereigh, *The Great Reformer: Francis and the Making of a Radical Pope* (New York: Holt, 2014), 27.
 13. See José Casanova, *Public Religions in the Modern World* (Chicago: The University of Chicago Press, 1994), 62–63.
 14. See Vatican Council II, Pastoral Constitution *Gaudium et Spes*, December 7, 1965, 36.

15. Modernity has been characterized as a process of “secularization” by Ernst-Wolfgang Böckenförde, “Die Entstehung des Staates als Vorgang der Säkularisation,” in *Recht, Staat, Freiheit: Studien zur Rechtsphilosophie, Staatstheorie und Verfassungsgeschichte* (Frankfurt: Suhrkamp, 2006), 92–114. See also Ernst-Wolfgang Böckenförde, *Der säkularisierte Staat: Sein Charakter, seine Rechtfertigung und seine Probleme im 21. Jahrhundert* (München: Carl Friedrich von Siemens Stiftung, 2007), 75; Josef Isensee, “Die katholische Kritik an den Menschenrechten: Der liberale Freiheitsentwurf in der Sicht der Päpste des 19. Jahrhunderts,” in *Menschenrechte und Menschenwürde*, ed. Ernst-Wolfgang Böckenförde and Robert Spaemann, (Stuttgart: Klett-Cotta, 1987), 138.
16. Benedict XVI, Encyclical Letter *Deus Caritas Est* (December 25, 2005), 28a; see also Benedict XVI, *Address in Westminster Hall*, September 17, 2010.
17. Pope Paul VI summarized the spirit of the Council with these two concepts in his *Address During the Last General Meeting of the Second Vatican Council*, December 7, 1965.
18. John Paul II, Encyclical Letter *Evangelium Vitae* (March 25, 1995), 20. See also Russell Hittinger, “Introduction to Modern Catholicism,” in *The Teachings of Modern Roman Catholicism on Law, Politics, and Human Nature*, ed. John Witte Jr. and Frank S. Alexander (New York: Columbia University Press, 2007), 1–38, 32.
19. Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (Vatican City: Libreria Editrice Vaticana, 2005), 204–5. Henceforth CSDC.
20. Benedict XVI, Encyclical Letter *Caritas in Veritate* (June 29, 2009), 2.
21. See Rom 14:17. Unless otherwise noted, this and all other Scripture quotations are taken from the New American Bible, Revised Edition (NABRE).
22. See John Ziesler, “Righteousness,” in *The Oxford Companion to the Bible*, ed. Bruce M. Metzger and Michael D. Coogan (Oxford: Oxford University Press, 1993), 655–56; Pinchas Lapide, *Il discorso della montagna. Utopia o programma?* (Brescia: Paideia, 2003), 31–33.
23. See Arturo Belloq Montano, “What is Catholic Social Teaching in the Mission of the Church?” in *Handbook of Catholic Social Teaching: A Guide for Christians in the World Today*, ed. Martin Schlag (Washington, D. C.: The Catholic University of America Press, 2017), nn. 19–46.
24. See my chapter “Catholic Social Teaching on the Economy: Pope Benedict XVI’s Legacy,” in *Free Markets with Solidarity and Sustainability: Facing the Challenge*, ed. Martin Schlag and Juan Andrés Mercado, 178–96 (Washington, D. C.: The Catholic University of America Press, 2016).
25. For this useful distinction, see Lothar Roos, “Tugendethik und Ordnungsethik: Papst Franziskus und die Soziallehre der Kirche,” *Die Neue Ordnung* 70, no. 6 (2016): 424–34.
26. For all these quotations, see Leo XIII, Encyclical Letter *Rerum Novarum* (May 15, 1891), 1–3.

27. See *ibid.*, 4.
28. See Francis, *Address at the Conferral of the Charlemagne Prize*, May 6, 2016.
29. *Ibid.*
30. *Ibid.*
31. I analyze some institutions, including private property, markets, finance, etc., and some issues surrounding the ethics of these institutions, in the following sections. My goal is to point out at the beginning of my considerations the strengths but also the gaps in Francis's teaching to date.
32. Here the CSDC references John Paul II, Encyclical Letter *Centesimus Annus* (May 1, 1991), 6.
33. Here the CSDC quotes Leo XIII, *Rerum Novarum*, 8.
34. CSDC, 176–77. Here the CSDC quotes John Paul II, Encyclical Letter *Laborem Exercens* (September 14, 1981), 14.
35. See Jos 13:1–7, 18–19.
36. See Mt 16:24–26; 19:16–30; Lk 12:33; Mk 10:17–21; Mt 6:24; Mt 6:19; Mk 10:23; Acts 4:32–35; Col 3:5; 1 Cor 6:10.
37. Cf. 1 Cor 7:30.
38. See Lk 16:9. Matthew S. Kempshall, in *The Common Good in Late Medieval Political Thought* (Oxford: Clarendon Press, 1999), 21–23, points to the convergence between Stoic and Augustinian thought. However, it should not be forgotten that Augustine was, of course, primarily inspired by the Bible.
39. Cf. Augustine, “Sermon 50,” in *Sermons II (20–50) on the Old Testament*, trans. Edmund Hill, vol. 3.2, *The Works of Saint Augustine: A Translation for the 21st Century*, ed. John E. Rotelle (Brooklyn, N.Y.: New City Press, 1990), 345–46, n. 4.
40. Cf. Augustine, “Tractate 6,” in *St. Augustine: Tractates on the Gospel of John 1–10*, trans. John W. Rettig, *The Fathers of the Church* 78 (Washington, D. C.: The Catholic University of America Press, 1988), 152, n. 25.2.
41. The *Decretum Gratiani* incorporated the reduced Augustinian teaching, stating that private property did not belong to natural but to civil law. See *Decretum Gratiani*, vol. 1, *Corpus iuris canonici*, ed. Emil Ludwig Richter and Emil Friedberg (Graz: Akademische Druckund Verlagsanstalt, 1955), Parts I, D.; VIII.
42. This idea is expressed by the concept of “the universal destination of goods,” cf. CSDC, 171–84.
43. This notion expresses the contrast between communism, in which all property belongs to the State or the Communist Party, and thus to someone, and the patristic idea that things do not belong to anyone, and thus to all. Cf. Arthur Fridolin Utz, *Kommentar zu Thomas von Aquin, Summa Theologiae II-II, qq 57–79, Recht und Gerechtigkeit, Band 18 der deutsch-lateinischen Ausgabe der Summa Theologiae, übersetzt von den Dominikanern und Benediktinern Deutschlands und Österreichs* (Heidelberg: Gemeinschaftsverlag F. H. Kerle, 1953), 508. Cf. also Thomas Aquinas, *Summa Theologiae*, ed. Thomas Gilby, O. P., 61 vols. (Cambridge:

- Blackfriars, 1964–80) II-II, q. 66, a. 1, where he distinguishes power over the nature of things, which belongs to God alone, and power over the use of things, which belongs to man.
44. Pope Francis quoted this phrase in his Apostolic Exhortation *Evangelii Gaudium* (November 24, 2013), 57. It is taken from John Chrysostom, “De Lazaro,” in *Patrologiae cursus completus: Series graeca*, vol. 48, ed. J. P. Migne (Paris: Imprimerie Catholique, 1862), II, 6, p. 992.
 45. Thus Thomas rendered two of Aristotle’s arguments, adding one of his own on order: *Summa Theologiae*, II-II, q. 66, a. 2; Thomas Aquinas, *In Libros Politicorum Aristotelis Expositio*, ed. Raimondo Spiazzi (Roma: Marietti, 1966), Book 4, lectio 4; cf. also Odd Langholm, *Economics in the Medieval Schools: Wealth, Exchange, Value, Money & Usury According to the Paris Theological Tradition, 1200–1350* (Leiden: E. J. Brill, 1992), 210–16.
 46. Cf. *Summa Theologiae*, II-II, q. 57, a. 3c and I-II, q. 94, a. 5 ad 3.
 47. Cf. John Duns Scotus, *Ordinatio IV*, in *Opera Omnia*, vol. 13, ed. Commissio Scotistica (Civitas Vaticana: Typis Vaticanis, 2011), d. 15, q. 2, a. 1, n. 1, p. 79.
 48. Cf. Scotus, *ibid.*, d. 15, q. 2, a. 1, n. 2, p. 79. Scotus had already brought forth the same argument in *Ordinatio III*, d. 37, q. unica, in *ibid.*, vol. 19.
 49. Cf. Scotus, *Ordinatio IV*, d. 15, q. 2, a. 1, n. 1, p. 79.
 50. See Alejandro A. Chafuen, *Faith and Liberty: The Economic Thought of the Late Scholastics* (Lanham: Lexington Books, 2003), 31–50.
 51. Cf. John Locke, “The Second Treatise of Government,” in *Two Treatises of Government and A Letter Concerning Toleration*, ed. Ian Shapiro (New Haven: Yale University Press, 2003), especially chapters V and VII, 111–21, 133–41. In the context of Locke’s labor theory of property, the so-called “Lockean Proviso” is a certain corrective. Locke presupposed that the original acquisition of property through the mingling of work with natural resources occurred in circumstances in which there was an abundance of land, water, and other resources. Thus the acquisition of property by one person left ample possibility that property could also be acquired by others. See *ibid.*, chapter V, paragraph 33.
 52. Leo XIII speaks of private property in several passages of the encyclical, see 4, 8, 15, 22, 38 and 47. This last paragraph is especially clear: “The right to possess private property is derived from nature, not from man; and the State has the right to control its use in the interests of the public good alone, but by no means to absorb it altogether.”
 53. See Francis, *Evangelii Gaudium*, 189: “Solidarity is a spontaneous reaction by those who recognize that the social function of property and the universal destination of goods are realities which come before private property. The private ownership of goods is justified by the need to protect and increase them, so that they can better serve the common good.”
 54. John Paul II, *Centesimus Annus*, 35.
 55. See Hans Kvalbein, “Poor/poverty,” in *New Dictionary of Biblical Theology*, ed. T. Desmond Alexander and Brian S. Rosner (Leicester: Inter-Varsity

- Press, 2003), 687–91; S. A. Panimolle, ed., *Ricchezza – Povertà nella Bibbia* [Wealth – Poverty in the Bible], vol. 59, *Dizionario di spiritualità biblico-patristica* (Roma: Borla, 2011); J. David Pleins, “Poor, Poverty (OT),” in *The Anchor Bible Dictionary*, vol. 5, ed. David Noel Freedman (New York: Doubleday, 1992), 402–14; Thomas D. Hanks, “Poor, Poverty (NT),” in *ibid.*, 414–24.
56. See the book of Job; Ps 37, 51, 72, etc.
 57. Pleins, “Poor, Poverty (OT),” 411–13; Kvalbein, “Poor/poverty,” 688.
 58. Cf. Frédéric Manns, “Ricchezza e povertà nel giudaismo intertestamentario,” in Panimolle, ed., *Ricchezza – Povertà nella Bibbia*, 73–97.
 59. Cf. Prv 6:11; 14:23; 21:5; 24:34.
 60. Mt 19:24; Mk 10:25; Lk 18:25.
 61. Mt 13:44–46.
 62. Cf. Mt 25:31–45.
 63. Some examples are: the calling of the rich man Levi in Matthew (Mt 9:9–13); dining with the rich Pharisee (Lk 7:36–50); as a guest of Lazarus, His anointment with precious balm (Jn 12:1–8).
 64. Zacchaeus is full of joy (Lk 19:1–10); in contrast, the rich man who is not detached from his wealth goes away very sad (Mt 19:16–22).
 65. “Tell the rich in the present age not to be proud and not to rely on so uncertain a thing as wealth but rather on God, who richly provides us with all things for our enjoyment. Tell them to do good, to be rich in good works, to be generous, ready to share, thus accumulating as treasure a good foundation for the future, so as to win the life that is true life.” (1 Tim 6:17–19).
 66. “Come now, you rich, weep and wail over your impending miseries. Your wealth has rotted away, your clothes have become moth-eaten, your gold and silver have corroded, and that corrosion will be a testimony against you; it will devour your flesh like a fire. You have stored up treasure for the last days. Behold, the wages you withheld from the workers who harvested your fields are crying aloud, and the cries of the harvesters have reached the ears of the Lord of hosts. You have lived on earth in luxury and pleasure; you have fattened your hearts for the day of slaughter. You have condemned; you have murdered the righteous one; he offers you no resistance.” (Jas 5:1–6).
 67. Cf. Kvalbein, “Poor/poverty,” 687; Fernando Rivas Rebaque, *Defensor pauperum: Los pobres en Basilio de Cesarea: homilias VI, VII, VIII y XIVB* [Defender of the poor: The poor in Basil of Cesarea. Homilies VI, VII, VIII, and XIVB] (Madrid: BAC, 2005).
 68. Cf. Paul Veyne, *A History of Private Life: From Pagan Rome to Byzantium*, vol. 1 (Cambridge, Mass.: Harvard University Press, 1987). Reprint 2012 as *The Roman Empire*.
 69. See Augustine, “Of the Works of Monks,” trans. H. Browne. In *Nicene and Post-Nicene Fathers, First Series*, vol. 3, ed. Philip Schaff. Buffalo, N.Y.: Christian Literature Publishing Co., 1887. New Advent website, ed. Kevin

- Knight, <http://www.newadvent.org/fathers/1314.htm>.
70. See the analysis and a selection of texts in Maria Grazia Mara, ed., *Ricchezza e povertà nel cristianesimo primitivo* [Wealth and poverty in early Christianity] (Roma: Città Nuova, 1991).
 71. See for instance Basil, "Homily VI (on avarice)," in Mara, *Ricchezza*, n.5, 169.
 72. The first Church Father to deal with the question of wealth in a positive sense was Clement of Alexandria. Clement of Alexandria, *Who is the Rich Man That is Being Saved?*, ed. Percy Mordaunt Barnard, in *Early Christian Classics* 66 (London: Society for Promoting Christian Knowledge, 1901).
 73. For a good overview of what the concept of commercial society means in the Anglo-Saxon context, see Christopher J. Berry, *The Idea of Commercial Society in the Scottish Enlightenment* (Edinburgh: Edinburgh University Press, 2013).
 74. E.g. Thomas Aquinas, *Summa Theologiae*, II-II, q. 77, a. 4c. For more detail see Langholm, *Economics in the Medieval Schools*, 221–36, 331–37; Joel Kaye, *Economy and Nature in the Fourteenth Century: Money, Market Exchange, and the Emergence of Scientific Thought* (Cambridge: Cambridge University Press, 1998), 132.
 75. Pope Benedict XVI's only social encyclical *Caritas in Veritate* is subtitled "On Integral Human Development in Charity and Truth." Even though it was published in 2009, it was meant to commemorate the fortieth anniversary of Pope Paul VI's 1967 encyclical on development, *Populorum Progressio*.
 76. Francis, *Evangelii Gaudium*, 192.
 77. This is a heading of one of the sections in Paul VI's encyclical *Populorum Progressio*.
 78. See Francis, *Evangelii Gaudium*, 93–97.
 79. John Paul II, *Centesimus Annus*, 34.
 80. Odd Langholm, *The Merchant in the Confessional: Trade and Price in the Pre-Reformation Penitential Handbooks* (Boston: Brill, 2003), 244–55.
 81. Cf. Diana Wood, *Medieval Economic Thought* (Cambridge: Cambridge University Press, 2002), 138–43; Langholm, *Economics in the Medieval Schools*, 408; Giacomo Todeschini, *Franciscan Wealth: From Voluntary Poverty to Market Society*, trans. Donatella Melucci (St. Bonaventure: Franciscan Institute Publications, 2009).
 82. See for example Sir 26:20–27:2: "A merchant can hardly remain upright, nor a shopkeeper free from sin; For the sake of profit many sin, and the struggle for wealth blinds the eyes. Like a peg driven between fitted stones, between buying and selling sin is wedged in."
 83. See Augustine, "Ennarationes in Psalmos," in *Corpus Christianorum, Series Latina*, vol. 39, (Turnholt: Brepols, 1956), Ps. 70, 17, p. 954; quoted, for example, by Thomas Aquinas in *Summa Theologiae*, II-II, q. 77, a. 4 *sed contra*.
 84. For a description of this position, see Wood, *Medieval Economic Thought*,

- 110–20; Martin Schlag, “The Encyclical *Caritas in Veritate*, Christian Tradition and the Modern World,” in *Free Markets and the Culture of Common Good*, ed. Martin Schlag and Juan Andrés Mercado (Heidelberg: Springer, 2012), 93–109.
85. Already in the twelfth century there were dissenting opinions to this condemnation, see Hugh of St. Victor, *Didascalicon: I doni della promessa divina. L'essenza dell'amore. Discorso in lode del divino amore* (Milano: Rusconi, 1987), book II, ch. 23, 111, where he exalts trade as productive of peace. This is probably due to Hugh's profound learning in ancient philosophy and in the liberal arts. He actually counts commerce as one of the seven technical sciences (book II, ch. 20), which he aligns with the seven liberal arts. Commerce is paired with rhetoric because, says Hugh, one needs eloquence in trade (book II, ch. 23).
 86. John Paul II, *Centesimus Annus*, 42.
 87. Benedict XVI, *Caritas in Veritate*, 35.
 88. Benedict XVI, *Address in Westminster Hall*.
 89. Cf. Benedict XVI, *Caritas in Veritate*, 75.
 90. *Ibid.*, 36.
 91. For further reading turn to my chapter “Catholic Social Teaching on the Economy: Pope Benedict XVI's Legacy,” in *Free Markets with Solidarity and Sustainability*.
 92. Benedict XVI, *Caritas in Veritate*, 65.
 93. See Thomas Aquinas, *Super Evangelium S. Matthaei Lectura*, ed. Raphael Cai (Turin: Marietti, 1951), comment on Mt 17:24–27, n. 1483, p. 226.
 94. Mary L. Hirschfeld, “Reflection on the Financial Crisis: Aquinas on the Proper Role of Finance,” *Journal of the Society of Christian Ethics* 35, no. 1 (2015): 63–82, 64.
 95. Thomas Aquinas, *Summa Theologiae* II-II, q. 77, a 4c.
 96. This was already expressed in a striking way by the Sephardic Jew Joseph de la Vega, who in 1688, only about seventy-five years after the birth of the first stock exchange in Amsterdam, characterized finance in the following words: “This enigmatic business is at once the fairest and most deceitful in Europe, the noblest and the most infamous in the world, the finest and the most vulgar on earth. . . . One can become rich without risk.” Joseph de la Vega, *Confusion de Confusiones: Portions Descriptive of the Amsterdam Stock Exchange*, trans. Hermann Kellenbenz (Eastford, Conn.: Martino Fine Books, 2013), 3.
 97. Francis, *Address to Representatives of the Confederation of Italian Cooperatives*, February 28, 2015.
 98. Francis, *Evangelii Gaudium*, 58.
 99. Francis, *In-Flight Press Conference of His Holiness Pope Francis from Paraguay to Rome*, July 13, 2015.
 100. Instead of deploring this fact or rejecting financial capitalism, the Nobel Prize winner in economics Robert J. Shiller studies how finance could

- become “democratic.” By this he means a transparent system that benefits society as a whole on the basis of widespread information. See Robert J. Shiller, *Finance and the Good Society* (Princeton: Princeton University Press, 2013), 1–15.
101. Cf. Yakov Amihud, Haim Mendelson, and Lasse Heje Pedersen, *Market Liquidity: Asset Pricing, Risk, and Crises* (Cambridge: Cambridge University Press, 2012).
 102. See for instance Joseph Stiglitz, “Financial Innovation: Against the Motion that Financial Innovation Boosts Economic Growth,” *The Economist*, February 23–March 3, 2010: “Over the long sweep of history, financial innovation has been important in promoting growth”; and Thorsten Beck, “The Role of Finance in Economic Development: Benefits, Risks, and Politics,” in *The Oxford Handbook of Capitalism*, ed. Dennis C. Mueller (Oxford: Oxford University Press, 2012), 161–203, 174: “There is strong historical, theoretical, and empirical evidence for a positive role of financial deepening in the economic development process.”
 103. See Luigi Zingales, “Does Finance Benefit Society?” (Working Paper, The National Bureau of Economic Research, 2015), <http://www.nber.org/papers/w20894>, 2.
 104. I particularly refer to Abhijit V. Banerjee and Esther Dufo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: Public Affairs, 2011), especially 157–81. Their empirical studies show, among other things, that development is enhanced by microcredit (they also show the limitations of microcredit). The authors concur with many others that finding ways to finance medium-sized enterprises is “the next big challenge for finance in developing countries,” *ibid.*, 181. See also Niall Ferguson, *The Ascent of Money: A Financial History of the World* (New York: Penguin Press, 2008), 13.
 105. See Beck, “The Role of Finance,” 174–82.
 106. Zingales, “Does Finance Benefit Society?”, 2. In table 1 of this Working Paper, Zingales reports that in 2013 and 2014, financial institutions have been forced to pay \$139 billion in fines. Something must have seriously gone wrong!
 107. Three out of the four parts of Thomas Piketty’s book *Capital in the Twenty-First Century* (Cambridge, Mass.: Harvard University Press, 2014) analyze this development. I do not wish to imply an endorsement of Piketty’s proposals for certain fiscal policies.
 108. Dennis C. Mueller, Introduction, “The Good, the Bad, and the Ugly,” in *The Oxford Handbook of Capitalism*, ed. Dennis C. Mueller (Oxford: Oxford University Press, 2012), 7.
 109. See Zingales, “Does Finance Benefit Society?”, 3.
 110. *Ibid.*, 5.
 111. *Ibid.*, 6.
 112. See Amadeo de Fuenmayor, Valentín Gómez-Iglesias, and José Luis Illanes,

- The Canonical Path of Opus Dei: The History and Defense of a Charism*, trans. William H. Stetson (Princeton, N. J.: Scepter Publishers, 1994), 212–13, especially footnote 92.
113. Cf. Thomas Aquinas, *Summa Theologiae*, II-II, q. 77, a. 4 ad 3; also q. 187, a. 2. In his rule for monastic life, Benedict allows the monks to sell goods for their own livelihood but at a price below the market average in order to give all glory to God. Cf. Benedict, *The Rule of Saint Benedict*, trans. Leonard Doyle (Collegeville, Minn.: The Liturgical Press, 2001), n. 57, 124–25.
 114. Thomas Aquinas, *Summa Theologiae*, II-II, q. 118, a. 1 c.
 115. Gregory the Great, *Moralia in Iob Libri XXIII-XXXV*, in *Corpus Christianorum*, vol. 143 B, ed. Marci Adriaen (Turnhout: Brepols, 1985), XXXI, xlv, 15–18.
 116. Eccl 10:15: *initium omnis peccati est superbia* (the beginning of every sin is pride); 1 Tim 6:10: *radix enim omnium malorum est cupiditas* (the root of all evil is greed). The Scholastic teachers reflected on these texts using the Latin Vulgate.
 117. See Fabian Wittreck, *Geld als Instrument der Gerechtigkeit. Die Geldlehre des Hl. Thomas von Aquin in ihrem interkulturellen Kontext* (Paderborn: Schöningh, 2002).
 118. An excellent overview is found in Juan Belda Plans, *La Escuela de Salamanca* [The School of Salamanca] (Madrid: BAC, 2000).
 119. These Renaissance authors were, among others: Poggio Bracciolini, “De avaricia,” in *Prosatori Latini del Quattrocento*, ed. Eugenio Garin (Milano: Riccardo Ricciardi Editore, 1952), 249–301; Leon Battista Alberti, *I Libri della Famiglia*, ed. Ruggiero Romano and Alberto Tenenti (Torino: Einaudi, 1969); Benedetto Cotrugli, *Il libro dell’arte di mercatura*, ed. Ugo Tucci (Venezia: Arsenal Editrice, 1990); Matteo Palmieri, *Vita civile*, ed. Gino Belloni (Firenze: Sansoni, 1982). For a general description, see Marco Pellegrini, *Religione e Umanesimo nel primo Rinascimento da Petrarca ad Alberti* [Religion and humanism in the early Renaissance: From Petrarch to Alberti] (Firenze: Casa editrice Le Lettere, 2012); Langholm, *The Merchant in the Confessional*, 269–71.
 120. Prologue to Book VI of *De iustitia et iure* (Madrid: Instituto de Estudios Políticos, 1968), 505. De Soto’s stance on financial practices remained negative: they were full of “malice, plague, and poison,” *ibid.*, lib. VI, q. VIII, a 1, p. 581.
 121. The long and complex history of usury has been well described by John T. Noonan, Jr., *The Scholastic Analysis of Usury* (Cambridge, Mass.: Harvard University Press, 1957); Gabriel Le Bras, “Usure,” in *Dictionnaire de Théologie Catholique*, vol. 15.2, eds. A. Vacant, E. Mangenot, and E. Amann (Paris: Letouzey & Ané, 1950), 2316–72.
 122. The Second (1139) and the Third (1179) Lateran Councils prohibited usury and declared that this condemnation was revealed by the Bible. The *Decretum Gratiani* (ca. 1159) dedicated a special section to it, repeating

- the prohibition. Also Urban III, Letter *Consuluit nos* (between 1185 and 1187), in Heinrich Denzinger, *Enchiridion Symbolorum: A Compendium of Creeds, Definitions and Declarations of the Catholic Church*, ed. Peter Hünermann (San Francisco: Ignatius Press, 2012), 764, was very influential because it applied Lk 6:35 to usury. See Noonan, *Scholastic Analysis*, 18–20.
123. Particularly important was the Franciscan Peter John Olivi (1248–1298), who introduced this distinction, see his *Usure, compere e vendite: la scienza economica del XIII secolo* [Usury, buying, and selling: the economic science of the 13th century], eds. Amleto Spicciati, Paolo Vian, and Giancarlo Andenna (Novara: Europia, 1998). This book contains Olivi's *Tractatus de emptione et venditione, de usuris et de restitutionibus*, written in the thirteenth century, 73–170. See also the edition by Sylvain Piron, *Traité des contrats* (Paris: Les Belles Lettres, 2012), and an English translation, *A Treatise on Contracts*, trans. Ryan Thornton and Michael Cusato, OFM (St. Bonaventure, N. Y.: Franciscan Institute Publications, 2016).
124. The text is available in Denzinger, *Enchiridion Symbolorum*, 2546–50. Islamic finance today still functions on these principles in order to comply with the prohibition on *riba*.
125. Benedict XVI, *Caritas in Veritate*, 65.
126. Francis, Encyclical Letter *Laudato Si'* (May 24, 2015), 109.
127. Vatican Council II, Dogmatic Constitution *Lumen Gentium* (November 21, 1964), 30–38.
128. Benedict XVI, *Caritas in Veritate*, 36.
129. See Francis Cardinal George, *The Difference God Makes: A Catholic Vision of Faith, Communion, and Culture* (New York: The Crossroad Publishing Company, 2009), 23–27.
130. I have developed these ideas in my book *Cómo poner a dieta al caníbal: Ética para salir de la crisis económica* (Madrid: Rialp, 2015).