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# Catholic Social Thought (CST) and Global Financial Systems

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In October 2011, the Pontifical Council on Justice and Peace applied Catholic social teaching [CST] to global financial systems.<sup>1</sup> The “Note” reiterates four strong CST themes:

*First, there must be a strong ethical and legal framework to regulate “an economic liberalism that spurns rules and controls.”* An unfettered economic market poses grave dangers to human dignity, community, world equilibrium, and peace. Pope Benedict has warned of “the pitfalls which exist on the African continent and elsewhere, such as unconditional surrender to the law of the market or that of finance.”<sup>2</sup>

*Second, the growing economic inequalities between and among individuals and nations threaten solidarity.* Between 1900 and 2000, while world population increased almost fourfold, globalization produced worldwide wealth much more rapidly, “resulting in a significant rise of average per capita income.” But the Note immediately adds, “At the same time, however, the distribution of wealth did not become fairer but in many cases worsened.”

*Third, individualism and utilitarianism produce dangers that undermine the common good.* It is erroneous to think that “what is useful for the individual leads to the good of the community.” While containing some truth, “individual utility—even where it is legitimate—does not always favor the common good.”

*Fourth, we need a strong ethic of solidarity embracing the logic of the common good and the common dignity of all peoples.* This ethic of solidarity means abandoning all forms of petty selfishness, embracing the logic of the global common good, and a “keen sense of belonging to the human family, which means sharing the common dignity of all human beings.”

The Note underscores the call by both Blessed Pope John XXIII and Pope Benedict for a world political authority to deal with global issues. This means reform of international financial and monetary systems, including a world central bank. Respect for the traditional principle of subsidiarity requires any such world public authority to serve global society and regional and national institutions. Such reform should “proceed with the United Nations as its reference.”

In light of the responsibility of global

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financial institutions for the recent financial crash, the Note calls us to consider taxing financial transactions to generate revenue for “promoting global development and sustainability” and contributing to a world reserve fund “to support the economies of countries hit by crisis.” It also urged that recapitalization of banks with public funds require “virtuous” behaviors aimed at developing the “real economy” (instead of financial transactions producing no goods or services) and the separation of the “domains of ordinary credit and of Investment Banking,” which could have helped prevent the crises which toppled many banks here and abroad.

Catholic social teaching underscores the need for ethical and moral “boundaries” around economic and financial markets. In August 2011, Pope Benedict restated this fundamental principle in these words:

The economy does not function with a self-regulation of the market alone, but it needs an ethical reason if it is to function for man. And once again Pope John Paul II’s words in his first social encyclical become apparent: man must be the centre of the economy and the economy cannot be measured according to the maxim of profit but rather according to the common good of all, that it implies responsibility for others and only really functions well if it functions humanly, with respect for others.<sup>3</sup>

A triple responsibility for one’s own nation, for the world, and for future generations has and will continue to distinguish Catholic thought from a free market ideology, which is all too popular today.

## ENDNOTES

- 1 Pontifical Council for Justice and Peace, *Reform of the International Financial System with a View Toward a General Public Authority*, October 24, 2011, unofficial English text at <http://www.news.va/en/news/full-text-note-on-financial-reform-from-the-pontif> [accessed November 25, 2011].
- 2 Pope Benedict XVI, Address at welcoming ceremony, International Airport, Cotonou, Benin, Friday, November 18, 2012.
- 3 *Pontiff’s Press Conference en Route to Madrid*, Zenit, August 18, 2011.