The Economy of Francesco and the Age of Sustainable Development

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Abstract This paper sketches five systems of economic ethics in the course of Western history: the Ancient Greeks and Romans, Biblical Judaism and early Christianity; British empiricism; Social Darwinism; and the Church's modern Social Teachings. This historical perspective helps the reader find the new global ethics of sustainable development that today's world requires to address most of the pressing issues we are currently facing.

Ever since Plato's *Republic* and Aristotle's *Politics*, Western philosophers have examined how economic institutions should be organized to promote human wellbeing. Philosophers and moral leaders have come up with different answers depending on the political, technological, cultural, and scientific challenges facing each era.[1] The world today requires a new economic ethics to help address the myriad challenges of a world riven by wars, geopolitical tensions, widening inequalities between the rich and poor, potentially dangerous new technologies, and massive environmental destruction. The 193 UN member states have adopted the Sustainable Development Goals as the framework for global economic and ecological cooperation. Pope Francis's call for an Economy of Francesco can inform and inspire the path to Sustainable Development. To add perspective to our current global economic challenges, I briefly sketch five systems of economic ethics in the course of Western history: the Ancient Greeks and Romans; Biblical Judaism and early Christianity; British empiricism; Social Darwinism; and the Church's modern Social Teachings. This historical perspective, I believe, can help us to find our own footing for a new global ethics of sustainable development.

[1] For a recent and short survey of economic and institutional change over time, see my book *The Ages of Globalization: Geography, Technology, and Institutions*, Columbia University Press, 2020.

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1 Economic Ethics of the Ancients

The Ancient Greeks and Romans continue to captivate our attention not only because they were the first in the West to philosophize in depth on the challenge of organizing economic and political life, but also because they built economic and political institutions of lasting significance and made important contributions towards an understanding of human nature. For roughly 1000 years (500 BCE–500 CE), the Greek city-states (roughly 500 BCE–300 BCE), the Hellenistic kingdoms (roughly 300 BCE–150 BCE), and the Roman Republic and Empire (roughly 150 BCE–500 CE), made astounding breakthroughs in philosophical understanding and social organization.

The Greeks built a seafaring network of competitive and prosperous city states (*poleis*) that underpinned centuries of rising living standards, growing populations, urbanization, literacy, and the widening reach of Greek knowledge and civilization. Alexander the Great carried Greek culture into Egypt and Asia. In turn, the Hellenistic Kingdoms fell under Roman imperial rule. Building on Greek knowledge and trade routes, the Roman empire created roughly five centuries of rule over a vast territory, stretching from the Atlantic Ocean south of the Rhine River and reaching almost to the Indus River valley.

There are some useful generalizations about the Greco-Roman economic age. First, the Greco-Roman economy was relatively urbanized (perhaps as high as 25–30%) compared to other pre-industrial societies. This relatively high urbanization rate resulted from a highly productive agricultural sector and extensive long-distance trade in foodstuffs that in tandem were able to support a large urban population. Second, the extensive sea-based trading networks in both staples and luxuries, first around the Mediterranean Sea and then later connecting the Mediterranean Sea and the Indian Ocean, brought the Greeks and the Romans into intensive contact, and often military conflict, with other cultures, thereby contributing to the development of a cosmopolitan Greco-Roman culture. Third, the technological base of the economy advanced over time, but only gradually. The perceptible economic changes from decade to decade were caused by environmental upheavals, epidemics, and the outcomes of wars, rather than from technological advances.

It was in this economic setting that the Ancient Greek philosophers first asked the question as to how to design human institutions (e.g., the constitutions of city states) to achieve the good society, one that would be conducive to human thriving or *eudaimonia*. The dominant idea was that the *polis* (the city-state) should be based on justice, which for the Greeks signified harmony, balance, and the right relations between the different parts of the society. Plato's *Republic,* for instance, is devoted to exploring the virtue of justice both within a single individual—meaning a harmony among the components of the human spirit—and within the polis—meaning the harmony among different social groups (i.e., artisans, cultivators, warriors, guardians) within the city-state. Achieving balance among the different parts of the society in turn depended upon the virtues of the citizenry. Therefore, the ancient Greeks

approached the question of the just city by also investigating how individual human beings should cultivate practical wisdom and other virtues.

Plato and Aristotle taught that human nature is divided between rational and non-rational components.[2] Humans have animal-like impulses and instinctive desires in addition to a uniquely human capacity for reason. Human wellbeing, or *eudaimonia*, both for the individual and the polis, is achieved when life is lived according to reason, with the instincts and emotions engaged in the service of reason. The development of one's capacity to live according to reason is regarded as an excellence, or a virtue. The most important virtue is "practical wisdom" (*phronesis*), which means the excellence of making choices for the good. The achievement of a good life depends on the cultivation of moral virtues, including practical wisdom, bravery, temperance, and justice.

To achieve the excellence of reason over instinct and appetitive desire, individuals should practice moderation in all things (*medens agan*, or nothing in excess). By avoiding extremes of excess and insufficiency, an individual maintains reason and avoids the dangers of emotions getting out of hand. For example, individuals should have a moderate attitude towards wealth, neither decrying material wellbeing nor craving great wealth in excess of human needs.

Plato, Aristotle, and most of the other ancient Greek and Roman philosophers wrote from the perspective of the property-owning upper classes of their societies. They emphasized the virtue of moderation for the property-owning class, who should live moderately and temperately, and distribute their wealth liberally for the good of the polis (a philanthropic practice termed *liturgy*. In Periclean Greece, for example, the rich were expected to contribute financially to build temples, host public games, and enable public sacrifices to the gods. To manage household wealth wisely, heads of households were advised (e.g., by Xenophon in the dialogue *Oeconomicus*) to master the arts of economy and agronomy and manage their estates prudently.

The Ancient Greeks and Romans viewed society as naturally hierarchical, a viewpoint that is unsurprising, as Ancient Greece was a slave-owning society. Aristotle argued that there were "natural slaves," who by their inferior nature–namely a lack of capacity for human reason—should be subservient to rational masters. Yet Aristotle also emphasized in *Politics* that the polis should avoid an excessive inequality of living standards between the rich and poor. A healthy polis should avoid extremes of wealth and poverty just as a healthy individual should avoid extremes of excess and insufficiency. Historical experience repeatedly demonstrated that grinding poverty leads to social instability. Thus, in ancient Greece, Solon instituted land reforms to ease the plight of the poor; in the Roman Republic, the tribune was created in 494 BCE to represent the plebians (lower classes); and in the Roman empire, food for the lower classes was assured through an extensive

[2]For a short discussion of Aristotle's theory of human nature, see my paper on "Aristotle, eudaimonia, neuroscience and economics," Chapter 3 of *A Modern Guide to the Economics of Happiness*, edited by Luigino Bruni, Alessandra Smerilli, and Dalila De Rosa, Elgar Press, 2021.

system of public distribution. It was understood that fulfillment of basic food needs for all people (cynically described as "Bread and circuses") was key to a peaceful populace.

2 Economic Ethics of Biblical Judaism and Early Christianity

While the ancient Greeks and Romans wrote their economic philosophy from the perspective of the elite, the ancient Jews and early Christians took the perspective of the lower socioeconomic and political strata. The nineteenth century philosopher Friedrich Nietzsche mocked Christian ethics as the morality of slaves (Nietzsche 1887). Nietzsche was certainly correct that Biblical ethics arose from a social stratum familiar with hunger, deprivation, conquest, and even slavery. Where Nietzsche erred was in his mockery of the "slave" ethics. An enduring economic philosophy that takes the perspective of the downtrodden rather than the ruling class is a wondrous and history-changing achievement worthy of amazement and the highest admiration.

The ringing commandment of the Hebrew Bible is to love thy neighbor as thyself, including the poor, the stranger, and the slave. The Hebrew Bible is filled with injunctions of social justice—towards the sojourner, the orphan, the widow—punctuated by pronouncements that the Jewish people were once slaves in the land of Egypt, and were redeemed by the Lord. In Deuteronomy 24:17–24, for example:

> 17 You shall not pervert the justice due to the sojourner or to the fatherless, or take a widow's garment in pledge, 18 but you shall remember that you were a slave in Egypt and the LORD your God redeemed you from there; therefore, I command you to do this. 19 When you reap your harvest in your field and forget a sheaf in the field, you shall not go back to get it. It shall be for the sojourner, the fatherless, and the widow, that the LORD your God may bless you in all the work of your hands. 20 When you beat your olive trees, you shall not go over them again. It shall be for the sojourner, the fatherless, and the widow. 21 When you gather the grapes of your vineyard, you shall not strip it afterward. It shall be for the sojourner, the fatherless, and the widow. 22 You shall remember that you were a slave in the land of Egypt; therefore I command you to do this.

Jesus's teachings amplify these precepts and extend them beyond the Jewish community to the "other," as in Jesus's parable of the Good Samaritan. Jesus's injunction "to love your neighbor as yourself" (Matthew 19:19) echoes Leviticus 19:18, "You shall not take vengeance or bear a grudge against the sons of your own people, but you shall love your neighbor as yourself: I am the LORD." Yet Jesus goes further, calling for moral perfection among his followers, to act in the image of God, by loving not only the neighbor but also the enemy (Matthew 5: 43–48).

> 43 You have heard that it was said, 'You shall love your neighbor and hate your enemy.' 44 But I say to you, Love your enemies and pray for those who persecute you, 45 so that you may be sons of your Father who is in heaven. For he makes his sun rise on the evil and on the good, and sends rain on the just and on the unjust. 46 For if you love those who love you,

> what reward do you have? Do not even the tax collectors do the same? 47 And if you greet only your brothers, what more are you doing than others? Do not even the Gentiles do the same? 48 You therefore must be perfect, as your heavenly Father is perfect.

As a people who were once enslaved in Egypt (at least in the collective understanding, if not necessarily historical precision) and whose elites were later exiled in Babylonia, and who were indeed repeatedly threatened by more powerful neighbors and despotic rulers, the Jews and early Christians routinely sought justice through divine redemption. Moreover, because humans are created in the image of God (*imago Dei*), human fulfillment depends on living in the imitation of God (*imitatio Dei*). "You therefore must be perfect as your heavenly Father is perfect," declares Jesus. (We may note as well how Aristotle believed that human beings could aspire towards the divine through rationality and contemplation.).

A core economic concept for both biblical Jews and early Christians is that the Lord's creation is to be enjoyed by and shared among all human beings, such that none should suffer from extreme material deprivation. In the doctrine of the Universal Destination of Goods, for instance, the Catholic Church teaches that private property is not an absolute and inviolable right, but instead must serve the common good, especially the good of the poor. The *Compendium of the Social Doctrine of the Catholic Church* (paragraph 177) explains the concept in this way:

> 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". The principle of the universal destination of goods is an affirmation both of God's full and perennial lordship over every reality and of the requirement that the goods of creation remain ever destined to the development of the whole person and of all humanity. This principle is not opposed to the right to private property but indicates the need to regulate it. Private property, in fact, regardless of the concrete forms of the regulations and juridical norms relative to it, is in its essence only an instrument for respecting the principle of the universal destination of goods; in the final analysis, therefore, it is not an end but a means.[3]

An eloquent statement of this idea comes from St. Ambrose of Milan in the late fourth century AD, quoted by Pope Paul VI in *Populorum Progresio* (1967, part 23):

> Everyone knows that the Fathers of the Church laid down the duty of the rich toward the poor in no uncertain terms. As St. Ambrose put it: "You are not making a gift of what is yours to the poor man, but you are giving him back what is his. You have been appropriating things that are meant to be for the common use of everyone. The earth belongs to everyone, not to the rich." These words indicate that the right to private property is not absolute and unconditional.
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> No one may appropriate surplus goods solely for his own private use when others lack the bare necessities of life. In short, "as the Fathers of the Church and other eminent theologians tell us, the right of private property may never be exercised to the detriment of the common good." When "private gain and basic community needs conflict with one another," it is for

[3] https://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20060526_compendio-dott-soc_en.html

> the public authorities "to seek a solution to these questions, with the active involvement of individual citizens and social groups."[4]

In medieval Europe, the Church actualized the Universal Destination of Goods in several ways. Most directly, the monasteries and mendicant orders (such as the Franciscan and Dominican orders) took immediate responsibility for caring for the indigent and the sick, in accordance with Christ's admonition to care for the least among thee.[5] In addition, economic exchanges were endowed with the moral requirement that both buyer and seller must benefit from the exchange, giving rise to the Church's doctrine of the "just price" to settle exchanges. Similarly, the ban on usury served as protection for the poor borrower against the rich lender, predicated on the notion that the debtor should not have to pay twice for a loan, meaning to pay both for the money (the principal) and for the use of the money (the interest).

The arrival from Córdoba of Arabic translations of Aristotle's ethical texts (the *Nichomachean Ethics* and the *Politics*) at the University of Paris in the twelfth–thirteenth centuries inspired medieval European theologians to reconcile the economic philosophies of Aristotle with the Christian ethical tradition. They made this synthesis against the backdrop of a revival of commerce, trade, and urban life in late medieval Europe.[6] Most importantly, St. Thomas Aquinas endorsed Aristotle's views on private property and commercial exchange on the basis of natural reason. The economy, according to Aquinas, is well served by private ownership, but only if private property remains subject to the needs of the community.

Aquinas' great synthesis marks a great civilizational watershed. Centuries later, the social teachings of the modern Catholic Church in the social encyclicals since Leo XIII's *Rerum Novarum* (1991) explicitly follow Aquinas' synthesis of Aristotelian and Christian economic ethics, thereby giving us the modern Church's endorsement of a market economy that is embedded within a broader moral framework of the common good.[7] The core practical point is the one made by Pope Paul VI, that the right to private property is "neither absolute nor unconditional".[8]

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[4] https://www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html

[5] Matthew 25:31–46.

[6] For a glorious history of the reception of Aristotle's work at the medieval University of Paris, see Rubenstein (2004).

[7] For a recent and superb discussion of the history and content of the Church's social teachings, see Annett (2022).

[8] https://www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html

3 Economic Ethics of the British Empiricists

The transition in Europe from the early Middle Ages (roughly 500–1000 AD) to the late Middle Ages (1300–1500 AD) is marked by the long-term shift from rural and largely self-sufficient subsistence economies to economies engaged in transoceanic trade. This transition occurred alongside the long-term transition from feudalism to centralized nation states.

Historic shifts in technology, geopolitics, and institutions were responsible for these long-term economic and political developments, including the reestablishment of larger states after the deep fragmentation that followed the collapse of the Western Roman empire; the Crusades, which exposed medieval Europe to the wider world and aroused European appetites for the advanced learning, technology, and luxuries of the more advanced East; advances in agronomy that enabled increases in food production to support growing populations; and the growth of European-Asian Silk Road trade facilitated by the vast Mongol Empire (roughly 1200–1400).

Europe's transition to early modernity and global economy accelerated during the fifteenth century, building on the expansion of trade and growing population of the preceding centuries. Around 1400, leading European thinkers and patrons of the arts launched the Renaissance, forging a new humanism inspired by the learning and culture of the Ancient Greeks and Romans. Earth-changing technologies from China—including papermaking, the compass, ocean navigation, gunpowder, paper currency, and movable type—made their way to Europe, where they were adopted and improved upon. Johannes Gutenberg set up his print shop in Mainz around 1450, producing low-cost books for mass circulation for the first time in history. The Ottomans conquered Constantinople in 1453, unleashing a flood of scholar-refugees to the universities of Italy and resulting in a revolutionary impulse of knowledge in European universities and elite society. In the same period, Prince Henry the Navigator of Portugal was advancing his ocean-going caravels down the coast of West Africa, in search of gold, glory, and sea routes to Asia.

The decisive breakthrough to modernity came in the final decade of the fifteenth century, with the voyages of Christopher Columbus and Vasco de Gama, described eloquently by Adam Smith in *The Wealth of Nations* almost three centuries later:

> The discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. . . [O]ne of the principal effects of those discoveries has been to raise the mercantile system to a degree of splendour and glory which it could never otherwise have attained to. . . [T]he commercial towns of Europe, instead of being the manufacturers and carriers for but a very small part of the world. . . have now become the manufacturers for the numerous and thriving cultivators of America, and the carriers, and in some respects the manufacturers too, for almost all the different nations of Asia, Africa, and America. . . The countries which possess the colonies of America, and which trade directly to the East Indies, enjoy, indeed, the whole show and splendour of this great commerce. . .(Smith 1776, Ch. IV, Book IV)

As Smith notes, it was Europe's Atlantic powers—Britain, Holland, Portugal, and Spain—that were the first mercantile beneficiaries of the New World.

The rise of Europe's oceanic empires gave rise to a new European economic philosophy during the sixteenth to eighteenth centuries, one that increasingly championed action and entrepreneurship while putting aside the once-hallowed Aristotelian-Thomistic virtues of moderation and self-control. As the world economy shifted from millennia of gradual technological change to rapid technological advance, and with the opportunities to exploit the vast natural wealth of the New World (including through the horrors of the African slave trade and slave-based plantations in the New World), the virtues befitting the new world economy were increasingly seen to be the attributes of boldness and entrepreneurial zeal. Wealth accumulation, once frowned upon as an unnatural excess in a largely static agrarian economy, was transmuted into the key new virtue of the rapidly expanding European economies set in motion by oceanic trade and imperial conquest.[9]

The decisive change in economic ethics was most notable and consequential in Britain, which became the world's leading imperial power by the end of the eighteenth century. Britain's Protestant Reformation no doubt played into these philosophical changes. Key thinkers in the British transformation include Francis Bacon, Thomas Hobbes, John Locke, Bernard Mandeville, David Hume, and Adam Smith. Francis Bacon, writing in the first years of the seventeenth century, brilliantly and presciently envisioned a world transformed by systematic scientific experimentation and rapid technological advancement. In such a world, the apparent limits to wealth would be overcome through human will and the power of knowledge. A few decades later, Hobbes in *The Leviathan* depicted human nature not as Plato and Aristotle had conceived it—divided precariously between instinct and reason—but as unitary, and marked by insatiable desires for wealth, glory, and power.[10] It was no use, according to Hobbes, to appeal to man's higher virtues to establish a good society, as Aristotle, Aquinas, and Jesus had done. Hobbes wrote that a Leviathan, or an all-powerful state, is needed to restrain humans from violence against others, as every individual pursues an insatiable quest for power.

At the end of the seventeenth century, Locke took Hobbes' theories one step further, by harnessing the insatiable will to the institution of private property. According to Locke's theory in *The Second Treatise on Government*, property arises when an individual mixes his human labor with nature, for example by clearing forests and raising crops. Since the individual is indisputably the owner of his own labor, according to Locke, he is also indisputably the owner of the fruits of his labor, notably the land that he clears and the crops that he harvests. It is the role of government to protect property so that each individual can enjoy the fruits of his own labor. While Locke of course famously championed government by consent, the legitimate role of government was narrow: to protect the security of the individual and private property, which was seen to be the fruit of individual labor.

[9] See, for instance, Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (1905).

[10] For a scintillating analysis of Hobbes and his belief in insatiable desires, see David Wootton, *Power, Pleasure and Profit: Insatiable Appetites from Machiavelli to Madison*, Harvard University Press, 2018.

Mandeville made a further remarkable stroke in justifying this transmutation of values from Aristotelian temperance to Hobbesian insatiable desire. In his *Fable of the Bees* at the start of the eighteenth century, Mandeville allowed that avarice, greed, and even corruption are indeed individual vices, but argued remarkably—and initially to great public scandal—that the entrepreneurial energy unleashed by such personal vices in fact serves the public good:

> Thus every part was full of vice, yet the whole mass a paradise; flattered in peace, and feared in wars, they were the esteem of foreigners, and lavish of their wealth and lives, the balance of all other hives. Such were the blessings od that state; their crimes conspired to make them great: and virtue, who from politics had learned a thousand cunning tricks, was by their happy influence made friends with vice: and ever since, the worst of all the multitude did something for the common good.[11]

The key, according to Mandeville, is that entrepreneurship—ingenuity—is unleashed by vice:

> Thus vice nursed ingenuity, which joined with time and industry, had carried life's conveniencies, its real pleasures, comforts, ease, to such a height, the very poor lived better than the rich before, and nothing could be added more.

In Mandeville's fable, the ruthless and corrupt bee hive becomes the mightiest of the bee kingdom, the "balance of all other hives." Yet when the vice-ridden hive is then "reformed" to squelch the private vices, the hive's dynamism wanes and it is left defenseless against the other hives. Just as Machiavelli justified political ruthlessness as a princely necessity, Mandeville justified unbridled greed as key to economic survival. These ideas were met, initially, as subversive and offensive. Subservice they were—but in the course of the eighteenth century, they became almost commonplace.

A few decades after Mandeville, David Hume advanced the anti-Aristotelian line of British empiricism by overturning two millennia of Western thought that situated reason as the crowning glory of humankind. Whereas Plato and Aristotle urged that reason should tame the passions, especially by cultivating self-knowledge and self-control, Hume instead argues in *A Treatise of Human Nature* that "Reason is, and ought only to be the slave of the passions, and can never pretend to any other office than to serve and obey them".[12] According to Hume, only the passions can truly spur action, a view in accord with Hobbes and Mandeville. Reason cannot restrain actions, as Aristotle argued, but can only guide individuals to the satisfaction of their passions. Reason is merely instrumental for guiding means to ends, but not capable of setting ends. Hume argued that morality arose not from reason, as Aristotle averred, but from sentiments (emotions) that generally lead to sympathy for others.

Finally, Smith synthesized the ideas of Hobbes, Locke, Mandeville, and Hume, arguing with great sophistication and insight, that Hobbesian insatiable desires

[11] http://files.libertyfund.org/files/846/0014-01_Bk.pdf

[12] https://www.gutenberg.org/files/4705/4705-h/4705-h.htm

conjoined with Lockean property rights, Mandevillian entrepreneurial energy, Humean passions, and the growth of global free trade, would lead to the *Wealth of Nations*. Smith argued that a free-market economy, characterized by competition among a large number of producers, would produce the best social outcome, as if by an "Invisible Hand." In Smith's famous words:

> As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. (Smith 1776)

Smith's argument that free-market competition gives rise to specialization and thereby to the advance of productivity is indeed both remarkable and brilliant. Yet his concept of the Invisible Hand was also devastating in its complacency. Smith believed that the invisible hand was the work of a merciful providence, whose economic designs were such as to ensure the wellbeing of all of society, including the working poor. By conveying the notion that the free market would best solve society's material challenges, Smith laid the groundwork for a pervasive British disdain for economic relief for the poor, who became unworthy drains upon society in the public mind.

The Industrial Age began in Britain with James Watts' steam engine of the 1770s, at nearly the same moment that Smith published the *Wealth of Nations*. Watt's steam engine marked the breakthrough to modern economic growth. As Francis Bacon had envisioned centuries earlier, a sustained rise of economic output was achieved by a torrent of technological advances in every sector of the economy, including agriculture, mining, manufacturing, transport, communications, finance, public health, public administration, and more, including of course the military, which allowed Britain to create the most powerful global empire of world history to date. Britain's economic and imperial successes reinforced the commitment of Britain's elite to the philosophy of free markets. The United States followed Britain in adopting a free-market ideology, albeit one that was conjoined with America's slave system up to the Civil War and to racial apartheid after the war.

In 1833, under the spell of Smith's free-market teachings, Britain harshly restricted relief for the poor, even as Britain began to accumulate unprecedented wealth in the new Industrial era. In the 1840s, Britain turned a cold eye to Ireland as the potato famine ravaged the countryside and led to mass starvation, while British overlords continued with their laissez-faire attitudes. In the 1870s and 1890s, British imperial officials stood by as massive famines led to millions of deaths in India, while the British Viceroys insisted on a policy of *laissez-faire*. In the 1877 famine, the Viceroy Lord Lytton gave orders that "there is to be no interference of any kind on the part of Government with the object of reducing the price of food" (Davis

2002, p. 31). In this, he was following the strict precepts on non-intervention in famine conditions laid down by Adam Smith.[13]

The British empiricists had helped to unleash untold entrepreneurial zeal and the new wealth of nations, but also to unleash the vices, releasing greed from social responsibility and diminishing (even deadening) the ability of society to recognize and respond to horrendous horrors, such as the mass famines that killed millions. Vice had contributed to ingenuity, as Mandeville believed, but it also gave rise to much greater vice.

4 Economic Ethics of the Church's Social Teachings

The harshness of living and working conditions in the industrial cities and towns of Europe during the Industrial Age, and the rise of unprecedented inequalities of income and wealth, gave rise to demands for social reforms, leading to new philosophies of socialism, communism, and social democracy. In some deep way, all of these philosophies emanated from the ancient Christian view that the economy should serve the needs of the whole society, not only the rich. In practice, the new ideologies were set in a bewildering variety of secular and religious perspectives, ranging from Karl Marx's anti-religious historical and dialectical materialism to countless Protestant and Catholic social reform movements of the nineteenth century.

The secular left increasingly divided into social reformers and socialist revolutionaries. The social reformers generally sought gradual reforms within the framework of the market economy, while the socialist revolutionaries envisioned a new economy of social or state ownership that would overturn the market system. The reformers established the social democratic parties of northern Europe that gained power in Scandinavia in the first half of the twentieth century. The revolutionaries created the ideological basis that would lead the Bolsheviks to power in Russia in the 1917 revolution and after.

Into this increasingly agitated and polarized milieu, the modern Catholic Church under Leo XIII stepped forward to revive the moral synthesis of Thomas Aquinas under the new conditions of industrialization. The Church's main messages in *Rerum Novarum* and subsequent social encyclicals taught that social institutions and civil society should be oriented towards care for the poor and that private property rights must give way, when necessary, to ensure the wellbeing of the poor, the family, and the environment. The Church, for example, supported the right of workers to organize to secure rights and dignity and has long championed civil-society institutions as vital intermediaries between the state and the individual.

[13] Regarding the Bengal drought of 1770, Smith had written in the *Wealth of Nations* that "a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth."

5 Economic Ethics of Social Darwinism

Even as the ideologies of social reform were taking hold, and the modern Church's social teachings were being launched by Leo XIII, a very different and pernicious ideology based on the glorification of conflict arose in the middle of the nineteenth century. Despite the efflorescence of industrial wealth, the apocalyptic idea took hold that the new era was nothing less than a battleground for physical survival. Darwin's theory of evolution added a scientific gloss to this new ideology, which eventually underpinned the Nazi calls for race war.

The origins of the new ideology, are best understood through three leading British thinkers of the nineteenth century: Thomas Robert Malthus, Charles Darwin, and Herbert Spencer. Malthus famously taught that social reforms to help the poor were futile and self-defeating. According to Malthus, any temporary rise in income above subsistence levels would spur a massive rise of population that would drive living standards back to subsistence. In short, helping the poor would only lead to more poor people, not to a sustained reduction of poverty. In the early editions of his famous *Principles of Population* (first published in 1798), Malthus doubted that a sustained rise of living standards above subsistence was possible because of the offsetting rise in population, a view that he later tempered but never fully abandoned.

Roughly a half-century after Malthus, the great naturalist Charles Darwin put forward his pathbreaking theory of evolution through natural selection. Drawing on Malthus, Darwin reasoned that all species of plants and animals face a struggle for survival because there are more individuals in each generation than the environment can support. Random variations (later termed mutations) among the individual members of a species lead to a diversity of fitness within each generation. Those individuals with variations that confer a survival advantage have more surviving offspring, thereby increasing the frequency of their fitness traits in the next generation.

Herbert Spencer, a British social thinker and contemporary of Darwin, recast Darwin's evolutionary theory as a struggle for survival in human society. According to Spencer, an economy can never meet the needs of the entire population. Therefore, only the strongest members of the society can garner the resources to sustain life, while the weaker parts of society must inevitably perish along the way. Yet the result of this struggle for survival, argued Spencer, is progress for humanity, since the struggle for survival results in the "survival of the fittest;" that is, of the parts of society with the greatest talents and energies.[14] While the struggle for survival may appear to be cruel, he argued that it is a necessary part of overall social progress.

[14] Spencer coined the phrase "survival of the fittest" in *Principles of Biology* (1864), five years after Darwin's *Origin of Species*, and which Spencer had read and adapted. By 1868, Darwin adopted Spencer's phrase. Though Darwin emphasized that evolution could induce cooperation within a species, his use of Spencer's phrase left the impression that evolution is a ruthless process in which the unfit are doomed to perish in competition with the fit.

In Spencer's hands, survival of the fittest was used to justify a Smithian-Malthusian *laissez-faire* economic policy so as not to tip the scales of survival towards the unfit. Spencer's intellectual heirs in Britain and America argued for restrictions on reproduction by the underclass to improve the quality of the human stock. As the basic laws of genetics became known towards the end of the nineteenth century, the new field of "eugenics" emerged with the aim of enhancing the gene pool, with advocacy for forced sterilization and other brutal means to suppress the fertility of social groups deemed to be inferior.

An even more insidious form of Social Darwinism interpreted the struggle of survival as being among nations or races rather than individuals. This more insidious view regarded the Caucasian (white) race to be superior to the Black, brown, and yellow races as they were described, and in a struggle for survival vis-à-vis those other races. As grotesque as such ideas may appear today, European beliefs in European racial superiority were commonplace, even among leading Enlightenment philosophers such as David Hume and Immanuel Kant. In his essay "Of Natural Characters," Hume wrote, "I am apt to suspect the negroes, and in general all other species of men (for there are four or five different kinds) to be naturally inferior to the whites".[15]

Darwin added a profoundly erroneous scientific veneer to this racism in his otherwise magisterial *Descent of Man*. In a manner that is shocking today, Darwin repeatedly emphasized that the "savage races," with Black people and Australian aboriginals at the bottom, are just a small evolutionary step above the great apes, while the Caucasians are the superior human race. Because of survival of the fittest, Darwin surmised that both Black people and the great apes would be driven to extinction:

> At some future period, not very distant as measured by centuries, the civilised races of man will almost certainly exterminate and replace throughout the world the savage races. At the same time the anthropomorphous apes, as Professor Schaaffhausen has remarked, will no doubt be exterminated. The break will then be rendered wider, for it will intervene between man in a more civilised state, as we may hope, than the Caucasian, and some ape as low as a baboon, instead of as at present between the negro or Australian and the gorilla.

In a brilliant monograph, historian Richard Weikart describes how Darwinian evolution was adopted by German philosophers and biologists as justification of race war (Weikart 2004). Nietzsche, in 1873, wrote that a true and consistent Darwinian ethic would "derive moral precepts for life from the *bellum omnium contra omnes* [war of all against all] and the prerogatives of the stronger" (Weikart 2004, p. 46). The sociologist Anastasius Nordenholz similarly argued that the highest moral principle is, "Everything that promotes increase reproduction of the more fit racial elements, even if [it is] at the expense of the unfit" (Weikart 2004,

[15] Kant wrote approvingly of Hume, noting in *Observations on the feeling of the Beautiful and Sublime* (1764) that "The Negroes of Africa have by nature no feeling that goes beyond foolishness." https://www.ucpress.edu/book/9780520240780/observations-on-the-feeling-of-the-beautiful-and-sublime

p. 52). In the struggle for survival, any help given to the degenerate parts of society was a death knell for the more fit parts of the society and a dire threat to the society's survival.

The new Social Darwinism thereby turned Christian ethics on its head, stating that help for the powerful, not the weak, contributes to the survival of the species, while help for the poor threatens humanity and undermines the progress achieved by natural selection. The German ethnologist Friedrich von Hellwald wrote in 1875 that the struggle for existence is "the motive principle of evolution and perfection. [T]he weak are worn down and must give place to the strong; so in world history the extermination of weaker nations by the stronger is a postulate of progress" (Weikart, p. 81).

The final ideological step of Social Darwinism was Darwinian Militarism, which extolled wars of racial extermination as the way to add living space (*lebensraum*) for the superior races. Weikart cites German hygienist Max von Gruber as arguing in 1915, "There simply is not enough space for everyone!" Therefore, "humans are necessarily the enemy of [other] humans" (Weikart, p. 174). A decade later, Adolf Hitler took up the same themes, declaring that Germany must to expand to the east, and that the Aryan race must supplant the inferior races. In *Mein Kampf*, Hitler writes, "Whoever wants to live, must struggle, and whoever will not fight in this world of eternal struggle, does not deserve to live. Even if this is harsh—it is simply the way it is." The result of this ideology of conquest and hate was World War II and the Holocaust.

6 Economic Ethics of Sustainable Development

The devastating disasters of two World Wars and the Great Depression temporarily ended the reign of free-market capitalism and social Darwinism. No credible leader or thinker could insist that the market system was guided by a providential "Invisible Hand." No credible leader or thinker could argue after the Holocaust that the European races had proven their superiority over the rest of humanity. The post-World War II era in Europe was one of social reform, a grasping for social justice, and an attempt to rebuild shattered societies. In the US, the political realm and the voting booths were dominated by the reformist politics of Franklin Roosevelt and his New Deal.

As a result, both Europe and the US instituted extensive social reforms, including budgetary expansions of pensions, education, and healthcare. The countries of northern Europe went furthest in this new direction with bold national programs of "cradle-to-grave" social democracy, yet even the relatively *laissez-faire* Britain and US adopted fairly extensive programs of social support, albeit not with the scope, consistency, and depth of the social democracies of northern Europe. The Christian democratic parties in Germany, Italy, and elsewhere adopted programs most closely aligned with the Catholic social teachings.

Yet towards the end of the twentieth century, the postwar consensus in Europe and the US regarding social programs came under stress from three directions. First, almost everywhere, market forces led to a widening of inequality, most sharply in the United States, but also in Europe. Perhaps the biggest rise in inequality resulted from the economic returns to higher education, creating a growing gap in living standards between workers with only a high-school degree versus workers with a bachelor's degree or higher. Second, in the US and some parts of Europe, the corporate sector gained political leverage and pushed public policies towards reduced taxes and regulation. Third, widespread worldwide economic growth after World War II induced a startling range of environmental crises, ranging from human-induced climate change to the destruction of biodiversity, loss of ecosystems, and pervasive pollution of the air, water, soils, and oceans.

In the twenty-first century, especially considering rising inequality and increasingly dangerous environmental threats, the prevailing ethical systems and dogmas are no longer sufficient. The British philosophy of *laissez faire*, still with strong adherents in the US and UK, is failing to solve the deepening crises of social inequality and environmental destruction. The Easterlin Paradox demonstrated powerfully that rising wealth does not necessarily lead to rising wellbeing. The ideologies of race supremacy have by no means lost all support, even if such ideologies are widely treated as immoral and incorrect. In much of Europe and the US, explicit race supremacy has given way to a somewhat more socially-acceptable nativism and opposition to in-migration. Even the Nordic social democracies find themselves under intense stresses, with political pressures for tax cuts, deregulation, and anti-immigrant policies.

The ideological crisis of the early twenty-first century is made far more complex by the intense interconnectedness of national economies. In a world facing transboundary crises of climate change, pollution, depletion of ocean fisheries, deforestation, mass migration, nuclear arms proliferation, regional wars, international tax evasion, massive capital flight, and more, the need for global economic cooperation is greater than ever. Yet such cooperation requires trust and a common framework for action, in turn requiring respect for international norms and shared values. It is no longer sufficient for each nation to pursue its own economic ethics; we are now in need of a global economic ethics to underpin global cooperation.

Such a global ethical framework is taking shape, but far too slowly and too weakly to overcome the many burgeoning global crises. The birth of the United Nations in 1945 marked the single most important advance towards global cooperation in modern history. The UN Charter commits the world's nations to cooperate for peace, development, and human rights. The 1948 UN Universal Declaration of Human Rights establishes a globally agreed framework for human dignity and the promotion of political, civil, economic, social, and cultural rights. The UN family of institutions provide technical and financial support to nations across almost all economic sectors, including agriculture, industry, education, health, environment, telecommunications, science, culture, housing, finance, energy, and others.

In the past 50 years, the concept of sustainable development has gradually taken center stage. Starting in 1972, at the UN Conference on the Human Environment in

Stockholm, national governments acknowledged for the first time that modern economic growth is causing dangerous anthropogenic (human-caused) change to the Earth's environment. In 1987, the Brundtland Commission recommended the concept of sustainable development, according to which each generation would steward the Earth's resources to meet its own needs while ensuring that future generations could meet their needs. In 1992, at the Rio Earth Summit, the governments adopted major multilateral agreements to head off anthropogenic climate change, the loss of biodiversity, and the degradation of dryland regions ("desertification"). In 2000, the UN member states adopted the Millennium Development Goals for the period 2000–2015 to combat extreme poverty and deprivations of health, education, and infrastructure.

In 2011, the UN member states took this emerging consensus one step further, by adopting a resolution on "Happiness: towards a holistic approach to development".[16] The resolution was proposed and promoted by the Kingdom of Bhutan, which four decades earlier had begun to explore the path to Gross National Happiness, inspired by Buddhist teachings and the guidance of the Fourth King, Jigme Singye Wangchuck. The UN resolution recognized that:

> the gross domestic product indicator by nature was not designed to and does not adequately reflect the happiness and well-being of people in a country ... [and] the need for a more inclusive, equitable and balanced approach to economic growth that promotes sustainable development, poverty eradication, happiness and well-being of all peoples

The UN resolution found a quick global uptake, with a worldwide resonance, with the member states declaring that "the pursuit of happiness is a fundamental human goal." In the resolution nations heard the echoes of Plato and Aristotle in putting *eudaimonia* at the center of politics; the inspiration of Jesus in the Sermon on the Mount in placing *Beatitudo* (happiness) at the center of moral teachings; and the wisdom of Buddha that had inspired Bhutan. The resolution was also underpinned by advances in the field of psychology, which was devising, testing, and assessing new means of measuring subjective wellbeing, such as the Cantril Ladder that is reported in the annual World Happiness Report, itself an outgrowth of the UN-wide movement to put wellbeing at the center of global cooperation.

All of these steps have helped to push the world towards a deepened vision of sustainable development based on four pillars: (1) economic prosperity for all nations; (2) social inclusion that "leaves no one behind"; (3) environmental sustainability; and (4) intergenerational justice.[17] A further breakthrough was achieved in September 2015 with the adoption by UN member states of Agenda 2030 for Sustainable Development and the 17 Sustainable Development Goals (SDGs), and again in December 2015 with the adoption of the Paris Climate Agreement that aims to limit anthropogenic warming to less than 1.5 °C. Yet as of today, these high

[16]UN Resolution 65/309 adopted on July 19, 2011. https://digitallibrary.un.org/record/715187/files/A_RES_65_309-EN.pdf?ln=en

[17]For an overview of the challenges of sustainable development, see my book *The Age of Sustainable Development*, Columbia University Press, 2015.

aspirations remain unfulfilled, and the world is perilously destabilized by pandemic disease, wars, financial stress, and rising geopolitical tensions.

7 The Economy of Francesco and a New Global Ethics

Pope Francis's call for a new Economy of Francesco is a bold and incisive recognition that the prevailing global economic system, and its flawed ethical underpinnings, fail to serve human wellbeing and sustainable development. In his Papal exhortations and encyclicals, Pope Francis has inveighed against the global "throw-away culture" based on greed and disparagement for the "other." He has repeatedly bemoaned the "globalization of indifference" that is leading humankind to self-destruction, whether by environmental ruin or a third world war, which Pope Francis cogently argues to be already underway.

Pope Francis's two encyclicals are brilliant and scintillating underpinnings for a new global ethics of sustainable development and human wellbeing. They build on the Church's social teachings that the economy must serve humanity, rather than humanity serving the economy. They draw directly on Jesus's moral teachings on *beatitudo* (happiness) in the Sermon on the Mount, especially the happiness of those who are "poor in spirit," that is, solidaristic with the poor. Pope Francis repeatedly teaches that the unbridled defense of private property is idolatry, not ethics. Smithian *laissez-faire*, letting the poor to cope with their deprivation while the rich despoil the planet, is intolerable.

Pope Francis powerfully declares in *Laudato Si'* that, "Interdependence obliges us to think of *one world with a common plan,*" a point that he underscored for world leaders in his speech at the UN on September 25, 2015, just before the unanimous adoption of the SDGs.[18] In *Fratelli Tutti*, Pope Francis shows that the pathway to a common plan is *encounter with the other*, or trust-building and bridge-building to overcome enmities and to forge bonds of trust for common action.[19] The Pope's advice may be the most important message for our survival today, in a world in which diplomacy is increasingly disdained in favor of hostile soundbites against one's foes in the social media. The breakdown of global trust has again carried us to the precipice of nuclear war. As UN Secretary-General António Guterres has stated, "Humanity is just one misunderstanding, one miscalculation away from nuclear annihilation".[20]

[18] Find *Laudato Si'* at https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html

[19] Find *Fratelli Tutti* at https://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20201003_enciclica-fratelli-tutti.html

[20] https://apnews.com/article/russia-ukraine-covid-health-antonio-guterres-2871563e530f9a676d7884b3e2d871c3

The Economy of Francesco is not itself a blueprint for a new global economic ethics. It is a roadmap to help achieve one. It is a call, especially to young people, to reconsider the economic institutions needed for global wellbeing and sustainable development. This reassessment will benefit enormously by drawing on the long history of economic ethics, and by enduring insights of the past for today's economic realities.

In my judgment, the enduring wisdom of economic thinking includes the following themes:

The insight of the Ancient Greeks that human nature is divided between reason and impulse, and that the ethical work of individuals and society is to cultivate the rational virtues;

The insight of the Ancient Greeks that moderation is key to forging virtues and achieving social cooperation;

The insight of the ancient Jews and Christians that each individual deserves dignity and therefore has intrinsic human rights;

The insight of the ancient Jews and Christians that society's institutions, both religious and secular, should assume the responsibility for "the least among thee;"

The insight of the British empiricists, following Bacon, that technological progress can reduce the misery of humankind;

The insight of the British empiricists that a market system can inspire ingenuity and entrepreneurship, though also undoubtedly bringing new dangers of unleashing the vices;

The insight of the Catholic social teachings that a market system, including private property rights, can never be absolute, without becoming a new idolatry;

The tragic lesson of modern history that the economy need not be a battleground or a struggle for survival, as was wrongly claimed by the Social Darwinists and their heirs;

The insight of ancient wisdom (Greek, Buddhist, Jewish, Christian) that happiness (eudaimonia, beatitudo) is a vital objective of humankind; and

The insights of Pope Francis that our interdependence obliges us to have a plan for our common home, and that to live peacefully in that common home, we need encounter and dialogue.

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