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## **AGREEING WITH POPE FRANCIS THE EXHORTATION LOOKS VERY DIFFERENT READ THROUGH THE LENS OF ARGENTINE EXPERIENCE**

*Por Michael Novak*

*Fuente: National Review Online*

<http://www.nationalreview.com/article/365720/agreeing-pope-francis-michael-novak>

Reading the new exhortation by Pope Francis after the wildly misleading presentations of it by the *Guardian* and Reuters (both from the left side of the U.K. press), and reading it with an American ear for language, I was at first amazed at how partisan and empirically unfounded were five or six of its sentences.

But reading the exhortation in full in its English translation, and reading it through the eyes of a professor-bishop-pope who grew up in Argentina, I began to have more sympathy for the phrases used by Pope Francis.

For one thing, I have closely studied the early writings of Pope John Paul II, which grew out of long experience of an oppressive Communist regime that pretended to be wholly devoted to “equality,” yet enforced total control over polity, economy, and culture by a thorough and cruel state. From 1940 (under the Nazi/Soviet occupation) until 1978 (when he moved to the Vatican), Karol Wojtyla had virtually no experience of a capitalist economy and a democratic/republican polity. To come to understand the concepts behind that sort of political economy, he had to listen closely and learn a quite different vocabulary.

The early experiences of these two popes were very different. So, having spent not a little time lecturing in Argentina and in Chile since the late 1970s, I read the entire exhortation with an ear for echoes of daily economic and political life in Argentina.

In my visits to Argentina, I observed a far sharper divide between the upper middle class and the poor than any I had experienced in America. In Argentina I saw very few paths by which the poor could rise out of poverty. In the U.S., many of those who are now rich or middle class had come to America (or their parents had) dirt poor, many of us not speaking English, with minimal schooling, and with mainly menial skills. But before us lay many paths upward. As Peru’s Hernando de Soto stresses, the U.S. had the rule of law and clear property rights, on which one could safely build over generations.

Virtually all my acquaintances while I was growing up had experienced early poverty. Our grandfathers were garment workers, steelworkers, store clerks, gardeners, handymen, blue-collar workers of all sorts, without social insurance, Medicaid, food stamps, housing allowances, or the like.



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But they labored and somehow were able to send their children to colleges and universities. Now *their* children are doctors, lawyers, professors, editors, and owners of small businesses all over the country.

In his *Inquiry into the Nature and Causes of the Wealth of Nations* (1776), Adam Smith compared the economic history of Latin America with that of North America. He noted that in Latin America there were still many institutions of feudal Europe — large landholders, plantations, plantation workers. In North America, only the southern United States was something like that.

Throughout Latin America, for almost two centuries at the time Smith wrote, many economic powers and permissions were doled out by government officials in far-off Spain or Portugal. In the Dominican Republic, for example, a farmer who wanted to build a small iron foundry had to wait months or years until a decision came back from Spain. Trading with pirates was easier. In the English-speaking colonies of North America, however, a farmer could just build his foundry without asking anybody. And even after the various Latin American countries achieved independence, habits of state direction were still entrenched, as if by immemorial habit.

Besides, experience in the Anglosphere had led to a distrust of monarchs and their courts, and later of barons and dukes and the aristocracy as a whole, since these people could not be counted on either to see or to serve the common good. By contrast, the opposite habit of mind had grown throughout the Latin world. There, officials of the state were regularly entrusted with minding the common good, despite a long record of official betrayals of duty, outbreaks of tyranny, and the use of economic resources to enrich successive leaders of the state. In Latin America, the pluralistic private sector was mistrusted, but not the state.

By contrast, in the U.S., under a government strictly limited by law, there grew up almost universal property ownership by individuals (except under the evil institution of slavery, America's primal sin), a large swath of small enterprises, and a huge base of prospering small farms. Smith described the creation of wealth in North America as welling up from below, from the prosperity at the bottom, where frugal habits led to wise investments in railroads, canals, and other large business corporations.

Less than 70 years after Adam Smith wrote *The Wealth of Nations*, a son of the frontier farm country of central Illinois, Abraham Lincoln, spoke eloquently about the evidences of global trade visible in homes across the prairie — tobacco, cotton, spices, whiskey, sugar, tea, glassware, silverware. He attributed this enprospering trade to the daring of American seamen (as Tocqueville also did).

Lincoln also wrote about the patent-and-copyright clause of the U.S. Constitution, which guaranteed to inventors the right to the monetary fruit of their inventions. Lincoln thought this small



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clause one of the six greatest contributions to liberty in the history of the world. He thought it critical to liberating human beings everywhere from misery and tyranny.

That single clause — the only time the term “right” is used within the body of the Constitution — launched a wholly new economic model for the world, based not on land (as it had been for thousands of years) but on creative ideas, inventions, and discoveries, which greatly speeded up a cascade of new improvements and new products to enrich the lives of ordinary citizens. The more people these improvements helped, the higher the inventors’ royalties. By serving others, they reaped rewards. These rewards furthered the common good.

The Polish pope, John Paul II, recognized this huge social change in *Centesimus Annus* (*The Hundredth Year*, 1991), of which paragraph 32 opens: “In our time, in particular, there exists another form of ownership which is no less important than land: *the possession of know-how, knowledge, and skill*. The wealth of the industrialized nations is based much more on this kind of ownership than on natural resources.” The rest of this paragraph is concise in its penetration of the causes of wealth and the role of human persons and associations in the virtue of worldwide solidarity, of which globalization is the outward expression.

Pope John Paul II quickly recognized that today “the decisive factor [in production] is increasingly *man himself*, that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organization, as well as his ability to perceive the needs of others and to satisfy them.” (See the whole of paragraph 32.)

Then in paragraph 42, John Paul II defined his ideal capitalism, succinctly, as that economic system springing from creativity, under the rule of law, and “the core of which is ethical and religious.” In his first social encyclical ten years earlier, *Laborem Exercens* (*On Human Work*, 1981), directly rejecting orthodox Marxist language about labor, the pope had already begun to project “creation theology” as a replacement for “liberation theology.” A bit later, he reached the concept of “human capital.” Step by step, he thought his way to his own vision of the economy best suited to the human person — not perfectly so, in this vale of tears, but better than any rival, Communist or traditional. John Paul II set it forth as “the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress.” (See the whole of paragraph 42).

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As the 20th century began, Argentina was ranked among the top 15 industrial nations, and more and more of its wealth was springing from modern inventions rather than farmland. Then a destructive form of political economy, just then spreading like a disease from Europe — a populist fascism with tight government control over the economy — dramatically slowed Argentina’s economic and political



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progress. Instability in the rule of law undermined economic creativity. Inflation blew to impossible heights. (I brought home from Argentina in the early 1980s a note for a million Argentine pesos that had declined in worth to two American pennies.)

Over three generations, very little of the nation's natural wealth and opportunity for social advancement has overflowed into the upraised buckets of the poor. Upward mobility from the bottom up was (and is) infrequent. Today, the lot of Argentina's poor is still static. The poor receive little personal instruction in turning to independent creativity and initiative, and few laws, lending institutions, and other practical arrangements support them in moving upward. Human energies are drained by dependency on state benefits. The visible result has been a largely static society, with little opportunity for the poor to rise out of poverty. A great inner humiliation comes over the poor as they see their lack of personal achievement and their dependency. If this is what Pope Francis was painfully visualizing as he wrote this exhortation, it is exactly what the eyes of many other observers have seen.

The single word "capitalism" has a number of very different meanings, based on very different experiences. In many Latin countries, today's corporate leaders are often the grandsons of the great landholders of the past. Some of these are men of vision, invention, and personal initiative who have built their own firms. Yet as of now most Americans cannot name a single household item invented by a Latin American.

True, in several new fields, creativity and invention are growing in Latin America. The Brazilian Embraer jets (used in the fleets of many U.S. carriers), for example, are highly useful originals. But still the economic system of Argentina and other Latin American countries is very like a static traditional market system, not yet capitalist in invention and enterprise.

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Anyone commenting on the economic themes of *Evangelii Gaudium* should note at the outset that the pope insists this document is not a full expression of his views on political economy but only an expression of his pastoral heart. In paragraph 51 Francis writes:

It is not the task of the Pope to offer a detailed and complete analysis of contemporary reality, but I do exhort all the communities to an "ever watchful scrutiny of the signs of the times." . . . In this Exhortation I claim only to consider briefly, and from a pastoral perspective, certain factors which can restrain or weaken the impulse of missionary renewal in the Church, either because they threaten the life and dignity of God's people or because they affect those who are directly involved in the Church's institutions and in her work of evangelization.



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But about six of his swipes are so highly partisan and biased that they seem outside this pope's normal tranquillity and generosity of spirit. Exactly these partisan phrases were naturally leapt upon by media outlets such as Reuters and the *Guardian*. Among these are "trickle-down theories," "invisible hand," "idolatry of money," "inequality," and trust in the state "charged with vigilance for the common good."

Why is it then, asks Mary Anastasia O'Grady, one of the shrewdest observers of Latin America today, "that most of today's desperate poor are concentrated in places where the state has gained an outsize role in the economy specifically on just such grounds"? Ever since Max Weber, Catholic social thought has been blamed for much of the poverty in many Catholic nations. Pope Francis inadvertently adds evidence for Weber's thesis.

Truly, we would do well to have an economic historian set each of these highly inflammable and partisan charges in context, to explain what each meant to the author who originated them, as opposed to the partisan usage of today's media. Allow me here to focus on the flaws in only one of the pope's too-hasty claims: his careless mention of "trickle-down theories." Actually, the fault here seems to have been exacerbated by a poor translation, as seen in the stark differences between the Vatican's official English version and the pope's original Spanish. The Spanish:

*En este contexto, algunos todavía defienden las teorías del "derrame," que suponen que todo crecimiento económico, favorecido por la libertad de mercado, logra provocar por sí mismo mayor equidad e inclusión social en el mundo.*

Now compare the unfortunate English version:

In this context, some people continue to defend trickle-down theories which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world.

Note first that "trickle-down" nowhere appears in the original Spanish, as it would have done if the pope had meant to invoke the battle-cry of the American Democrats against the American Republicans. Professional translators of Spanish say the correct translation of *derrame* is "spillover" or "overflow." Instead, the English translation introduces both a sharply different meaning and a harsh new tone into this passage. Only those hostile to capitalism and Reagan's successful reforms, and to the policies of Republicans in general after the downward mobility of the Carter years, use the derisive expression "trickle-down," intended to caricature what actually happened under Reagan, namely, dramatic upward mobility. (See, for example, my article "[The Rich, the Poor, & the Reagan Administration](#).")



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Those who emphasize capitalism's successes in raising the poor out of poverty do not use that term. They see the defining classical movement of capitalist economies as upward for the poor: higher employment rates, higher wages, measurable outbursts of personal initiative and new enterprises, unparalleled opportunities for upward mobility among the poor, immigrants moving out of poverty in less than ten years, the working-class "proletariat" becoming solid members of the middle class who can afford to own their own homes and support the higher education of their children.

There is no empirical evidence, *Evangelii Gaudium* says, for trust in such economic outcomes. It is "instead a crude and naïve trust in the goodness of those wielding economic power and in the sacralized workings of the prevailing economic system." In Argentina and other static systems with no upward mobility, this comment might be understandable. In nations with generations of reliable upward mobility, it is not true at all.

The upward movement promoted by certain capitalist systems is the *experience* – not a "crude and naïve trust" — of a large majority of Americans. "Trickle-down" is not an apt description of what has happened here; rather, what has been experienced is wealth "welling up from below." Exactly this is what continues to attract millions of immigrants into our economy.

In addition, the English translation of *Evangelii Gaudium* insists that there are people who believe that economic growth will *inevitably* produce greater justice and inclusiveness (*equidad e inclusión social*). But the Spanish text does not use a word that would be properly translated as "inevitably." The more moderate (and accurate) expression used is *por si mismo*, or "by itself." Unlike the English translation, the original Spanish gets it right: It takes a lot more than economic growth to make a system "equitable." It takes the rule of law, the protection of natural rights, and the Jewish/Christian concern for the widow, the orphan, the hungry, the sick, the imprisoned — in short, effective concern for all the vulnerable and needy.

Despite its glaring faults, especially in its entertainment sector — obscene and sexually explicit pop music, decadent images and themes in movies — the American system has been more "inclusive" of the poor than any other nation on earth.

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Two things I especially value in *Evangelii Gaudium*. The whole of the cosmos, and the whole of human life, are upward-leaping flames from the inner life of the Creator, from *caritas* – that outward-moving, creative love that is God. As the erudite and brilliant Pope Benedict XVI showed in his first encyclical, *Deus Caritas Est*, everything crucial to human life begins in God's *caritas*. Think of this in your own life: Is not the love you have for your dear spouse, children, and close friends the most "divine" experience you know?



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That is one reason why Catholic social thought begins in *caritas*. It is also why the poor are so close to the center of Christian concern — and Christian worship.

The second point I most value is the focus *Evangelii Gaudium* places on the main practical task of our generation: breaking the last round of chains of ancient poverty. In 1776, there were fewer than 1 billion people on earth. A vast majority of them were poor, and living under tyrannies. Just over two centuries later, there are more than 7 billion human beings. Rapid medical discoveries and inventions have helped to more than double the average lifespan, vastly reduce infant mortality, and provide relief for hundreds of diseases. Thanks to economic progress, six-sevenths of the greatly expanded human race have now broken free from poverty — over a billion people from 1950 to 1980, and another billion since 1980. There are another billion more still in chains. The Jewish, Christian, and humanist task is to break this remnant free.

Whatever one prays in worship on Sunday gets its truthfulness from what Christians actually *do* in their daily lives to help the poor. If one doesn't come to the aid of the poor, one does not love God.

“No one has ever seen God,” St. John writes in his first Letter, “but if we love one another, God lives in us, and his love is made complete in us” (1 Jn 4:12). And Jesus instructed, “Whatever you did for one of the least of these brothers and sisters of mine, you did for me” (Mt 25:40).

An exhortation is not so much a teaching document laying out a careful argument — that is the task for an encyclical. Rather, it is more like a sermon, a somewhat informal occasion for the pope to set out his vision as a pastor, and to present it as an invitation to deeply felt piety and devotion. Pope Francis excels at such personal speech.

In the future, Francis will unfold his fuller arguments about the political economy that best helps the poor to move out of poverty. I can only imagine that consultations on the subject have already begun.

I hope the pope's aides will begin with the experience-impelled conclusion, a bit reluctantly advanced, in the well-reasoned pathway of paragraph 42 of John Paul II's *Centesimus Annus*:

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? Is this the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress?

To this John Paul II answered, in effect, “Yes and no.” He went on:

The answer is obviously complex. 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



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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.

The Marxist solution has failed, but the realities of marginalization and exploitation remain in the world, especially the Third World, as does the reality of human alienation, especially in the more advanced countries. Against these phenomena the Church strongly raises her voice. Vast multitudes are still living in conditions of great material and moral poverty. The collapse of the Communist system in so many countries certainly removes an obstacle to facing these problems in an appropriate and realistic way, but it is not enough to bring about their solution. Indeed, there is a risk that a radical capitalistic ideology could spread which refuses even to consider these problems, in the a priori belief that any attempt to solve them is doomed to failure, and which blindly entrusts their solution to the free development of market forces.

Although economic growth falls far short of being the only goal of free societies, its blessings in terms of education, medical improvements, the prospering of freedom of conscience, and the private financing of civic life and multiple philanthropies are not inessential to the common good.

Further, it is not market systems alone that produce upward mobility, economic progress for all, and wide economic opportunity. Argentina has always had a market economy. So, too, have almost all the peoples in human history. Jerusalem in the biblical period cherished private property (“Thou shalt not steal,” “Thou shalt not covet thy neighbor’s goods”), and it lived by a vital market (as the commercial interface of three continents). But for the 1,800 years after Christ, none of the world’s markets — nor the aggregate thereof — produced much economic development. The world’s economies remained relatively static, as they faced a merciless cycle of “fat” years followed by “lean” ones. Before the rise of capitalism, traditional market systems experienced famines and massive outbreaks of deadly diseases in nearly every generation.

Pope John Paul II came to see this historical reality. His insights are still in the treasury of Catholic social teaching, and naturally they will come to the attention of Pope Francis, who devotes a whole section of *Evangelii Gaudium* to the theme “Reality is more powerful than ideas.”

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Finally, I would like to offer a bet: More human beings by far will move out of poverty by the methods of democracy and capitalism than by any other means.





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The empirical evidence from the swift upward thrust of the war-leveled economies of 1946–48 — those of Japan and Germany, but also those of Singapore, Hong Kong, Taiwan, and South Korea, which turned to democracy and one form or another of capitalism — is overwhelming. But so also is the evidence from most of us in the United States, whose grandparents were “the wretched refuse” of the earth, yet now in a short time their families are counted among the most affluent people of the world. How was that possible? Through what system was that done, and what are its imitable secrets?

Those who wish to be practical and successful in breaking the remaining chains of poverty in the world might learn from what has worked until now, right before our eyes.

— *Michael Novak's most recent book is his memoir, Writing from Left to Right: My Journey from Liberal to Conservative.*