Pope Francis’ recent release of the Apostolic Exhortation *Evangelii Gaudium* has generated much needed reflection on the role of an economic system in social provisioning, i.e., the meeting of humanity’s wants and needs. Too, *Evangelii Gaudium* highlights the difference between wants and needs and the negative consequences of the now entrenched “need” to consume “wanted” goods and services. Pope Francis points to the individualism that is central to capitalism, the currently revered economic system. However, this exclusive focus on individualism need not be the case, and if one were to truly examine the functioning economic system in the U.S., its resemblance to capitalism begins and ends with a partial reliance on markets and prices and a focus on the individual. Beginning with the widely-accepted definition of economics, a discussion of the often-overlooked value judgments in the mainstream definition will follow and then lead to a discussion of alternative definitions proposed by various heterodox economic schools of thought. Following will be a discussion of the natural tendency for a capitalist economic system to (at the very least monetarily) reward those who subscribe to the primacy of the individual with the system further encouraging ever-increasing consumption and a concentration of power among the financially wealthy. This is not inevitable, however. The paper will conclude with a discussion of the real possibility of utilizing a capitalist economic system to meet both the needs of the individual as well as society and how a consideration of social capital and social provisioning can help to shape acceptable economic outcomes and one can see how such consideration has already been manifested in Americans’ evolving vision of their American Dream.

First used in the fourth century BCE by Xenophon, a Greek writer, to refer to the management of the household, the term “economics” has evolved over time from a societal level
based study to a much more focused study on the actions of individuals given restrictive assumptions (Backhouse and Medema 222-3). In the 18th century, Adam Smith, widely considered to be the father of modern day economics, described the study of “political economy” as “a branch of the science of a statesman or legislator,” and his discussion of political economy was deeply situated in an overall discussion of morality and society (qtd. in Backhouse and Medema 223). Move ahead to the 20th century, and the modern day definition of economics starts to emerge with Lionel Robbins defining economics as “the science which studies human behavior as a relationship between ends and scarce means which have alternative uses” (qtd. in Backhouse and Medema 225). Today the student will typically be introduced to the study of economics with a short and simple definition of economics going something like this: economics is the study of how society allocates its scarce resources. A slightly more detailed definition asserts the individual’s natural desire to have as much as possible: economics is the study of how individuals, institutions, and society make choices given unlimited wants and limited resources. Note that a sense of morality playing a role in human behavior is now absent and, further, today’s economists are generally taught to ignore such a subjective phenomenon as a person’s sense of morality when modeling human economic behavior. Yet even Joseph Schumpeter, an advocate for the freedoms afforded individuals by a capitalist economic system, recognized capitalism’s rewarding of rational profit-maximizing behavior as eventually undermining the social moral fabric necessary for capitalism’s enduring success (qtd. in Finn 230) and, like Schumpeter, Pope Francis in *Evangelii Gaudium* brings attention to the negative consequences of ignoring the role of morality in the day-to-day workings of a capitalist economic system.
A first value judgment contained within the current-day definitions of economics is twofold in that humans are assumed to have to (1) make choices because (2) Earth does not have enough resources to meet our limitless desires. The second value judgment has to do with the origination of the limitless desires. It is just assumed that humans will always want more. It does not matter what the “more” is, as an economist would point to a scarcity of time available (think of the “there are only 24 hours in a day” adage) even should we have an abundance of resources to produce and distribute material goods. These value judgments do not need to be accepted at face value, however, as, for example, Christianity has encouraged the reduction of our wants in an effort to increase our happiness (Finn 230) and many Americans have turned away from a materialistic definition of happiness as will be discussed in more detail later. For economists uncomfortable with such restrictive value judgments, alternative definitions of economics abound, and the following examples of alternative definitions highlight the role of social interactions and social provisioning in the everyday functioning of an economic system.

An alternative definition proposed by the institutionalist economist, Sumner Slichter in 1931, states “The subject matter of economics is industry, the process by which men get a living … economics studies industry, not as a technological process, but as a complex of human practices and relationships” (qtd. in Backhouse and Medema 225-6). Such a definition is a start toward acknowledging the service of the economy to the greater good of the individual and society. J. R. Stanfield, another institutionalist economist, offers the following definition of the economy, “In summary, the substantive or instrumental definition of the economy emphasizes lives and livelihood. The economy is evaluated on its ability to reproduce lives without disrupting them. The economy is not instrumentally valid if it destroys community or family life, distorts personalities, or unnecessarily represses individual freedom and development” (24). The study of
economics would then go beyond the study of how best to maximize production of desired goods and services given limited resources, and recognize a means-ends distinction that requires an evaluation of how a focus on maximization affects the development of the person and society. Such alternative definitions also acknowledge institutions’ role in “facilitating human interaction and in shaping human perceptions and goals” (Finn 230).

However, it must be admitted that, generally speaking, economists model economic behavior as the individual consumer or business owner making a maximizing decision subject to financial or resource constraints. Such independent individually determined decisions are proposed to combine to create those conditions necessary for markets to organically develop, and these markets will then function within a wider society. However, while it may be tempting to subscribe to the idea that society is the one-dimensional summation of individuals’ actions, might it be more accurate to think of the interactions of persons leading to something greater than the simple summation of their individual parts? Daniel K. Finn highlights Christian Smith’s theory of “emergence” applying it to the interconnectedness of individuals and social structures. Smith defines emergence as a minimum of two “lower level” entities combining to create a “higher level” entity (qtd. in Finn 209). The higher level entity bears characteristics that cannot be reduced down to the one-dimensional summation of the lower level entities’ qualities. Finn applies this theory to the individual actions of persons and the resulting social structures and evaluates the potential for a feedback loop as well (all of this being more reminiscent of the alternative definitions of economics outlined previously). Defining the market as a social structure, Finn analyzes the possibility of the market and its particular properties as emerging from the interactions of persons (208-9). In Evangelii Gaudium, Pope Francis suggests that a reliance on the organic emergence of a just and inclusive world society based on the freedom of
persons navigating free markets is naïve; he points to the presence of individuals with economic power who may or may not be trusted with making decisions for the good of all (Para 54).

A timely example of the consequences of such naïveté is the financial crisis of 2007-2008; the crisis has been widely blamed for causing the “Great Recession” in the U. S., and the crisis has had far-reaching consequences that have reverberated around the world. An economist, Charles M. A. Clark, details a uniquely Christian perspective on the financial crisis utilizing a “subjective” point of view normally considered taboo in the field. Rising income and wealth inequality over the last 30 years, according to Clark, was the driving force behind the financial instability of the Great Recession. In describing the major causes of the financial crisis, Clark highlights the progressive creation of non-traditional home mortgage loans including “low doc” loans (a relatively low bar was set for required documentation of income and assets to qualify for a home mortgage), “no doc” loans (no supporting income or asset documentation was needed to qualify), and “ninja” loans (these “no income, no job, no assets” loans allowed the borrower to qualify for a home mortgage without any documentation of income, steady (or any) employment, or assets). This then led to, according to Clark, the creation of “money manager capitalism” where the economy was organized by and for money managers with the meeting of human needs and improving societal welfare more and more separated from the purpose of the economy. Clark proposes the solution going forward is the creation of “a solid ethical foundation upon a just economy can be constructed” (16-27), though even Schumpeter argues in 1942 that capitalism is incapable of generating the “foundations of morality” necessary for the enduring benefits of a capitalist economic system (qtd. in Finn 230).

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1 A legitimate rebuttal, though something of a red herring, is why borrowers would agree to the conditions of low-doc, no-doc, or ninja loans given the “this is too good to be true” nature of the loans. The same, however, could also be argued for the money managers agreeing to the same terms. This is a topic worthy of a paper in and of itself, however, and will not be further addressed here.
In contrast, the magazine, *The Economist*, in its September 7, 2013 edition includes an analysis of the causes of the same crisis, assumedly from a free-market friendly (and also assumedly “objective”) perspective. *The Economist* lists causes of the crisis as the following: (1) financiers believed they had effectively eliminated risk when they had instead just put it out of sight and out of mind; (2) unwilling and/or incapable of reigning in the financiers’ behavior, central bankers and other regulators failed to do their jobs; (3) complacency and risk-taking set in after years of low inflation rates and stable economic growth; (4) excess savings in Asia moved interest rates lower, and European banks borrowed from American money-market funds to finance the purchase of risky American securities. Regulatory rules already in place were not implemented with at least part of the blame for this going to the central banks and Basel committee. Further, even should the central bankers and Basel committee members have advocated for tighter implementation of regulations, there was substantial political pressure to leave well enough alone when the economy was doing well. Interestingly, even *The Economist* acknowledges the importance of trust in the workings of the economy and blames the collapse of banks’ trust in the viability of their counterparties as a major contributor to the collapse of the financial markets. Finn highlights the role of reciprocity in fostering social trust and the workings of a society, in general (229), and while the average economist does not formally acknowledge the role of social trust (more generally, social capital) in the efficient workings of an economic system, many heterodox economists and other social scientists have.

The concept of social capital has been defined in a number of different ways with one definition detailing an individual’s access to networks, subjection to norms, involvement in interactions and perception of trust used not only for survival but to improve one’s living experience (Cohen 267), while others have defined social capital to be the traits deriving from or
leading to trusting and cooperative relationships between individuals, such as a shared set of values or norms (Durlauf 460; Warren, Thompson, and Saegert 1). Putnam’s definition refers to “the features of social organization, such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (67). More and more, economists and other scholars are turning attention to the concept of social capital because of the numerous macroeconomic and societal benefits deriving from greater levels of social capital. It has been hypothesized that greater levels of social capital improves literacy and education rates, improves public health, reduces crime rates – all contributing factors in the alleviation of the effects of poverty, not to mention improving overall social provisioning functions. The generation of goodwill and fellowship deriving from social capital is also influential in improving living conditions (Wallis, Killerby, and Dollery 240, 247).

It may be tempting to assign to the individual the responsibility for improving his/her own position when fully wedded to the idea of individual freedom inherent in free-market economies, but the financially poor have an uphill battle if working individually to change the political and economic structure to better meet their needs, as well as continue to foster a just society. Pooling social capital has been shown to garner positive results for the financially poor, as highlighted by Helliwell and Putnam’s research, for example, and this focus on the role of power in society addresses Finn’s criticism of the typical economist’s all-but-ignoring of the role of institutions and economic power in their analysis of competitive markets (230). On the other hand, the pooled power wielded by the financially poor may still not be enough to overcome the barriers raised by public institutions to undermine these same powers of social capital; for example, such entrenched institutions have negated social capital’s beneficial effects by providing information that “demeans, demoralizes, or makes invisible the recipient poor
“community” and calling formal meetings where the norms of communication among the poor will cause the poor not to be heard or disregarded entirely (Warren, Thompson, and Saegert 16). Too, as mentioned previously, Pope Francis calls attention to such disparities in economic power as being important when evaluating capitalism’s ability to create and sustain a just and inclusive world society based on the individual’s freedom to make choices in an economic structure of free markets; the assumption that competition leads to the survival of only those who are most fit does not acknowledge the tendency for the powerful to manipulate the powerless and, ultimately, causes the exclusion and marginalization of the masses (Para 53 - 54).

The previous discussion of today’s version of capitalism illustrates its failures. However, capitalism need not necessarily continue in its current version nor does it necessarily even exist as economists would model it. For example, Emily Northrop contends that the assumption of profit maximization in the study of economics has been oversimplified, and she provides two alternative visions of the profit maximization assumption that point to the individual and social benefits of profit maximizing behavior. The first has to do with non-corporate entities, i.e. proprietorships and partnerships. Making the argument for behavior which may not maximize monetary profits but nonetheless maximizes owners’ happiness, Northrop suggests some owners may commit to paying fair wages, producing in such a way as to be environmentally sustainable, or giving back to the community in the form of charitable donations; all of these interests appear, at first glance, to violate the assumption of profit maximization. Without shareholders holding the owners to maximizing monetary profits, however, owners are free to make happiness-maximizing decisions. A second alternative to the profit maximization assumption applies to corporate entities, and it brings to the fore the problem of maximizing for today versus maximizing today’s and all future income streams. Assuming a desire to maximize future
profits, an alternative profit maximization assumption focuses on maximizing shareholders’ wealth. There is the added problem with corporations that managers will be assumed to maximize their own pecuniary gains to the detriment of the shareholders’ interests, and this alternative assumption also emphasizes the shareholder (Northrop 111-23). However, both alternatives presented suggest economists have assumed a rather narrow view of economic behavior and enables one to envision a capitalist economic system that does not necessarily worship the individual. An analysis of the American Dream will help to further demonstrate individuals’ concern for their material well-being when the economic system is serving them well and more of a focus on happiness when the economy is not serving a significant population of individuals.

Hochschild, in her book Facing Up to the American Dream, defines the opportunities to achieve one’s own dreams offering three different ways Americans measure success. One measure is an absolute measure where individuals feel they have attained success should they meet (or surpass) specific standards. Earning more than $50,000 in a given year, for example, is an absolute measure of success. Such a measure does not necessitate a comparison with anyone else nor does it require that someone else (say, sibling, neighbor, or co-worker) fails to meet the $50,000 mark. A second measure is a relative measure. Individuals tie their success to what they have accomplished in comparison to another individual or group of individuals. An example would be earning more than one’s parents (though it is not required that one’s parents earn less in order for the child to earn more). The third, and last, measure of success is a competitive one. In order for individuals to be successful, they need to be able to point to those who have not been successful as a direct consequence of their successes. Think of any sporting event where there is a winner and a loser; one team cannot be the victor without there being a
defeated opponent (15-18). It would seem that Americans have settled on a competitive success. Referring back to Pope Francis’ concern regarding the “struggle to live and, often, to live with precious little dignity,” it could be said that the competitive vision of success, and subsequently their American Dream, actually encourages individuals to deny dignity to others in the hopes of improving one’s own sense of success and dignity. However, if absolute and relative measures of success are the norm, the capitalist economic system may be, theoretically, harnessed to meet the wants and needs of individuals, but only if built on a moral foundation that looks beyond the tendency to idolatriz money and consumption.

Pope Francis succinctly states that it is “evident that unbridled consumerism combined with inequality proves doubly damaging to the social fabric” (Para 60). Robert H. Frank, in his book *Falling Behind: How Rising Inequality Harms the Middle Class*, makes a similar argument though he does not make a specific judgment regarding the social fabric and instead suggests that economic inefficiency results as a consequence of unbridled consumerism and wealth inequality. In his book, Frank illustrates a tendency of individuals to want to consume in such a way as to demonstrate to others what they are capable of consuming. Frank talks of positional and nonpositional goods with a positional good being a good “for which the link between context and evaluation is strongest” while a nonpositional good is a good “for which this link is weakest” (2). Frank further argues the truth of four propositions of which the following are relevant here: society loses when positional arms races divert limited resources to the production of positional goods to the detriment of nonpositional goods and middle-class families have suffered greater losses from positional arms races because of rising inequality (3-5). In such a culture, “priority is given to the outward, the immediate, the visible, the quick, the superficial and the provisional” (Francis Para 62). But, this does not have to be the case. What might at first be seen as a
negative consequence of the Great Recession might actually be considered a positive: many families are faced with making the tough financial decisions that place more attention on needs rather than wants, nonpositional over positional goods. This change in thought process is illustrated by Zogby in relation to Americans’ perceptions of the American Dream.

Since 1998, John Zogby has been gathering survey data related to Americans’ perceptions of the American Dream, and what he has found is indicative of a transformation in how individuals view the Dream. Offering survey respondents four alternatives, Zogby gives individuals an opportunity to identify with a particular version of the American Dream. The “Traditional Materialist” identifies the American Dream with material success; the “Secular Spiritualist” equates the American Dream with spiritual fulfillment over material success\(^2\); still believing in the American Dream but only for one’s children, individuals were given the option to choose “Deferred Dreamer”; and lastly, the “Dreamless Dead” believe exactly that -- the Dream is dead -- these individuals have given up on ever achieving the American Dream regardless of a spiritual or material definition (Zogby 107). Perhaps surprisingly, over time, Zogby’s survey results have documented a move away from the Traditional Materialist toward the Secular Spiritualist. In November 2008, a postelection poll showed a reversal in trend with a greater percentage of survey respondents identifying as Secular Spiritualists (37%) than Traditional Materialists (27%) (Zogby 107). What might explain this reversal in trend?

Zogby highlights four factors that are, in his opinion, driving the move to secular spiritualism and the redefining of the Dream. He believes one factor derives from the disappearance of good-paying jobs and the shrinking middle-class. Realizing that middle-class jobs were not coming back any time soon, individuals were forced to revise their expectations

\(^{2}\) Note that 44 percent of those self-identifying as Secular Spiritualists frequently attend religious services while 33 percent rarely or never attend services.
downwards and are now demanding the best value for their dollar. A second factor contributing to the redefined Dream is generational. Baby Boomers are now retiring and find themselves with free time with which to “give back” as well as find enjoyment in their retirement (Zogby 108-9). A third factor comes from those recognizing that a more meaningful life is not necessarily realized with the acquisition of more material items; those wanting a more simple life are redefining their American Dream to reflect this desire. More than 40% of the respondents in each of the following groups indicated a preference for a simpler life: rural dwellers, libertarians, those with incomes between $50,000 and $75,000, households with a union member present, Hispanics, Asians, those joined in civil unions, and eighteen to twenty-seven year-olds. The final factor contributing to the redefined American Dream is an American spirit that encompasses a sacrificing for the greater good, and Zogby points to examples where the American people have done the right thing given “a just cause, a clear rationale, and strong leadership” (Zogby 108-10). So while Pope Francis is right to draw attention to the idolizing of the individual to the detriment of development and stability of personal relationship, including family bonds (Para 67), there is reason to be hopeful that capitalism does not have to lead to a greater and greater focus on the individual and the materialistic. Or if it does, forces will be set in motion to refocus on humanity, social provisioning, and the common good.

Because of its reliance on individual freedom, the capitalist economic system seems to have attained a status of particular reverence in the U.S., though it is just one institution in service to the individual and society. At the end of the day, individuals are acting as social provisioners, not consumers necessarily acting in a way to make the economy happy. In Evangelii Gaudium, Pope Francis exhorts us “to generous solidarity and to the return of economics and finance to an ethical approach which favours human beings” (Para 58).
current economic system encourages and enables individuals to focus on themselves, which could be interpreted as favoring human beings, but, as we have seen, it also has the tendency to encourage favoring oneself to the detriment of others, and even cause individuals to feel a sense of superiority over others. The tendency toward competition, as opposed to cooperation, is great. This is a legitimate source of the “struggle to live and, often, to live with precious little dignity” (Francis Para 52). As stated previously, economists make a number of assumptions with particular value judgments attached. With these assumptions come assumptions about human behavior. Making persons aware, via the pivotal institutions (including religion, government, education, and family), of the problems inherent in capitalism is a first step of which Pope Francis’ Apostolic Exhortation would be one example. Calling out the unrealistic and inaccurate assumptions of economists, for the benefit of both the economics student and the politicians and policymakers who rely on economists’ expertise, is a second step. Lastly, recognizing the power each one of us has to shape our own dreams and work for the fulfillment of others’ dreams can be empowering in itself and, when combined with others, can meaningfully transform consumers into social provisioners.
Works Cited


