

## **Political Economy in *Fratelli Tutti***

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*Fratelli Tutti* of Pope Francis is the latest document in the series of social doctrines of the Church beginning from *Rerum Novarum* of Pope Leo XIII published in 1891. *Fratelli Tutti* attempts to formulate certain principles which may help mankind to understand, analyse, decide, and act in the socio-political and economic realities of the contemporary world. The urgency of this encyclical letter is understood only in the context of the derailment of political economy to achieve its aim: the happiness of humanity. This article attempts to discuss the structure of the political economy envisaged by the Church expressed in *Fratelli Tutti* through the spectacle of economic theory and its progress through the economic history of the world.

### **Model of the Ideal Society**

The discussion about an ideal socio-political structure that maximizes human happiness has begun from time immemorial. These discussions got a scientific and academic form only in Socrates, Plato, and Aristotle. According to Aristotle, human happiness is attained only in a society where individual freedom and social ends coincide. In other words, in an ideal society, private interests and public interests are in harmony. (Aristotle, *The Nicomachean Ethics*, 1094b, 5)

In the hands of German idealists, Aristotle received new dimensions. Hegel suggested three parameters for an ideal society: (a) Individual freedom, (b) Social Cohesion, and (c) the possibility for individuals to develop their potentials to the maximum possible level. (Hegel, *Philosophy of Right*, 260)

We try to analyse whether these principles projected in philosophy match with truths about God, the universe, and human person revealed through Jesus Christ.

### **God, the Universe, and the Human Person**

It is a wonder that the aspirations of humanity regarding ideal social structure perfectly match the revelations regarding God, the Universe and, Man through Christ. The God of Christ is the Trinity. Trinity is the cohesion of three free individuals. Three free individuals unified in love is the Trinity. Trinity is a

relationship. As Roman liturgy proclaims, "the relationship of Father with Son through Holy Spirit" is the God of Jesus.

Since the Universe is the projected and created self of God, it bears the image of God, and the stamp of God's image is seen perfectly in Adam / Man. The statement that man is created in the image of God means that man's real nature is the Trinity. God's image necessarily indicates that man is simultaneously individual and social. Man's social nature is not an appendix added from outside. Instead, the social nature of man is embedded in his existence. How can different human beings live like a single individual? The Church attributes the possibility for such cohesion to the Holy Spirit poured into human existence through Christ. Catholic Church proposes that organic unity of free individuals is possible through the Holy Spirit.

Moreover, Church teaches that the difference between man and nature is not of kind but degree. The Church always speaks about the dignity of man over animals and not about the difference or identity. This dignity is rooted in the freedom of the individual. The Church teaches: "Awareness of man's freedom and dignity, together with the affirmation of the inalienable rights of individuals and peoples, is one of the major characteristics of our time. But freedom demands conditions of an economic, social, political and cultural kind which make possible its full exercise".<sup>1</sup>

### **Protestant Ethic and Spirit of Capitalism**

History reveals that the Christian community itself had not always acknowledged the individual's freedom as proposed by Christian Trinitarian formulae. For the sake of social cohesion, individual rights were ruthlessly suppressed. This suppression is justified in favour of dogma, and private opinions are totally neglected or suppressed. "Man" is treated as a universal without any particularities of his own. Man is treated as a species being and not as an individual with freedom. He had no rights and had only duties. Freedom of the individual is realized only in a society where all individuals acknowledge freedom as a human right. The above target is achieved only in a society where

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<sup>1</sup> Congregation for the doctrine of the faith, Instruction on Christian freedom and Liberation, 1 - [https://www.vatican.va/roman\\_curia/congregations/cfaith/documents/rc\\_con\\_cfaith\\_doc\\_19860322\\_freedom-liberation\\_en.html](https://www.vatican.va/roman_curia/congregations/cfaith/documents/rc_con_cfaith_doc_19860322_freedom-liberation_en.html), accessed 28.4.2021.

each individual is acknowledged as a reality with uniqueness. It is unfortunate that Christians could not realize this truth as a natural part of Christianity.

Lutheran revolution was a reaction against the universalism of Christian Europe. Lutheran revolution compelled Christianity to accept freedom as the supreme virtue of human beings. Though too late, Leo XIII wrote an encyclical titled "Liberty, the highest of natural endowments."

Long suppressed individual freedom for the sake of social cohesion is liberated. The sixteenth and seventeenth centuries witnessed many academic endeavours and social movements to establish a society based on democracy and a free-market economy in various nations of the European continent. The free-market economy, an economy independent of government control and based on private property, was an innovation of protestant ethics and well explained later by Max Weber.

Adam Smith and other economists identified that specific economic laws operated independently of human will. They named it the market mechanism. According to their theory, price movements alone, without any social intervention, lead to an efficient allocation of natural resources to their maximum utilization.

This system is termed capitalism. Capitalist economists argued that a free market, a market devoid of any political control, naturally leads to the growth of wealth of nations. For them, growth in national wealth naturally leads to an increase in the welfare of all sections of people in society. They named this hypothesis the trickledown effect.

The Free Market economy paved the way for an increase in national wealth. The fundamental hypothesis of capitalists that a free economy creates wealth is proved historically. However, world history gave a number of evidence against the trickledown theory. With the increase in wealth, the suffering of the laboring class increased. As an antithesis to a capitalist political economy based on the free market, the possibility of a centrally controlled economy was proposed by communists. Marxian communists denied individual freedom for the sake of the welfare of the community. They denied the possibility of private property. While capitalists moved to individualism, Marxists moved to an extreme opposite direction, collectivism. Capitalists stood for a political economy based on private

property, but communists stood for a system based on public property without private property.

### **The Co-operation of Private and Public Realms**

In the last decades of the nineteenth century, the conflict between capitalists and communists reached the point of armed revolution. In this historical context, Church published its first social encyclical, "*Rerum Novarum*" by Leo XIII in 1891. This document encouraged a synthesis of capitalist thesis and communist antithesis.

In the document, *Rerum Novarum* Pope declared that private property is a natural right. He taught that freedom is materialized only in a society based on private property. However, he opposed the absolute right of capitalists to exploit laborers. The document recognized the right of laborers to form associations and bargain for wage and socio-economic rights. In a way, the Church proposed private-public participation in a political-economic framework. Fortunately, Europe accepted the proposal of Leo XIII, and it is evident in the economic policies of newly formed nations.

Under the leadership of Jawaharlal Nehru, India followed an economic system that allowed private and public participation. Germany framed their postwar economy on the theory "socially oriented market economy." Now almost all countries in Europe are following the theory proposed by German theory. These economies are free-market economies. However, political leadership guides the market to attain maximum social welfare. It was not a syncretism movement. It has its roots in the application of the Trinitarian God concept in social life. The Congregation for the Doctrine of the Faith observes:

The supreme commandment of love leads to the full recognition of the dignity of each individual, created in God's image. From this dignity flow natural rights and duties. In the light of the image of God, freedom, which is the essential prerogative of the human person, is manifested in all its depth. Persons are the active and responsible subjects of social life. Intimately linked to the foundation, which is man's dignity, are the principle of solidarity and the principle of subsidiarity. By virtue of the first, man with his brothers is obliged to contribute to the common good of society at all its levels. Hence the Church's doctrine is opposed to all the forms of social or political individualism. By virtue of the second, neither the State nor any society must ever substitute itself for the initiative and responsibility of individuals and of intermediate communities at the level on which they can function, nor must they take away the

room necessary for their freedom. Hence the Church's social doctrine is opposed to all forms of collectivism.<sup>2</sup>

### **Neo-liberalism: the Emergence of Old Capitalism.**

During the last decades of the twentieth century, the old capitalist theories emerged again in the guise of globalization and privatization. Underdeveloped countries are now considering market mechanisms as a savior. Governments are slowly withdrawing from their economic roles and giving total freedom to capital owners. Labor laws are reformulating in favor of capital owners. Banks are now allowed to compete and exist. Will privatization without social parameters increase the welfare of people? Will the growth of national income through freedom in the market lead to increased people's happiness through the trickle-down effect? Is there any role for political leaders to direct the economy to social welfare? Will labor laws framed in favor of capitalists increase the welfare of nations? Can we propose collectivization proposed by the left as a panacea for the economic crisis? Is there any role for international associations of various counties to improve the welfare of different nations? Ultimately how the dream of organic society, the Trinitarian community, is accomplished?

### **Proposals of *Fratelli Tutti* (FT) for Building the Ideal Political Economy**

Pope Francis begins his proposals by defining the term 'love your neighbor'. This encyclical defines neighbor as whole humanity. Love in *FT* is action oriented to the common good. *FT* says that the term 'love your neighbor' excludes anyone or anything in the universe (*Fratelli Tutti*, 6, 8, 9, 59, 62). The Pope identifies that society is moving away from the age-old parameter for happiness: reconciling public and private interests. (*Fratelli Tutti*, 31). Encyclical moves forward by defining Trinitarian love as the primary source of solidarity (*Fratelli Tutti*, 85). *FT* defines solidarity as acting as if we are responsible for the fragility of others.

The document asserts that economic freedom is not realized if some sections of the people are not having the possibility for developing their potencies to the maximum (*FT*,110).

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<sup>2</sup> Congregation for the doctrine of the faith, Instruction on Christian freedom and Liberation, 73. This collectivism refers to Marxian communism.

The Pope challenges the neo-liberal faith that a free market economy automatically grows towards maximum happiness if it is free from government interventions (FT 168).

Neoliberalism simply reproduces itself by resorting to the magic theories of “spillover” or “trickle” – without using the name – as the only solution to societal problems. There is little appreciation of the fact that the alleged “spillover” does not resolve the inequality that gives rise to new forms of violence threatening the fabric of society. It is imperative to have a proactive economic policy directed at “promoting an economy that favours productive diversity and business creativity”<sup>3</sup> and makes it possible for jobs to be created and not cut. Financial speculation fundamentally aimed at quick profit continues to wreak havoc. Indeed, “without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function. And today this trust has ceased to exist”.<sup>4</sup>

FT makes it clear that market freedom cannot resolve all issues, a fact proved by the present pandemic in the fragility of world systems. One should not succumb to the dictates of finance and “we must put human dignity back at the centre and on that pillar build the alternative social structures we need”.<sup>5</sup>

Neo-liberal views assume that labor organizations and social movements are against the economic growth of the nation. Pope warns that in the absence of social movements, democracy will disappear, and human freedom will be in danger. These movements give moral energy to the local, national and international structures for a meaningful change. Such movements are (cf. FT 169)

“social poets” that, in their own way, work, propose, promote and liberate. They help make possible an integral human development that goes beyond “the idea of social policies being a policy *for* the poor, but never *with* the poor and never *of* the poor, much less part of a project that reunites peoples”.<sup>6</sup> They may be troublesome, and certain “theorists” may find it hard to classify them, yet we must find the courage to acknowledge that, without them, “democracy atrophies, turns into a mere word, a formality; it loses its representative character and becomes disembodied, since it leaves out the people in their daily struggle for dignity, in the building of their future”.<sup>7</sup>

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<sup>3</sup> Encyclical Letter *Laudato Si'* (24 May 2015), 129: AAS 107 (2015), 899, as quoted in FT 168

<sup>4</sup> BENEDICT XVI, Encyclical Letter *Caritas in Veritate* (29 June 2009), 35: AAS 101 (2009), 670, as quoted in FT 168.

<sup>5</sup> Address to Participants in the World Meeting of Popular Movements (28 October 2014): AAS 106 (2014), 858, as quoted in FT 168.

<sup>6</sup> Address to Participants in the World Meeting of Popular Movements (5 November 2016): *L'Osservatore Romano*, 7-8 November 2016, pp. 4-5, as quoted in FT 169.

<sup>7</sup> *Ibid.*

Neo-liberal policies are based on the simple formula of reducing cost for increasing profit. These cost reduction policies ultimately result in the creation of poverty and unemployment (FT, 20). However, society should realize that its primary target should be creating employment opportunities rather than maximum profit and maximum income. Such targets of profit and income may ultimately lead to the reduction in happiness, which is the ultimate target of humanity.

These above arguments may lead someone to assume that the Pope supports the idea of collectivism proposed by the "left." Pope says that there is no single recipe (abolition of private property) for solving all problems in society (FT 165).

### **Role of Politics for Accomplishing the Ideal Society**

Pope Francis identifies that the thief in the story of Good Samaritan is the person who is the custodian of public money. "These were persons holding important positions, yet lacking the concern for the common good" (*Fratelli Tutti*, 63).

Ultimately the persons responsible are the political leaders. Without the presence of good political leaders, ideal society will be a utopia. "For many people today, politics is a distasteful word, often due to the mistakes, corruption, and inefficiency of some politicians. There are also attempts to discredit politics, to replace it with economics or to twist it to one ideology or another. Yet, can our world function without politics? Can there be an effective process of growth towards universal fraternity and social peace without a good political life?" (FT, 176).

FT (n. 177) clearly speaks of an equilibrium between politics and economics. One shall not subjugate the other. Of course, this is not an excuse for misuse of power, corruption, disregard for law and inefficiency.

Instead, "what is needed is a politics which is far-sighted and capable of a new, integral and interdisciplinary approach to handling the different aspects of the crisis".<sup>8</sup> In other words, a "healthy politics... capable of reforming and coordinating institutions, promoting best practices and overcoming undue pressure and bureaucratic inertia".<sup>9</sup> We cannot expect economics to do this, nor can we allow economics to take over the real power of the state.

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<sup>8</sup> Encyclical Letter *Laudato Si'* (24 May 2015), 189: AAS 107 (2015), 925, as quoted in FT 177.

<sup>9</sup> Encyclical Letter *Laudato Si'* (24 May 2015), 189: AAS 107 (2015), 919, as quoted in FT 177.

When politics is often intertwined with many immediate interests, FT asks the politicians to uphold a principled politics that has the common good in sight. However, the Pope is aware that the political powers do not find this as an easy task. Often there is also failure to forge a common project for the human family, now and in the future. “Thinking of those who will come after us does not serve electoral purposes, yet it is what authentic justice demands. As the Bishops of Portugal have taught, the earth is lent to each generation, to be handed on to the generation that follows”<sup>10</sup> (*Fratelli Tutti*, 178). In the same vein, the Pope continues: “An economy that is an integral part of a political, social, cultural and popular programme directed to the common good could pave the way for “different possibilities which do not involve stifling human creativity and its ideals of progress, but rather directing that energy along new channels”<sup>11</sup> (*Fratelli Tutti*, 179).

### **What next?**

The Church realizes that the efficiency of a system depends on the human beings who handle the system (*Fratelli Tutti*, 166). The Church is not proposing a panacea for all the ills in society. However, this document hopes that through international co-operation and dialogue among different nations, a better society can be built up in the future.

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<sup>10</sup> PORTUGUESE BISHOPS’ CONFERENCE, Pastoral Letter *Responsabilidade Solidária pelo Bem Comum* (15 September 2003), 20; cf. Encyclical Letter *Laudato Si’* (24 May 2015), 159: AAS 107 (2015), 911, as quoted in FT 178.

<sup>11</sup> Encyclical Letter *Laudato Si’* (24 May 2015), 191: AAS 107 (2015), 923, as quoted in FT 179.