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Examining the Role of Environmental Policies on Access to Energy and Economic Opportunity

Laudato Si'-

Free Markets and the Environment: Allies not Enemies

What follows is a version of a paper I presented at the Pontifical University of the Holy Cross in Rome on a conference related to the promulgation and reception of the encyclical *Laudato Si'*.

Following the promulgation of Pope Francis' encyclical and the conference I have just identified, a rich dialogue and debate, for which the pope himself called, vigorously began. This gathering will, I hope, be seen as a continuation of that discussion and a response to the invitation of Pope Francis.

It is important that at the outset I first affirm the goals the Holy Father sets out in his encyclical: namely, "to protect our common home" and "to bring the whole human family together to seek a sustainable and integral development" for the planet. What Christian would want to deny these objectives? The pope is also right when he says there is a "need for forthright and honest debate" (no.15), because hoping and desiring is one thing while finding practical ways in which to achieve it is another. I trust that today's interventions will provide a continuation of that endeavor.

Prior to examining *Laudato Si'* itself I propose that we remind ourselves about the broader principles related to the nature of Catholic theology itself. Then, our study of *Laudato Si'* will be enriched by a clear grasp of what it means to speak authoritatively from the viewpoint of Roman Catholic ecclesiology. Thus, I propose the following questions:

- What are the boundaries of Church teaching?
- What is the authority of such teaching?
- Are there differences in the means of such teaching?
- What is the nature of Catholic *social* teaching in particular?

To explore these questions is to explore the concept of *Magisterium* as such.

Although often misunderstood and misconstrued, both by those inside and outside the Church, while the Church's teaching authority claims that its magisterium might be called a privileged insight into matters of faith and morals, the Church intentionally limits her specific competency to these areas.

We know that the whole magisterium is comprised of the bishops, and derivatively from them, bishops' conferences, who teach in union with the pope when reflecting on faith, morals, the authentic interpretation of Scriptures and the tradition of the Church.

This privileged status is predicated on the enduring gift of the Holy Spirit given by the Lord to the apostles which ensures that the message of the Christ entrusted to the Church is free of doctrinal error or indefectible.

As I have already noted, this magisterial authority has always admitted to its limitations and boundaries. The pope and bishops cannot infallibly predict the weather or call the winning numbers of a lottery (as much as some of you might wish to be able to from time to time).

It is also the case that the boundaries may be obscure or may touch up against certain matters outside the magisterium's immediate mission. This, of course, makes the task of properly interpreting these documents a more challenging and exciting endeavor, yet it does not weaken the Church's claim to competently and authoritatively proclaim the truth of morals and faith.

The Church simply does not claim to speak with the same authority on matters of economics and science *qua* economics and *qua* science as it does when pronouncing on matters of faith and morals. As stated in the *Compendium of Social Doctrine of the Church*:

“Christ did not bequeath to the Church a mission in the political, economic or social order; the purpose he assigned to her was a religious one. . . . This means that the Church does not intervene in technical questions with her social doctrine, nor does she propose or establish systems or models of social organization [93]. This is not part of the mission entrusted to her by Christ.” (CSDC no. 68)

These are of course distinctions, not separations. The two realms come close to one another at times because some *means and ends* can interpenetrate one another. Yet, to simply collapse say, theology into science is unnecessary, unhelpful and even, at times, perilous. As *Gaudium et Spes* states, “If by the autonomy of earthly affairs we mean that created things and societies themselves enjoy their own laws and values which must be gradually deciphered, put to use, and regulated by men, then it is entirely right to demand that autonomy.” (*GS* no. 36).

The modes under which the Church has proposed her teaching are various.

One finds extraordinary and ordinary teaching of the popes by way of encyclicals, apostolic letters, allocutions, and homilies. Various documents of Vatican dicasteries secretariats and commissions, the teachings of bishops (either within their own dioceses or in national conferences), as well as the teaching of pastors to their parishioners and of catechists to

catechumen may all be seen as participating to various degrees in the Church's teaching mission and authority.

Our discussion relates to an encyclical which thereby enjoys a relatively privileged position within the hierarchy of official Catholic teaching. Encyclicals are authoritative teaching documents that command due respect and consideration from the faithful. At the same time, three considerations should be borne in mind. First, as an encyclical, *Laudato Si'* makes no general claim to infallibility as such. And in fact says, "on many concrete questions, the Church has no reason to offer a definitive opinion; she knows that honest debate must be encouraged among experts, while respecting divergent views." (*Laudato Si'* no. 61)

Second, the subject matter of *Laudato Si'*— climate science, economics and history do not fall into the areas of Church expertise except to the extent to which it addresses the normative dimensions and implications of these disciplines. Third, *Laudato Si'* must be read attentively to discern where Pope Francis is speaking from the core of Church doctrine, and where he is applying some prudent point of practical application of that core teaching to the day-to-day world.

With this understanding, we may now turn our attention to the encyclical itself.

Laudato Si' proceeds along two lines of thought in order to engage the challenge that it places before us: the first is a theological line of reflection which gets at the understanding of the human relationship with the created order and man's responsibility toward it. As an aside, I should mention that I was puzzled that the encyclical did not begin with the insights of Revelation on this subject and instead plunges immediately into making a series of empirical claims. Theology, rather than sociology or economics, is surely the starting place for Catholic reflection on matters temporal. The second line of thought relates to the practical question of *how* to attain the fulfillment of that responsibility.

Those latter sections of *Laudato Si'* that touch on the understanding that nature itself is revelatory of God's design underscore that here in creation, is a connection to its Creator and his intentionality. The same can be said for humanity itself; man is created in the *imago Dei*. Moreover, he is not only a part of the creation, as the encyclical makes clear, but is its very steward – that is to say, the way by which the created world is to be cared for and tended to.

The Poor

As the Holy Father has emphasized not only in *Laudato Si'* but in the whole of his pontificate thus far, the "tending" and care, must be especially attentive to the poor and most vulnerable amongst us for they too are creations of God, they too bear the *imago Dei*, and they too reveal

God to us. They are the ones through whom we encounter Jesus in, as it has been said, “distressing disguises” – they are the very “least ones” in and through whom we minister to Christ Himself (Matt. 25:40).

There are of course many ways to minister to the poor: by the proclamation of the Good News; in bonding with them in fraternal embrace of friendship and solidarity; and tending to their physical needs, particularly in dire circumstances. To enable people to be less poor and less vulnerable, more in charge of the direction of their own lives and to help them to flourish and prosper would, I believe, also be a fulfillment of this mandate.

The connection that *Laudato Si'* makes between care for the environment and the needs of the poor in particular and the economy more generally is critical to get right. If we fail at this connection, we will fail in realizing both objectives.

Theology and the sciences

As I have noted previously, it is important to underscore the distinction between the theological dimension of *Laudato Si'* and its empirical, scientific, and economic claims, which I would like to probe more deeply here.

A particularly fruitful part of the dialogue for which *Laudato Si'* calls, it seems to me, lies somewhere between its major title (“Praised be God”) and its subtitle (“On Care for our Common Home”). Here is what we know: the riches of the earth which God created do not simply place themselves at our disposal automatically. If they did there would be no such thing as scarcity or even the need for rationing or conservation and thus, no need for the science of economics which enables us to allocate scarce resources, reduce waste and costs and other externalities. There would, in fact be no need for work itself, which is a calling entrusted to the human family even prior to the Fall.

The reality of scarcity, which gives rise to the discipline of economics itself, also tells us that people simply cannot fulfill all of their needs. From a theological perspective, the fact that man has eternity inscribed on his very nature (Ecclesiastes 3:11) is a reminder that beings built for eternity – that is designed for God himself – can never be completely fulfilled by the material world and that when humans settle for the trinkets and baubles of this life as though they were the goal of life, they not only commit the sin of idolatry (Romans 1:24), but they also promote a certain disorder in their own souls, in their world and in their environment.

But the rejection of substitutes for God – call it idolatry or consumerism – is not the same as rejecting the fundamental goodness of the material world. The only state of being where this

proper ordering exists is in that encounter of which Dante so movingly speaks at the conclusion of *La Divina Commedia*, as “*l’amor che move il sole e l’atre stelle*”.

But in *this* valley of tears, we are, unfortunately stuck with the need for such an ordering, and this is what economics is all about: It is precisely scarcity that gives rise to the need to economize. In some instances, this may be another way to describe conservation. To know how to conserve a thing involves knowing, at some level, the real costs associated with it. Frugality is not cheap, parsimonious or ungenerous. Frugality is based on knowledge of the cost of things and their proper use, which in turn is related to the scarcity of a thing.

Knowledge and the Division of Labor

In paragraph 110 of *Laudato Si’*, the Holy Father makes an important observation on what he calls the “fragmentation of knowledge” that he says “proves helpful for concrete applications.” Put another way, no one can know everything. Hence we have a certain degree of specialization, and inevitably a division of labor. Among other things, this helps us to see how the market can be allied to the needs of the environment. In the setting of environmental problems, the division of labor allows people with different talents and abilities to apply them to issues of how we conserve and use resources in unique and productive ways that meet human needs *and* preserve creation.

Pope Francis cautions that this fragmentation can lead as well “to a loss of appreciation for the whole, for the relationships between things, and for the broader horizon...” This is certainly true. Many specialists today know a great deal about one or two subjects and nothing about anything else.

There is, then, a requirement for some coordination of information among various sectors so as to not lose sight of the whole. One way that environmental degradation and even poverty might be described would be to say that it is evidence of a failure to know and coordinate the value of things. After all, people do not generally degrade or discard what they see as having value, but they need first to know it. If we are going to effectively respond to the “technocratic paradigm” (no. 111) we do indeed need inter-disciplinary cooperation as well as actual knowledge of the relative availability of goods and resources, that is, their real scarcity or abundance.

This of course is precisely why centralizing knowledge and planning is inadequate to yield the broad range of knowledge required to prevent degradation of the economy and environment. People, workers, producers and consumers alike must be able to clearly see the connection between material goods and economic value.

The division of labor or any kind of hyper-specialization can become hegemonic and thus blind to the facts or truths outside its own competency. It is the classic case that to a hammer everything looks like a nail; and from a philosophical and theological perspective, a certain humility is required among various disciplines in respect for their relative autonomy. This insight becomes critical in the challenge of “caring for our common home” because when one discipline sees itself as the possessor of the whole truth of a thing, it becomes difficult if not impossible to meet objective needs that may fall outside its purview. These disconnections of various insights, as the pope observes, “make it hard to find more adequate ways of solving the more complex problems in today’s world.” (no. 110)

The good news is that the discipline of economics itself can enable us to confront this “knowledge problem”.

This was, to a very great extent elaborated by the Nobel Laureate FA Hayek. He observed that the knowledge required for economic planning is not resident in any one source, but is dispersed throughout the whole of society, and that central planning, which proceeds upon the synoptic delusion is, in fact, a “fatal conceit”.¹

It is true that, for the needs of those who are impoverished and lack resources, knowledge will be required and some kind of concentrated social effort enacted for their benefit. But this process of discovery as to what the actual needs are and what real resources are available to meet those needs, as well as the relative tradeoffs that will be required to transform those resources into the goods required, is dispersed. The only way it can be obtained is through the free signals called prices sent from across the economy by producers, consumers, buyers and sellers. This is what is known as a market economy, which must be free in order to reliably communicate accurate information across all sectors of society.

The problem of *this* epistemic problem for human betterment may admittedly be seen in somewhat different ways. Moreover, this does not mean that market growth *by itself* can guarantee integral human development. Integral human development is much broader. However, one must also point out that the “hunger and poverty” Pope Francis confronts (no. 109), requires economic growth, and that means market economies.

The Market and Poverty

We know both from Scripture and the Church’s magisterium that man is given primacy in the created order. This fact, however, also brings with it three important implications with regard to the environment: *first*, man is to use the resources of the earth responsibly as that they serve the

¹ F.A. Hayek, *The Fatal Conceit: The Errors of Socialism*, vol 1 of *The Collected Works of F.A. Hayek*, ed. W. W. Bartley, III. Chicago: University of Chicago Press, 1989.

common good; *second*, goodness and evil are not embedded in the material world itself but are brought to the material world by the choices we make about whether to follow the moral law; and, *finally*, the sanctity of life must be the primary concern of human political and economic organization. This is why Pope Francis and his immediate predecessors are quick to condemn any form of environmentalism which disregards or instrumentalizes human life (cf., *LS*, nos. 50, 60 and 90).

Here I must parenthetically note, that this constant concern of the Church for the dignity of human life from conception until natural death is somewhat compromised by the choice of a number of consultants to the Pontifical Academy of Social Sciences who might rightly be considered diametrically, energetically and intuitionally opposed to this core element of the Church's concern for the environment. Take, for example, Jeffrey Sachs. His commitment to what are euphemistically called "reproductive rights" is a matter of record.²¹ Leaving aside the intrinsic evils that are invariably associated with the "reproductive rights" agenda, the demographic problem faced by most of the world today is depopulation, not to mention the imbalance caused by population control programs in the number of females.

Putting, however, that to one side, we must recall that respecting God's created order does not mean that it cannot—or must not—be used for the benefit of humankind. Human survival and thriving depends on exercising responsible *dominion* over creation, by "tilling and keeping" the Garden. This occurs through (1) establishing regimes of property and (2) using material goods in ways that better the human condition—always with an eye toward the finality of human destiny. Indeed, in Vatican II's *Gaudium et Spes*, we see the recognition of this fact. The Council Fathers pointed out that man seeks to harness the "immense resources of the modern world" for his own good.

So what has this to do with the market? The free economy, I would suggest, is better suited to attaining the material goals outlined in *Laudato Si'* than many of the means suggested by some commentators and, if I may respectfully suggest, even a better means than some of the policy suggestions contained in the encyclical itself.

After all, when Francis calls for care for the world that must be dynamic and flexible (no 144), we are obligated to ask if is there any institution in the world that is less dynamic and/or flexible than government bureaucracies. Contrast this with, for instance, free exchange, this can be seen as a major social link that unites peoples of the world.

Just as importantly and intimately related is the theological dimension. God did not intend that human beings struggle on their own to survive. Rather, we are called upon to cooperate together

² Stefano Gennarini, "Who is Jeffrey Sachs and Why Was He at the Vatican?" Center for Family & Human Rights, May 14, 2015. https://c-fam.org/friday_fax/who-is-jeffrey-sachs-and-why-was-he-at-the-vatican/

to utilize the world's resources. This cooperation of free exchange, which must be rooted in both a moral and juridical framework, should not be artificially limited by the boundaries of the city or nation state. Rather, it can and should be expanded to include all peoples of the world in their common project of advancing the material wellbeing of all and the common good.

The opposite of free trade is economic coercion in the form of protectionism and sanctions. Numerous citations of the Holy See and especially in the writings of St. John Paul II in particular, can be referenced to indicate a preference for free exchange at the national and international level. This might be called a form of “economic solidarity” which promotes development, conservation and technological advance.

Technology, Work, and Environmentalism

Environmental issues invariably raise the subject of technology. Here the *Compendium of the Social Doctrine of the Church* reminds us that: “*The Magisterium's considerations regarding science and technology in general can also be applied to the environment and agriculture. . . .* In fact, technology “could be a priceless tool in solving many serious problems, in the first place those of hunger and disease, through the production of more advanced and vigorous strains of plants, and through the production of valuable medicines”. (*Compendium*, no. 458).

In *Laudato Si'* (no.104) Pope Francis worries that great technological achievement gives humanity “tremendous power” and dominance and that nothing ensures it will be used wisely. This is true. A question, however, then arises: if nothing ensures that this power will be used wisely, does centralizing the control of its use into the hands of politics increase the likelihood of its wise use, or would, rather, dissipating control of power (by decentralizing it) better effect this end?

St. John Paul II, even while acknowledging the same concerns that Pope Francis will identify, namely that at times “man consumes the resources of the earth and his own life in an excessive and disordered way...” identifies that “at the root of the senseless destruction of the natural environment lies an anthropological error...” (*Centesimus Annus* no. 37) He goes on to observe that “[m]an, who discovers his capacity to transform and, in a certain sense, create the world through his own work, forgets that this is always based on God’s prior and original gift of the things that are.”

This raises the subject of the place now being assumed by the environmental issues in religious thought. Though references to environmental issues have become common in religious services, environmentalism has come to mean more than getting rid of air pollution or cleaning up toxic waste dumps. For many people, it has become their religion itself, even the essence of a faith that can lend credence to any number of troubling political measures. (*Caritas in Veritate* no. 48)

It is one thing to recognize caring for nature as part of God's command to honor that which God made. It is quite another to transfer the sentiment of worship from the Creator to creation. Unfortunately, some people would have us reorder our priorities and turn away from the Master whose garden we tend and keep. To focus upon the garden, serving it as though it were our ultimate end would be to serve the gift instead of the giver. We need to till and care for creation.

But surely there are good and bad ways to till and keep. There are ways that are more pleasing to God, ways that have a regard for the essential *telos* or end for which the material world was made. The land should not be permanently injured so it cannot produce for future generations. Resources should not be wasted, but used efficiently. The well-informed conscience can discern the difference between wise use and wasteful use, provided there are protocols and institutions in place that assist us in making economically well-formed judgments. Some of these include clear property titles and open markets.

Understanding these truths means returning the environmental debate to a focus on the wellbeing of the person and the institutions that promote economic development. Contrary to what most professional environmentalists argue, property rights are among the best ways of taking care of the earth. To be sure, free economies have their share of environmental problems. Many of these problems, however, could be solved by a more consistent delimitation and protection of property rights.

The Modern Economy and the Environment

Finally, I would like to turn to some of the claims made about the modern economy and environmental issues, as considered by *Laudato Si'*. In no. 165 of *Laudato Si'* Pope Francis makes a rather sweeping historical claim that invites comments and analysis. Here he says that "the post-industrial period may be remembered as one of the most irresponsible in history," in part due to such fossil fuels as coal, oil and gas.

At the very least it is worth looking at this period to get the broad picture of what occurred to the human family in order to see if, in fact, this was "one of the most irresponsible in history".

Consider some of these empirical reference points:

- Between 1800 and 1950, the proportion of the world's population living in dire poverty halved; and from 1950 to 1980 it halved again.³

³ Fifty-two percent of the world's population lived in absolute poverty in 1981; by 2005, 25 percent did, according to World Bank figures. See, Daniel Griswold, *Mad About Trade: Why Main Street American Should Embrace Globalization* (Cato Institute, 2009), p. 127.

- The American farmer in 2000 “produced on average 12 times as much farm output per hour worked as a farmer did in 1950. The development of new technology was a primary factor in these improvements.”⁴
- Environmental impact will naturally be mixed. Increased energy use driven by increased productivity (e.g., tractors) did increase greenhouse gas emissions. But further technological advances (more fuel-efficient engines, or alternative power sources) mitigated those effects.
- In general and weighing a number of environmental indicators (various measures of water quality and air quality), research has shown that “economic growth brings an initial phase of deterioration followed by a subsequent phase of improvement.” This tipping point is around \$8000 per capita income.⁵ The US crossed this threshold between the years 1920 and 1940. Most European nations did so between 1940 and 1960. China and India are not yet there. In other words, the post-industrial economy results in environmental improvement—at least on some measures.⁶

It is the job of historians to help us see beyond our own time, in the hope that we can learn lessons that extend out of our own narrow experience and into counterfactual realities that are otherwise unobservable to us. In recent years, researchers have made enormous progress, using the most advanced research and statistical techniques, in deconstructing a past we did not experience. They have constructed large-scale indexes of human well-being that extend several millennia back in time, performed detailed statistical analyses of global rates of poverty and wealth relative to degrees of economic freedom, and carefully chronicled vital statistics that illustrate the relationship between material wealth and economic freedom.⁷

What this research has revealed to us is that the world before 1800 was unimaginably poorer than our own. World population by comparison to today was largely unmoved from the year 0 to the year 1800, and average world income per capita was static at about \$500 per year (inflation adjusted).

⁴ Keith O. Fuglie, James M. MacDonald, and Eldon Ball, *Productivity Growth in U.S. Agriculture*, Economic Brief No. 9, September 2007, US Dept of Agriculture Economic Research Service.

⁵ Gene M. Grossman and Alan B. Krueger, “Economic Growth and the Environment,” *Quarterly Journal of Economics*, vol. 110 (May 1995): p 353-377.

⁶ “Wealth and Health of Nations,” Gapminder.org/world. Last accessed January 12, 2016.

⁷ “The Economic History of the World in One Graph,” *The Atlantic*, June 19, 2012, by Derek Thompson, writing about a study by JP Morgan. “Before the Industrial Revolution, there wasn’t really any such thing as lasting income growth from productivity. In the thousands of years before the Industrial Revolution, civilization was stuck in the Malthusian Trap. If lots of people died, incomes tended to go up, as fewer workers benefited from a stable supply of crops. If lots of people were born, however, incomes would fall, which often led to more deaths. That explains the “trap,” and it also explains why populations so closely approximated GDP around the world. The industrial revolution(s) changed all that.” <http://theatlantic.com/1vxxsKp>

Projects like the Gapminder have done even more detailed analysis to reveal just how much the world has dramatically changed over the last 200 years. Only 200 years ago, the average lifespan was 40 and the average income was \$1000. In this time, human population has risen seven times, average income has gone up ten times, and the average lifespan has nearly doubled. There is not a single country in the world today that is as poor as all countries in the world today were in 1800.

These trends have completely changed our conception of what life on earth is like. And it has changed our expectations about what is possible. It has allowed us to imagine and even take for granted the possibility of material progress and prosperity for the masses of people. The “great divergence” that we see within all of these studies began at the Industrial Revolution and continue through the great age of liberalism of the 19th century. What made the difference is the subject of widespread debate among economists and historians. Was it institutional change, political change, technological change, or cultural change?

There is not one easy answer and the full truth most probably rests with a balanced understanding of the relationship between all of these factors. History and statistics alone reveal nothing about cause and effect; causal factors can only be discerned through good theory. But note that there is a common feature that people working in this area agree upon: human well-being is inseparable from the technological innovation and capital accumulation. I suggest that what occurred in the period following the Industrial Revolution is the very definition of what it means to be responsible.

Further, this dramatic increase in human well-being takes place in a way that is clearly and obviously inequitable: the rich get richer to a greater and faster degree than the poor climb from poverty. And yet, as you observe the long run trends, what you see is remarkable: rising wealth has benefitted the entire world community.

Imagine if there were some policy in place that could mandate that no progress can take place unless it can take place evenly across all countries and across all demographic groups. This equality in the pace of progress was seen to be a moral priority, even more important than long-run increases in human well-being in general. Imagine if this policy came to be implemented based on the view that it is better that no one group should become rich if all groups do not share equally in the blessings of rising prosperity. Under that rule, the outcome of history might have been very different.

As a world community, we would be one tenth as wealthy as we are, and our lives would be a little more than half as long. These are moral considerations we must face when we prioritize equality of sharing over the freedom to own. There is an additional consideration that is relevant to population, now 7 billion instead of the 1 billion of two hundred years ago. We escaped the

“Malthusian trap” through economic productivity based on the emergent institutions of capital ownership, investment, and trade. If those institutions are harmed, how would the capacity of the world’s economy to feed, clothe, and heal a population of 7 billion be affected? Would the population ever have risen to the point it is today? These are questions worth asking.
