

Liberation Theology is back as Pope Francis holds capitalism to account



Amid accusations of Marxism, Pope Francis has turned the Vatican into the spearhead of radical economic thinking

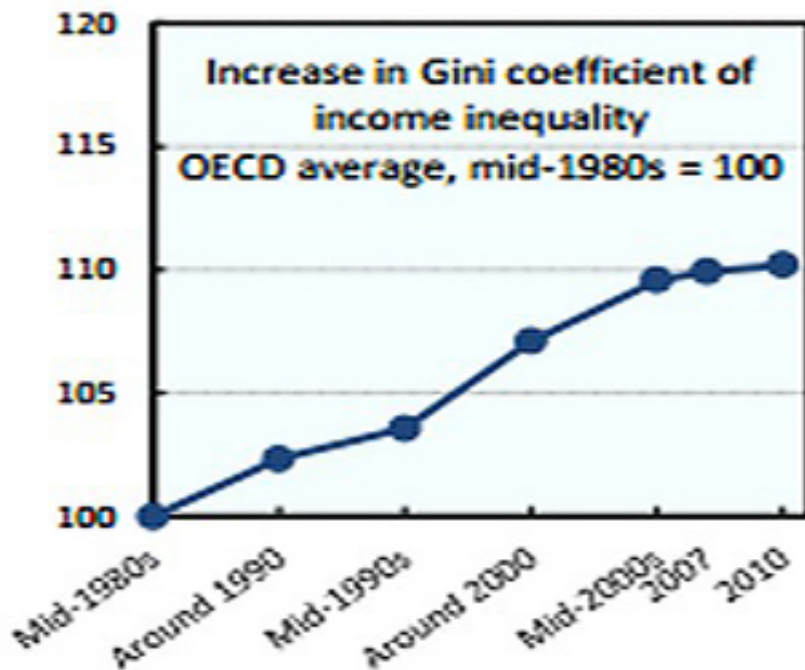
Unfettered global capitalism has met its match at last. Ever since Bishop Bergoglio picked St Francis of Assisi to be his guiding inspiration and lead a "church for the poor", all his actions have been in the same direction.

Liberation Theology is taking over the Vatican a quarter of a century after John-Paul II systematically sought to stamp out the "singular heresy" in the radical parishes and dioceses of Latin America, a task carried out with dutiful efficiency by Cardinal Ratzinger at the Congregation for the Doctrine of the Faith.

The "preferential option for the poor" is back. The doctrine that so inflamed controversy in the 1970s and 1980, famously wedded to Nicaragua's Sandinista cause, now has a Papal imprimatur. It is close to becoming official doctrine for the world's 1.2bn Roman Catholics under "Evangelii Gaudium", the Pope's first apostolic exhortation. This will have consequences.

"While the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by the happy few. This imbalance is the result of ideologies that defend the absolute autonomy of the marketplace and financial speculation," Pope Francis says.

The conservative power of the Papal Curia is being broken. All of a sudden the Vatican is the spearhead of radical economic thinking. The best-known of the Pope's newly-minted Council of Cardinals is none other than Archbishop Reinhard Marx, the firebrand "Rote Kardinal" of Munich and author of *Das Kapital: A Plea for Man*.



Rising inequality in rich countries

Until now there has been no unifying or coherent voice of protest against what Pope Francis calls the "idolatry of money", or a "new tyranny" of worldwide scale that relentlessly imposes its own rules, and knows no limits. The Occupy movement is diffuse. Trade unions in the West are strangely silent, pushed to the margins by the atomised structure of modern work. Europe's political Left is so compromised by ideological defence of monetary union - a Right-wing project, or "bankers' ramp" as the Old Left used to say - that it cannot muster any articulate policy.

So the task has fallen to the Catholic Church, the greatest moral and mobilising force in the world, flanked to some degree by Anglican prelates and Lutheran bishops. This economic struggle has mass appeal. It may prove to be the launching pad for a Christian revival, inevitable in some form as militant Islam prompts Westerners to look back to their own cultural roots.

Francis was never a member of the Liberation Theology movement in his native Argentina, even if it shaped his thinking. He now regrets not having taken a stronger stance against the military junta, though the moral choices facing priests was not clear-cut. Some of his fellow Jesuits joined clandestine rebel forces. An Irish Jesuit served as pastor - with a rifle on his back - in Guatemala's Guerrilla Army of the Poor (EGP). Indeed, the Guatemalan army viewed the EGP as a Jesuit outfit. But in fanning the flames of revolt, these ultra-radical priests turned their catechists into targets of military repression.

Be that as it may, Francis is now making amends. Professor Harvey Cox from Harvard University writes in the Nation that one of the Pope's first gestures after his acclamation was to invite Peru's Gustavo Gutiérrez to Rome. This is highly significant. He is the priest who wrote the original "Magna Carta" for Liberation Theology in 1968, the symbol of the movement. They celebrated Mass together, then had breakfast. The Pope then revived the stalled beatification of Oscar Romero, the Archbishop of San Salvador assassinated by death squads in 1980 while celebrating Mass.

Evangelii Gaudium is the doctrinal statement of this Leftward swing. It decries the "trickle-down theories which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world. This opinion expresses a crude and naïve trust in the goodness of those wielding economic power and in the sacralised workings of the prevailing economic system."

Or as he put it later, the hope that free-market growth will lead to greater social justice in the end invariably disappoints. "The promise was that when the glass was full, it would overflow, benefiting the poor. But what happens, instead, is that when the glass is full, it magically gets bigger and nothing ever comes out for the poor."

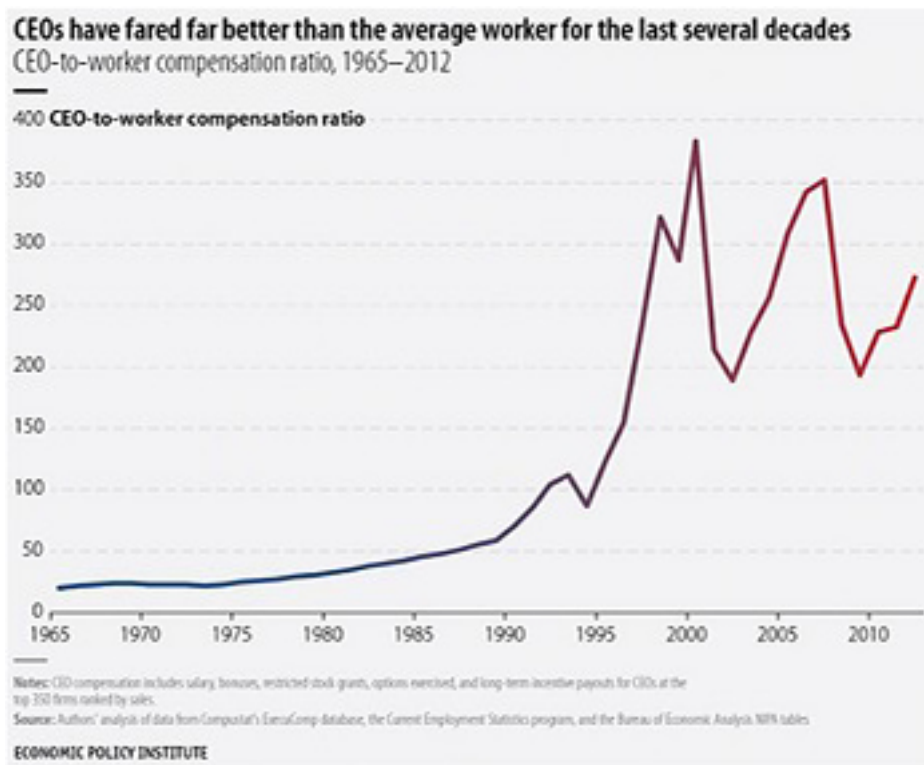
Rush Limbaugh, America's talk radio king, accused the Pope before Christmas of preaching "pure Marxism". Others called him a Peronist. Francis felt the need to respond last month in La Stampa, not least because of warnings from rich American Catholics such as Home Depot's Ken Langone that the furore was bad for fundraising. US Catholics may only be 78m-strong but their collections make up a quarter of Vatican revenue.

"The Marxist ideology is wrong. But I have met many Marxists in my life who are good people, so I don't feel offended," said Francis. He explained that his exhortation reiterates the traditional social doctrine of the Church, dating back to the mists of time, and in its modern form to Pope Leo XIII's Rerum Novarum of 1891.

This is undoubtedly true. Leo XIII was responding to an economic structure in late 19th century globalism where the forces of labour and capital were out of kilter. His doctrine inspired a corporatist model of employers, big unions and the state working together as stakeholders, what became Franco-German "Rhineland capitalism", but capitalism nevertheless.

Who can doubt that the structure is grotesquely out of kilter again? The profit share of GDP is near historic highs in most major countries, as is the GINI coefficient measuring inequality. The US Congressional Research Service says the income share of the richest 1pc of Americans reached 19.6pc last year. It never rose above 10pc in the first four decades after the Second World War.

The gap between rich and poor in the US is worse now than it was in Great Gatsby era of the late 1920s, a point made by none other than President Barack Obama. "Whereas in the past, the average chief executive made about 20 to 30 times the income of average workers, today's CEO makes 273 times more," he said.



Ratio of CEO pay to workers in US

Yet the ethics of the free market are complex. Adam Smith was a professor moral philosophy, not economics. He wrote his Theory of Moral Sentiments long before he extolled the hidden hand of the markets in Wealth of Nations. His insight was to take a dim view of intellectual "systems", giving preference to the common sense judgments of ordinary people. The totalitarian horrors of the last century bear him out.

Nor is the Pope's critique of globalisation entirely satisfying. Roughly 500m more people have begun to taste middle class affluence in China alone since the late 1980s, and 1bn worldwide. "Never before have so many people been lifted out of poverty over such a brief period of time," said Laurence Chandy from YaleGlobal.

The paradox is that while the GINI index has gone up within most countries, it has fallen on a borderless basis worldwide. From the universalist view of the Vatican, this should be a cause for celebration.

Needless to say, globalisation has let companies play off wages in the West against cheaper labour in China or India. This may self-correct over time as Asian wages rise. In the meantime, owners of capital can accrue too much profit. This has been made worse by deliberate attempt of central banks to revive Western economies by driving up asset prices. This "wealth effect" is almost a caricature of trickle-down theory. That is why the 1pc Club have amassed 95pc of US wealth gains since the Lehman crash.

The West has handled the social effects of this badly, failing to anticipate the impact on low-skilled workers, and failing to do much about it even now. Those states with good school education, high research budgets and flexible labour markets have come through best.

Pope Francis shows no signs of backing off, and his focus is turning to Europe. It is there that the political class has failed most badly to guarantee "dignified work". It offers no work at all. Five years into global recovery, EMU unemployment is stuck at 12.1pc, and most of southern Europe is faring worse than in the 1930s at a comparable stage. We can argue whether this is caused by incompetence, or by the fact that the creditor bloc has hijacked the EMU policy machinery to serve as its debt collector. Either way, the results are in plain sight.

Invoking the Fifth Commandment, Francis says "today we also have to say 'thou shalt not' to an economy of exclusion and inequality. Such an economy kills." Indeed, and the European Commission's own survey of poverty and social exclusion makes clear that the epicentre of this crime is in the eurozone and near abroad. If anybody can stand up to those responsible for this tragic policy error and issue a thundering moral condemnation at long last, it is surely Pope Francis.

The wheels are already turning in Europe's COMECE forum of bishops, headed by Cardinal Marx. "There is a growing conviction within the EU that the traditional solutions are not working in the present crisis. Growth figures welcomed by financial journals as indicators of economic recovery are no longer reflective of the real economic situation in most countries," he said

The Red Cardinal said Europe's leaders have departed from the ideals of solidarity enshrined in the Schuman Declaration of 1950 and "run the risk of undermining much of what the European Union has achieved".

Quite so. High time therefore for Pope Francis to issue his first anathema.

Ambrose Evans-Pritchard - The Telegraph