

Inside Pope Francis' mission to make capitalism work for the common good



[John W. Miller](#) January 27, 2021

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Jeff Bezos, Mark Zuckerberg and Pope Francis (AP)

Editor's Note: [The Moral Economy](#) is a new series that tackles key economic topics through the prism of Catholic social teaching and its care for the dignity of every person. This is the first article in the series.

The Vatican has always enchanted princes and presidents, but [Pope Francis](#) is the first leader in the Catholic Church's 2,000-year history to engage frequently with a more modern type of ruler: chief executive officers.

More than any previous pontiff, Francis has been lobbied by C.E.O.s to soften his skepticism about capitalism, and he in turn has pressed them to better serve the poor and the planet. Surprisingly, he has joined the debate now in fashion about reforming capitalism, a discussion propelled by the 2008 financial crisis, rising [income inequality](#) and [climate change](#). The list of companies whose leaders have made a pilgrimage to Rome reads like a Harvard Business Review index: Apple, Bank of America, BlackRock, Exxon, Facebook, Google, McKinsey and News Corp, to name only a few. The Vatican has also met with pension fund managers to help them invest more ethically, worked on redesigning the curricula of business schools at Catholic universities, and [organized roundtables at the World Economic Forum in Davos, Switzerland](#).

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The Fortune 500's dance with the Vatican underscores the difficulty of turning the ideal of economic dignity for every human, a cornerstone of Catholic thought, into reality. Any earnest attempt at "reform" risks turning into a glorified public relations campaign. It also raises the question of how much good a church devoted to caring for the poor can do by working with the rich. Of course, the pope and Vatican officials also meet frequently with the poor and the marginalized. But with the global economy shaken by the

Covid-19 pandemic, the emergence of a deeper relationship between the Vatican and the [Davos crowd](#) demonstrates Francis' moral currency in a world struggling to find meaning, **the church's grudging but growing respect for the influence of multinational corporations and the emergence of Catholic social teaching as a promising common ground.**

Catholic social teaching is also something Americans are learning a lot more about. The new administration of President [Joseph R. Biden Jr.](#), a Catholic, is packed with Catholics; and one early proposal, [for a \\$15 an hour minimum wage](#), is the [kind of change Pope Francis wants](#).

The economy is as sick as the planet. The world's biggest corporations, and their middle- and upper-class investors, made more money than ever in the last decade, but [more people were thrown out of work last year than at any other time since the 1930s](#). **The Covid-19 work-from-home economy has crushed small businesses while juicing profits for big tech and big retail. Amazon and Walmart "earned an extra \$10.7 billion over last year's profits during (and largely because of) the pandemic," according to a [report by the Brookings Institute](#).**

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Income inequality has skyrocketed, priming the pump for populist politicians. The move of factory jobs offshore has ravaged thousands of small towns in the United States and Europe. And [automation may destroy another 375 million jobs around the world by 2030](#). "If corporate America doesn't change on time, we're headed for a crash," said the Rev. Martin Schlag,

author of *The Business Francis Means: Understanding the Pope's Message on the Economy*.

American C.E.O.s have declared their openness to reform. In 2019, 181 members of the Business Roundtable, a lobby group of corporations in the United States, changed their definition of the purpose of a corporation to creating value for “all of our stakeholders,” including customers, employees and communities, instead of focusing exclusively on generating profits for shareholders. The latter had been the consensus, more or less, since the economist Milton Friedman popularized the virtue of profits in a famous 1970 New York Times essay, “The Social Responsibility of Business Is to Increase Its Profits.”

The Business Roundtable's shift, whether intended or not, nudged it, on paper at least, closer to the teachings of the church. **Starting with Pope Leo XIII in the late 19th century, the church has argued for the rights and needs of all workers, while acknowledging a limited right to private property.**

The latest incarnation of this argument, in Pope Francis' recent encyclical “Fratelli Tutti,” addresses our lost sense of local identity, how social media networks divide us and the corrosive effects of focusing only on profits. The pope also calls “business abilities” a “gift from God” but adds that they should be “directed to the development of others and to eliminate poverty” by creating “diversified work opportunities.”

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Stakeholder (as opposed to shareholder) capitalism is “basically Catholic social teaching,” said Séamus Finn, O.M.I., a former chair of the board of the Interfaith Center on Corporate Responsibility, a New York-based coalition that includes pension fund managers, faith-based investors and faith-based institutions like the Catholic Health Association of the United States, the Jesuit Conference of Canada and the United States, and the Marianist Province of the United States. “It’s saying you’re in business to take care of your employees, provide goods or services to your customers, and take care” of communities and the environment, said Father Finn, who is known as a go-between for C.E.O.s who want to visit the Vatican.

Still, there are limits to what recent efforts to reform capitalism can accomplish. It is good for the Vatican to “engage the powerful, but you also need to tackle the structural issues” of capitalism, especially the way the market dehumanizes people by disconnecting consumers from the impact of their choices, said Vincent J. Miller, author of *Consuming Religion: Christian Faith and Practice in a Consumer Culture*. In other words, buying fair-trade coffee from Amazon is no help if the delivery driver earns poverty-level wages.

“People high up in the corporate world are good people, but they are subject to the tyranny of the stock market, and God help them if they miss their profit goals,” said Chris Lowney, a former Jesuit who worked at JPMorgan Chase and is the author of a book about applying Jesuit principles to business, *Heroic Leadership: Best Practices From a 450-Year-Old Company That Changed the World*.

Francis as Model Chief Executive

To be sure, there are plenty of reasons to be skeptical about Mark Zuckerberg, the founder of Facebook, and fellow bishops of capitalism flocking to Rome. Francis offers the world's most prestigious photo op: a charismatic spiritual leader, a celebrity and the ultimate virtue signal. For many bosses, Francis is even one of them, a figure of almost macho envy. "I'm not Catholic, but I'm fascinated by his leadership abilities, how he communicates so effectively with billions of people," the C.E.O. of a firm with \$30 billion a year in revenues and over 100,000 workers told me at an off-record dinner with Wall Street Journal reporters and editors.

But there are also reasons to hope that Pope Francis is doing more than P.R. Church teaching attempts to bridge the gap between spiritual and secular, and some believe it can offer a useful third way that combines the economic freedom favored by libertarians and the focus on justice advocated by socialists.

The Holy See's sharpened focus on business is a recognition of the fact that C.E.O.s are among the rulers of the Anthropocene era. Almost all the world's eight billion people now use products made by companies run by Fortune 500 C.E.O.s. You can eat sushi in Kansas City, drive a Tesla in Moscow and check Facebook in Antarctica. It is modern capitalism that is to be thanked for our cornucopia—and blamed for many of our problems.

Pope Francis: "An economic system that is fair, trustworthy, and capable of addressing the most profound challenges facing humanity and our planet is urgently needed."

One of the Vatican's recent engagements underscores some of the challenges of preaching to the boardroom. In December, the Council for Inclusive Capitalism announced "a historic new partnership" between business leaders and the Vatican. In Rome, the point person is Cardinal Peter Turkson, a champion of healthier economic models.

The council is an alliance of 27 firms that includes Visa, Mastercard, Merck, BP and Bank of America, worth over \$2.1 trillion of market capitalization and employing 200 million workers in over 160 countries. To join, a firm must commit itself to making changes, by, for example, paying workers better, hiring minorities or protecting the environment. The promises are not binding, and there is no deadline to implement them.

"An economic system that is fair, trustworthy, and capable of addressing the most profound challenges facing humanity and our planet is urgently needed," Pope Francis told the group.

Pope Francis "isn't a partner for capitalism, but he wants to harness its power for good," said the council's founder, Lynn Forester de Rothschild, C.E.O. of E. L. Rothschild, a multinational holding company whose properties include The Economist. Ms. De Rothschild said she wrote the pope a letter requesting help in 2016.

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In Rome, Vatican officials have welcomed the dialogue, but they see themselves as accompanying C.E.O.s as pastors, in the same way they accompany the sick and the poor, rather than "partnering" with them. There

is some skepticism about the council's marketing of itself as "with the Vatican," and a fear that corporations are more interested in P.R. than in the dignity of every human— and that both sides might be misreading each other. "They think they are lobbying us, and we think we are evangelizing them," said a Vatican official.

In the end, Pope Francis' dream is probably about change that is more structural and long-lasting than what corporations are offering. He is skeptical about capitalism's promise of perpetual economic growth. "There's nothing in nature that grows forever," the official said. "Can an elite of the powerful really redesign a system that is providing their own wealth?"

Turning Idealism Into Practice

For now, however, capitalism is the system we live in, and transforming idealism into practice is a serious challenge. "When you're a C.E.O., no matter how well-intentioned you are, there's always pressure from Wall Street to produce profits," said Dan Hesse, the chief executive of Sprint between 2007 and 2014 and now a board member of PNC Bank. But C.E.O.s should "remember that shareholders can come and go easily" because they don't share the same long-term commitments as workers and communities, said Mr. Hesse, who calls himself "pro-Catholic and an outspoken capitalist." What business leaders can do, he said, "is create a culture where employees are valued and have a purpose."

To nudge companies to behave more ethically, Mr. Hesse and Ms. de Rothschild have both advised Just Capital, a New York-based nonprofit that ranks companies based on how they treat their workers, communities and environment. The top of the list is heavy with tech firms like Microsoft and Apple.

“If the past year has taught us anything, it’s allowed us to understand why you should pay people more and give them sick leave,” said Alison Omens, chief strategy officer at Just Capital.

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In Just Capital’s rankings, one of the companies getting poor marks for treating workers is the biggest employer in the **United States, Walmart, the epitome of the global corporation built on free trade, low-wage labor and maximizing profits. It has declined to join the Council for Inclusive Capitalism, but its investors, clients and suppliers include many of the council’s members.** And its chief executive, Doug McMillon, is currently chairman of the reform-minded Business Roundtable. Although Walmart has improved its record on the environment and racial equality, its compensation of workers illustrates how hard it is for companies to make structural changes.

Walmart was “pleased to have hired [over 500,000 workers] during the course of this year, globally, as so many of them need to work,” Mr. McMillon said on a call with analysts in November, adding that the company had “increased wages for around 165,000 associates.”

But while Walmart’s profits and stock price have soared, and Mr. McMillon took home over \$20 million in 2020, the company still underpays many of the two million workers at its 11,500 stores. One of them is Drew Board, a 23-year-old “online fulfillment associate” at a Walmart in Albemarle, N.C. Mr. Board makes \$13.22 an hour, or \$26,000 a year working 40 hours a week filling orders for online customers. That income is barely

enough to cover living expenses for him and his girlfriend. Their rent is \$850 a month.

There is no union for Mr. Board to join, but he is a member of United for Respect, a nonprofit and movement of workers fighting for better pay and fair treatment at retailers like Walmart and Amazon.

In the modern business world, it is difficult for companies to change practices that are profitable for them, even essential for their survival.

Mr. Board, who has an associate's degree in office administration, took the job because "Walmart was the [one] to call me back after graduation, and the job market around here isn't that great anymore," he said.

For tens of millions of Americans, a job like Mr. Board's is full-time work—though limited to wages under \$15 an hour and with little opportunity for advancement. These workers are the so-called working poor, representing a massive, and cruel, downgrade of American middle-class life. As U.S. companies have automated and become more efficient in the last 40 years, they have increased productivity, but real wage gains have gone mostly to the top tier of American workers.

Raising wages for workers like Mr. Board is a goal of every effort to reform capitalism. In "Fratelli Tutti," Francis calls an "obsession with reducing" labor costs a "way of discarding others."

In the modern business world, however, it is difficult for companies to change practices that are profitable for them, even essential for their

survival. Without low wages, Walmart could not offer its “Everyday low prices,” which it calls “the cornerstone of our strategy.”

I asked Mr. Board how Mr. McMillon’s professed good will toward workers had manifested itself. He said he got a \$300 Covid-19 bonus from the company (\$220 after taxes) but was denied a request for hazard pay. Walmart did not return a request for comment.

I asked Ms. de Rothschild how the council’s work with Pope Francis might help workers like Mr. Board. “We can’t be depending on just one C.E.O. to do the right thing,” she said. “We need to change the culture, and we can’t keep having a situation where the stock market is roaring and you have the worst inequality since the 1880s.”

Where Pope Francis really helps, she said, is by offering a common meeting point that emphasizes reality and results, and a moral authority unique in the world. **“In our group, we have Buddhists, Jews, Sikhs and some Catholics,” she said, “but everybody agrees we need to give capitalism a basic moral foundation.”**



[John W. Miller](#)

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