

## Piketty and the Pope: A Dialogue Begun

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### Abstract

In *CAPITAL in the Twenty-First Century*, French economist Thomas Piketty analyzes wealth accumulation and inequality under advanced capitalism. Moralists and students of papal thought will need to come to grips with its argument, particularly since Pope Francis's *Evangelii gaudium* is said to have posed radical criticisms of economic inequality. This article puts Piketty into dialogue with Francis's critique of economic inequality by arguing, first, that Piketty uncovers the kinds of inequality of which Catholic social teaching must take account, and second, that Francis's work contains the resources needed to show the moral significance of Piketty's findings. The argument for this second conclusion shows what is and is not radical in *Evangelii gaudium*'s treatment of economic inequality.

### Keywords

*CAPITAL in the Twenty-First Century*, Catholic social teaching, economic inequality, *Evangelii gaudium*, Pope Francis, property-owning democracy, solidarity, Thomas Piketty

In 2013, two men who had been largely unknown outside their professional circles burst onto the global scene: Pope Francis and French economist Thomas Piketty.<sup>1</sup> So meteoric were their ascents that both men, obscure not long before, have been

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mentioned as possible Nobel laureates.<sup>2</sup> And in 2013, each published writings that gained much wider readerships than would be expected of their genres, though the writings bear different relationships to their authors' celebrity. Global fascination with Pope Francis raised expectations of his apostolic exhortation *Evangelii gaudium* (hereafter *EG*) and made it widely, if selectively, read. Piketty's *CAPITAL in the Twenty-First Century*,<sup>3</sup> a weighty book that has also been read selectively, is the source of his celebrity, at least outside academic economics.

One reason for the excitement that greeted the publication of *EG* was that it provided an opportunity to study the thought of the then-new pope. Many readers found that opportunity most welcome. Francis had made poverty and economic justice early themes of his papacy. Among the passages of the exhortation that were most frequently excerpted in the popular press were those in which Francis denounced economic inequality. Though some previous popes had also expressed concern about inequality, Francis seemed to condemn it more sweepingly and stridently than had the great social encyclicals of the tradition. Indeed what Francis said about inequality in *EG* raised the possibility that he would elevate the value of equality in Catholic social teaching. As I show, this possibility itself opens a number of questions about what values are fundamental to that teaching, and about what is and is not radical in Francis's own social thought.

*EG*'s attention to economic inequality makes *CAPITAL in the Twenty-First Century* of special interest to those who study the development of papal social teaching. Piketty greatly refines our understanding of the nature and causes of economic inequality, hence our understanding of the nature and causes of a phenomenon that has received strongly worded criticism in that teaching's most recent articulations. Piketty's work therefore helps us see how that criticism can be more precisely expressed and what work needs to be done to sustain it. At least as important, I will argue, is that Piketty helps us understand the conditions for realizing the value of solidarity, to which Pope Francis, in accord with his recent predecessors, gives considerable weight.

One of Piketty's most striking conclusions, I suggest, concerns the increase in inequality in capitalist societies since the immediately postwar years. This brings us to yet another reason why his work is of interest to students of Catholic social teaching in general and *EG* in particular. As an apostolic exhortation, *EG*'s purpose is to exhort its readers. Certain passages are intended to heighten awareness of and sensitivity to economic inequality, and to encourage a resolve to alleviate it. Some authors attribute America's increased inequality in recent decades to a change in mores governing income, wealth, and consumption—a change that, it might be thought, could be

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2. Pope Francis is said to have been short-listed for the Nobel Peace Prize; see <http://www.romereports.com/pg156022-pope-francis-listed-as-candidate-for-the-nobel-peace-prize-en>. Former US Treasury Secretary and Harvard President Lawrence Summers said that Piketty deserves the Nobel Prize in Economics; see <http://www.democracyjournal.org/32/the-inequality-puzzle.php?utm>. (All URLs cited herein were accessed April 12, 2015.)

3. Thomas Piketty, *CAPITAL in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: Harvard University, 2013)

reversed by the sort of personal moral conversion to which Francis exhorts us. By contrast, Piketty's explanation of the more equal income distribution that characterized immediately postwar America is primarily structural rather than moral. Piketty's explanation, I argue, suggests that changes in mores are consequent on changes in structure. Hence it suggests that the alleviation of inequality depends on another and more radical change to which Francis exhorts us, albeit more vaguely: a change in "the structural causes of poverty."<sup>4</sup>

For all these reasons I believe it will prove useful to put Pope Francis's exhortation into dialogue with Piketty's book. That is what I attempt to do here. While his work on inequality can illuminate one of Francis's concerns by bringing details of economic inequality to light, I have not yet said what light *EG* can shed on Piketty's work, but a dialogue promises mutual illumination. For as interesting as Piketty's findings are in their own right, and as important as they are for academic economics, what ought to concern scholars of Catholic social teaching is their ethical and political-theoretic significance. Piketty is not an ethicist, a political philosopher, or a moral theologian, and what he says about the moral import of his work is not as clear as we might wish. Hence, another motive for my putting *EG* in dialogue with *CAPITAL in the Twenty-First Century* is to see whether Catholic social teaching—and Pope Francis's writings in particular—can be used to sharpen the normative implications of Piketty's findings.

To see how that teaching might do so, note that economic inequality is often decried on communitarian grounds, that is, because it erodes ties of community. But those who decry it differ about the nature of community and about the reasons why a community of that nature is valuable. In Pope Francis's writings, we can find the elements of a distinctive version of the communitarian critique. What makes his version of that critique distinctive is the vision of community that is said to be threatened by economic inequality. That vision, though not systematically developed in Francis's writings, would draw on the values of solidarity, participation, the common good, and the preferential option for the poor—values present in recent papal social thought, which Francis cashes out theologically. By appealing to that vision, his critique sheds light on what is wrong about the inequality that Piketty's work helps us understand.

In section I, I survey some of Pope Francis's most widely cited remarks about inequality in *EG* and show that they need the kind of clarification that Piketty's findings can provide. The latter are best presented as a set of powerful objections to sanguine hypotheses about advanced capitalism. Section II specifies the nature and importance of those hypotheses and indicates why Piketty thinks they are mistaken. In section III, I explain why what Piketty himself says about the moral significance of his argument needs to be supplemented. In section IV, I develop an ideal of community at work in Francis's writings. Section V shows how Francis draws on that ideal to condemn economic inequality in the aforementioned passages from *EG*. I conclude that Francis

4. *Evangelii Gaudium* no. 202. See [http://w2.vatican.va/content/francesco/en/apost\\_exhortations/documents/papa-francesco\\_esortazione-ap\\_20131124\\_evangelii-gaudium.html](http://w2.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html).

should be read as calling attention to the incompatibility between economic inequality on the one hand, and values that have traditionally been regarded as fundamental in Catholic social teaching on the other. But as Piketty's analysis suggests, realizing those values may require significant changes in capitalist institutions. If there is radicalism in Francis's thought it lies not in proposing a new fundamental value, but in its seeming endorsement of such structural changes.

## I. Inequality in *Evangelii gaudium*

Assertions of economic inequality are assertions that people or groups differ in their access to economic advantages. Sometimes the advantages referred to are the income and wealth needed to acquire goods in the market; sometimes they are the advantages income and wealth can be used to acquire, such as the necessities of life, ingredients of human well-being, or marketable securities. Meaningful assertions of economic inequality therefore require the choice of an advantage in terms of which persons or groups are to be compared and the choice of a yardstick for measuring differences in their possession of it. Such assertions also require the identification of persons or groups whose comparison is illuminating, such as CEOs and front-line workers or members of the top percentile and bottom decile of an income distribution.<sup>5</sup>

There are many interesting measures of economic inequality, including concentration of advantage<sup>6</sup> and of the ratio of advantage enjoyed by segments of the population at the top and bottom of the advantage-distribution.<sup>7</sup> Perhaps the most straightforward measure of inequality calculates absolute differences in the amount of an advantage possessed. The inequalities of advantage these measures gauge are independent of the amount possessed by the parties being compared. A great inequality can hold even if both parties compared are very well off. Economic inequality is

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5. More formally, meaningful assertions of economic inequality require choice of a space in which the possession of economic advantage can be geometrically represented and of a function for measuring the distance between points in that space, as well as the identification of distinct points whose positions in the space it is interesting to compare. The points compared may represent the advantage enjoyed by a group, a natural person, or a representative person, such as the average person in a given fractile of the population. Because advantages are generally multidimensional, advantage space will be multidimensional as well. In that case, the positions of persons or groups will be given by an ordered set of coordinates, each of which gives a cardinal representation of advantage along one of the dimensions. While an explanation of metric spaces can be found in virtually any textbook of real analysis, one that is especially helpful in this connection is found in Efe K. Ok, *Real Analysis with Economic Applications* (Princeton, NJ: Princeton University, 2007) 118–47.
  6. Here I have in mind the Gini coefficient. For a clear exposition of this measure in what is also a valuable work of Christian ethics, see Douglas A. Hicks, *Inequality and Christian Ethics* (New York: Cambridge University, 2000) 247–51.
  7. Alex Cobham and Andy Sumner, "Putting the Gini back in the Bottle? 'The Palma' as a Policy-Relevant Measure of Inequality," <https://www.kcl.ac.uk/aboutkings/worldwide/initiatives/global/intdev/people/Sumner/Cobham-Sumner-15March2013.pdf>.

therefore a different issue than poverty—a fact rightly stressed by moral theologians and religious ethicists who have argued that economic inequality deserves more attention than it has received.<sup>8</sup>

Of course, to distinguish inequality and poverty is not to deny either that economic inequality can bear some connection to poverty or that it should be condemned on account of that connection. But some readers of *EG* take Francis to be condemning economic differences as such, as intrinsically or inherently bad, regardless of their effects or of the poverty of those on the lesser end.<sup>9</sup> If this reading is correct, then Francis takes economic equality to be good in itself.<sup>10</sup> Drew Christiansen has persuasively argued that economic inequality was of central concern in the social teachings of Popes John XXIII and Paul VI. He has also argued that what he calls “relative equality” or “solidaristic equality” was an important social value in their teachings.<sup>11</sup> But he has *not* contended that the popes found economic inequality to be of concern, and relative equality to be of value, independent of their consequences. John Paul II worried that economic inequalities could lead to inequalities of power and, in the extreme, to subservience.<sup>12</sup> So if Francis does regard equality as an intrinsic social value, that would seem to constitute a significant innovation in papal social teaching. His comments in *EG* no. 53 on inequality are helpful for seeing whether he makes this innovation:

Just as the commandment “Thou shalt not kill” sets a clear limit in order to safeguard the value of human life, today we also have to say “thou shalt not” to an economy of exclusion and inequality. Such an economy kills. How can it be that it is not a news item when an elderly homeless person dies of exposure, but it is news when the stock market loses two points? This is a case of exclusion. Can we continue to stand by when food is thrown away while people are starving? *This is a case of inequality.*<sup>13</sup>

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8. Kate Ward and Kenneth R. Himes, O.F.M., “‘Growing Apart’: The Rise of Inequality,” *Theological Studies* 75 (2014) 119–32, at 126; Hicks, *Inequality and Christian Ethics* 3–4.
  9. This seems to be the view of Harvard economist Lant Pritchett, “Why Is Pope Francis Promoting Sin?,” <http://www.bloomberg.com/news/articles/2013-12-15/why-is-pope-francis-promoting-sin>.
  10. As it seems to be for the economist and philosopher Amartya Sen. See Amartya Sen “Inequality: Why Thomas Piketty Is Mostly Right,” <http://www.socialeurope.eu/2014/06/inequality-2>.
  11. Drew Christiansen, S.J., “On Relative Equality: Catholic Egalitarianism after Vatican II,” *Theological Studies* 45 (1984) 651–75. Regarding the claim that the teaching of the American bishops is less egalitarian than that of the papal encyclicals, see Christiansen, “Americanizing Catholic Social Teaching: The United States Bishops’ Economics Pastoral and Recent Roman Teaching,” *Quarterly Review* 7 (1987) 15–32, at 19–21.
  12. See John Paul II, *Centesimus Annus* no. 15; [http://www.vatican.va/holy\\_father/john\\_paul\\_ii/encyclicals/documents/hf\\_jp-ii\\_enc\\_01051991\\_centesimus-annus\\_en.html](http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_01051991_centesimus-annus_en.html). John Paul II also condemned disparities among countries in access to the means of subsistence, *Sollicitudo rei socialis* no. 9, [http://www.vatican.va/holy\\_father/john\\_paul\\_ii/encyclicals/documents/hf\\_jp-ii\\_enc\\_30121987\\_sollicitudo-rei-socialis\\_en.html](http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_30121987_sollicitudo-rei-socialis_en.html).
  13. Emphasis added. A point about the translation of *EG* is worth noting to preempt a potential objection. The Vatican website does not provide a Latin version of the exhortation. It does,

And in no. 56 he adds:

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

No. 60 reads:

Today's economic mechanisms promote inordinate consumption, yet it is evident that unbridled consumerism *combined with inequality* proves doubly damaging to the social fabric. *Inequality* eventually engenders a violence which recourse to arms cannot and never will be able to resolve.

The harshest and broadest indictment occurs in no. 202:

The need to resolve the structural causes of poverty cannot be delayed, not only for the pragmatic reason of its urgency for the good order of society, but because society needs to be cured of a sickness which is weakening and frustrating it, and which can only lead to new crises. Welfare projects, which meet certain urgent needs, should be considered merely temporary responses. As long as the problems of the poor are not radically resolved by rejecting the absolute autonomy of markets and financial speculation and by attacking the structural causes of inequality, no solution will be found for the world's problems or, for that matter, to any problems. *Inequality is the root of social ills.*<sup>14</sup>

The first thing to note about these passages is that though all are nominally about something called "inequality," they concern different phenomena and make different points about them.

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however, provide a version in Spanish, which is presumably the language in which Francis drafted it. Wherever the English version has "inequality" or one of its variants, the Spanish has "inequidad," which might be thought to be more naturally rendered as "inequity"—a term associated more closely with "injustice" or "unfairness" than with "inequality." Moreover, the translation of *EG*'s "inequidad" as "inequality" contrasts sharply with the translation of the *Aparecida* document produced by the Latin American bishops under then-Cardinal Bergoglio's supervision. The Spanish version of that document assumes a distinction between "inequidad" and "desigualdades." The English version of the document tracks the distinction, using "inequity" and its cognates for the former and "inequalities" and its cognates for the latter. And so, it might be objected, the English translation of *EG* is not exactly faithful to nuances of the Spanish to which translators of the *Aparecida* document were properly sensitive, and Francis was not as concerned with inequality in *EG* as the translation of that document misleadingly suggests. But I understand that the Spanish "inequidad" has connotations that the English "inequity" lacks, and that the translation is faithful after all. I am greatly indebted to Paolo Carozza for his expert advice on this matter. The English and Spanish versions of the *Aparecida* document can be found respectively at <http://www.celam.org/aparecida/Ingles.pdf> and [http://www.caritas.org.pe/documentos/Documento\\_Conclusivo\\_Aparecida.pdf](http://www.caritas.org.pe/documentos/Documento_Conclusivo_Aparecida.pdf).

14. Emphasis added in nos. 56, 60, and 202.

The first quoted passage refers to the unequal conditions of those who have a superfluity of food and those who lack enough of it to survive. Food therefore seems to be the advantage in terms of which the wealthy and the needy are compared. But since I take food to be metonymous for all the means of subsistence, I take the latter to be the advantages in terms of which Francis is really drawing the comparison. The comparison might be thought to show merely that some people lack the means of subsistence while others are able to attain them in great abundance. But this conclusion would only justify Francis's description of the economy as one "of . . . inequality," and his description of the economy as one "of *exclusion* and inequality" (no. 53, emphasis added) suggests that he goes further. It suggests that he thinks the economy actually *prevents* some people from obtaining the means of subsistence.

If Francis is right, then the economic inequality of our world manifests a deeper problem that the rest of the passage diagnoses in dramatic terms. He says that too many of us are more concerned with the performance of the stock market than with the death of "an elderly homeless person." He then condemns an uncritical tendency to see the world—and the means of subsistence—through the eyes of the comfortable rather than through the eyes of the poor. This is a tendency that manifests itself when we see surplus food as trash, rather than as a means to counter need and want. These sentences suggest that Francis thinks we are prone to accept an economic system that excludes some people from the means of subsistence because the economically excluded are also excluded from our *concern*. Thus the first passage treats economic inequality as a symptom of underlying moral, political, and spiritual problems.

By contrast, the second passage is focused squarely on economic inequality, and on inequality in a different advantage: income. It condemns both the magnitude and the growth of this inequality, implying that the increase is due in part to the rapid rise of top incomes in an unregulated financial sector. But because it does so without saying anything about the living conditions of those on the lesser end of the inequality, it could have been written even in circumstances in which those on the bottom earn enough to sustain themselves. Taken by itself, then, the second passage suggests that increasing differences in earnings are themselves morally problematic, regardless of the absolute levels of income on either end of the inequality. The passage would seem to lend credence to the reading of *EG* according to which income equality is regarded as intrinsically valuable.

Read in conjunction with the third passage, however, we can see why Francis is concerned with inequalities of the sort condemned in the second passage. When top earners have very large incomes, they are said to engage in overconsumption. The conspicuousness of their overconsumption arouses envy, which in turn engenders a violent response and counterresponse. The third passage suggests, in a way that the second does not, precisely whose incomes are being compared. For while the passage is not concerned with poverty explicitly, the pope's clear implication is that the envious are those who are poor in absolute and not just relative terms; this statement goes some way toward undercutting the reading of the second passage according to which it condemns income inequality as such, regardless of the incomes being compared. That reading is further undermined by another and more obvious feature of the third

passage: this passage makes clear that the kind of economic inequality criticized in the second passage is criticized because of its effects.

The fourth passage, even more explicitly than the third, refers to an inequality in which the absolutely poor are on the lesser side. But it is doubtful that in this passage the pope is referring only to the inequality of income he discussed in the second passage, for he says that inequality is the root, not just of poverty, but of a plethora of “social ills” or, in his summary phrase, “the world’s problems.” If this charge sticks, it will only be because it is leveled against inequalities in wealth, opportunity, status, and power, and not simply inequality in income.

The indictment of inequality in this passage is the most sweeping of the four, not only because of the number and great variety of ills that it says are caused by inequality, but also because of its assertion that the causes of inequality—and hence the causes of poverty and other social ills—are structural. If those ills are to be eradicated, Francis says, the structures out of which they grow will themselves have to be radically reformed. The structures in need of radical reform include especially those in the economic sectors singled out in the second passage and mentioned again in this one. Especially striking is the suggestion that a restructuring that eliminates the root causes of poverty will have to result in an alternative to, rather than in more generous versions of, the institutions of the welfare state, which Francis seems to characterize as a temporary solution to the social ills to which he refers.

Thus the four quoted passages refer variously to inequalities in food and the means of subsistence more generally, in income, and presumably in other advantages as well. The third and fourth passages lay different charges against the latter forms of inequality, while the first passage inveighs against an underlying lack of concern that makes the first form of inequality possible. Moreover, the claim in the fourth passage that inequality, even inequality broadly construed as inequality in a number of economic advantages, is a root of “the world’s problems” seems a deliberate exaggeration. The claim in the same passage that welfare programs are poor substitutes for restructuring of the economy, when uttered without elaboration, seems an intentional provocation.

All this suggests that the passages on economic inequality in *EG* are not the visible peaks of an underlying and systematic theory of economic inequality, but instead manifest the pope’s strongly egalitarian economic sensibilities and his considerable sympathy for egalitarian analysis of the world’s problems. But even if Pope Francis’s remarks about inequality do not reflect a fully developed teaching, he may well continue to express his sensibilities and sympathies in future writings. The likelihood of their continued expression, and the attention his future critiques of inequality are likely to garner, makes them worthy of clear statement and analysis. Moreover, Francis could articulate and develop his egalitarian sympathies into a more systematic teaching on inequality. He presumably would do that if he issues a social encyclical. The stridency of his remarks in *EG* raises the question of exactly how radical that teaching would be.

I have already argued that Pope Francis ought not to be read as elevating economic equality to the status of an intrinsic or fundamental social value that matters independently of its consequences. Whatever may be novel or radical in his teaching, *EG*



provides no grounds for thinking it will be such an elevation of equality. Rather, the passages I quoted should be read as criticizing various forms of economic inequality because of the underlying problems of which they are symptomatic and because of the pernicious effects of the symptoms. The fourth passage should also be read as asserting that economic inequality has structural causes that are in urgent need of remediation. I contend that Francis's criticisms of inequality can be cashed out in terms of the values that have bulked large in Catholic social thought and in his own previous work, including the values of the common good, human dignity, participation, and solidarity. Francis claims that these values are damaged by the economic inequality found in our world. But the thesis that they are damaged needs to be made more precisely than Francis himself makes it since, as I have shown, different passages in *EG* refer to inequality in different advantages. Other important distinctions, I will argue, also need to be taken into account.

A deeper and finer-grained analysis of economic inequality will sharpen Pope Francis's thesis. Piketty's work is helpful in this regard and serves to illuminate the arguments and conclusions of *EG*.<sup>15</sup>

## II. Piketty on the Causes of Inequality

In recent years, economic inequality has attracted the concern of moral theologians and religious ethicists,<sup>16</sup> and the interest of academic economists. It is discussed in some segments of the popular press and is an increasingly prominent theme in US electoral politics. The climate was therefore receptive to Piketty's book when it appeared. He took the climate by storm because so many claims about economic inequality in the air were anecdotal or impressionistic, identified a small set of groups—such as the 1% and the bottom 10%—for comparison, or referred to a single-number index of inequality like a national Gini coefficient. These claims are therefore relatively uninformative, leaving many questions about inequality unanswered. The more data about economic inequality we can accumulate and fit into a theoretical framework, the better we will understand it.

Piketty eschews standard measures of inequality precisely because he thinks they do not yield enough data for the kind of deep understanding we need.<sup>17</sup> The bases of his contributions to the study of inequality are masses of data on national wealth and income, some of which were not available to or were largely ignored by previous

15. After completing this article, I came upon two excellent blog posts by Kate Ward on Piketty and Catholic social ethic: <http://www.politicaltheology.com/blog/capital-in-the-twenty-first-century-a-rich-new-resource-on-inequality-kate-ward> and <http://www.politicaltheology.com/blog/capital-in-the-twenty-first-century-22-piketty-and-cst-kate-ward>.

16. See Ward and Himes, "Growing Apart"; and Hicks, *Inequality and Christian Ethics*.

17. Jonathan Derbyshire, "The Rise and Fall of Inequality: An Interview with Thomas Piketty" for *Prospect* magazine, <http://www.prospectmagazine.co.uk/blogs/jonathan-derbyshire/the-rise-and-fall-and-rise-again-of-inequality-an-interview-with-thomas-piketty>.

generations of researchers.<sup>18</sup> Some data on the French economy document trends and changes over the last couple of centuries. Data concerning other countries are of more recent provenance but still cover a century or more.

On the basis of these data, Piketty challenges a number of arguments that had been commonplaces of mainline economics, and that support two sanguine hypotheses about advanced capitalism. The first is what we might call *the hypothesis of inevitably decreasing inequality*: “income inequality would automatically decrease in advanced phases of capitalist society, regardless of economic policy choices or other differences between countries, until it stabilized at an acceptable level.” The second we might call *the hypothesis of naturally balanced growth*. According to that hypothesis, “all variables [in economic growth]—output, incomes, profits, wages, capital, asset prices and so on—would progress at the same pace, so that every social group would benefit to the same degree, with no major deviations from the norm.”<sup>19</sup>

One of Piketty’s challenges to these hypotheses draws on extensive data about wages. He confirms the widely held impression that since the 1970s, the distribution of wages in the United States has been increasingly skewed toward top earners. His data also show how much of the inequality in wages is due to gains by those at the very top. This growth of earned income in small fractions of the top percentile of the wage scale is due to an Anglophone phenomenon Piketty labels “the rise of super-managers,”<sup>20</sup> a category that prominently includes managers in the financial sector singled out for critique by Pope Francis. These great and increasing inequalities cast doubt on both hypotheses.

Piketty’s primary concern in his book, however, is with capital rather than wages. His argument that it will get out of balance with economic growth, and will therefore generate significant inequality in the 21st century, is deceptively simple. As Piketty understands it, capital is comprised of alienable assets, including money, real estate, and privately held productive assets of various kinds.<sup>21</sup> Capital contributes to inequality because those who own it can earn a return on it by lending it to banks and bond-issuers, investing it, leasing it, or using it to produce things sold in the market. Of course, the rate of return is not fixed. It will be determined by the workings of various capital markets. But if we know the rate of return and can estimate the value of a society’s capital—as Piketty’s data make possible—we can determine the annual return to capital. That is, we can figure out how much income capitalists take in every year in virtue of their ownership. If we know the rate of return and the ratio of capital to

18. For the data not available, see Thomas Piketty and Gabriel Zucman, “Capital Is Back: Wealth–Income Ratios in Rich Countries 1700–2010” 1–2, <http://piketty.pse.ens.fr/files/PikettyZucman2013WP.pdf>. For the data ignored see Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez, “Top Incomes in the Long Run of History,” *Journal of Economic Literature* 49 (2011) 3–71 at 1–2, 19.

19. Both quotes are from Piketty, *CAPITAL* 11.

20. *Ibid.* 315–21.

21. It does not include human capital, except in slave societies. Thus Piketty uses “capital” and “wealth” interchangeably, though not all economists would. For Piketty’s usage, see *ibid.* 47.

national income, we can calculate the percentage of national income that is due to capital ownership, as opposed to the percentage of income that is due to wage labor.

Capital is not equally distributed in any society in our world. Some people control a great deal of it, others own some, but many may not own any at all. And so the percentage of national income that is due to ownership of capital will be divided among a subset of the population—the capitalists—and will be divided unevenly among them. This uneven distribution will lead to economic inequalities within the capitalist class and between capitalists and those dependent entirely upon wage labor. The former will enjoy an economic advantage relative to the latter. How great a share of national income is due to return on capital depends on the ratio of capital to national income. But if that ratio remains constant, then growth will be balanced, the advantage capitalists enjoy by virtue of their capital ownership will remain constant, and all will benefit from economic growth. Moreover, if the ratio is small, then the inequality of advantage enjoyed by the owners of capital will remain relatively small as well. Inequality will have decreased, growth will be balanced, and the two sanguine hypotheses will be borne out.

Piketty grants that low inequality and balanced growth prevailed in the historical period focused on by proponents of the two hypotheses. That is the period of growth and egalitarianism in the West between 1950 and 1980, the period Piketty refers to as *Les Trente Glorieuses*—“the Glorious Thirty [Years].” But economists too often focus on those 30 years.<sup>22</sup> Piketty thinks that focusing so narrowly has led economists to ignore data about what went before, data that would support quite different conclusions. He reminds us that two world wars destroyed much of the world’s capital, particularly in Europe, in the decades prior to “the Glorious Thirty.” The period between the wars saw asset values decline precipitously during the Great Depression. Because governmental action in the immediately postwar decades kept asset prices from rebounding to their previous levels, asset values in those years were artificially low,<sup>23</sup> especially given the fact that the postwar period was one of extraordinarily rapid economic growth.

Thus the period on which economists are wont to focus—lending further historical support to the two sanguine hypotheses—was historically unusual. It was anomalous precisely in that capital decline was followed by explosive growth, so that inequality was driven to low and stable levels by factors that should not have been expected to persist, and that should not be treated as typical. Piketty depicts these anomalies time and again throughout his book in U-shaped graphs that have time on the x-axis and that bottom out between 1910 to 1920 and the early 1980s. The anomalies should shake any confidence we have that the low inequality and balanced growth that characterized the immediate postwar decades in the West were the result of processes that are naturally internal to advanced capitalism. They should therefore shake our confidence that the hypotheses of *inevitably* decreasing inequality and *naturally* balanced growth are true.

22. Ibid. 220.

23. Ibid. 188.

In fact, when an economy is growing slowly, the rate of return on capital does not need to be very high for it to exceed the rate of growth in national income. That is because the growth in national income tracks economic growth. When the rate of return to capital exceeds the rate at which national income is growing, the actual returns to capital—in the form of interest, dividends, and profits—will constitute an increasing rather than a constant share of national income. In that case, the economic advantage enjoyed by capitalists—those who derive some or all of their income from return to capital—over those whose incomes consist entirely of wages will increase, and the claim that growth will be balanced will be false. Moreover, if the return on capital is reinvested, then capital itself grows; as Piketty says, in a low-growth regime, only a small trickle of new savings is needed to increase stock of wealth “steadily and substantially.”<sup>24</sup> Return on capital compounds so that capital grows faster than the economy as a whole. Moreover, an increasing stock of capital sets the stage for still higher income due to return on capital, further increasing the capitalists’ advantage.

What Piketty calls the “fundamental inequality” between returns and growth might not hold even in a low-growth regime. It is, Piketty says, a contingent fact, not a truth of logic.<sup>25</sup> For capital need not be reinvested at all. There might not be enough uses for it, or it might be donated to charity or consumed in riotous living. Whether the sanguine hypotheses hold is a matter of historical contingency, but Piketty thinks that history is against them. For he conjectures that growth in the developed economies will slow to 1.5% per annum, and savings will stabilize at 10%.<sup>26</sup> Provided the return to capital even slightly exceeds 1.5%—as Piketty thinks it will—the ratio of capital to national income will be driven to about 7:1. In that event, the share of national income going to capital will be comparable to the shares in France from the 18th century through the period Americans refer to as the “Gilded Age.”

The size of the share matters because the distribution of capital, and hence of returns to capital, is unequal. Income derived from return on capital is rent. It is therefore, in American parlance, “unearned income.” If it is high enough, it can sustain people—whom Piketty calls *rentiers*—who do not have to work for their living. Ownership of capital—along with the income from it and the advantages it brings—will be transmitted intergenerationally in the absence of much higher inheritance taxes than capitalist societies now impose. Thus capital, once accumulated in sufficient amounts, can sustain generations of *rentiers* whose lives will be much different from those of their compatriots who live on earned income. That is one of the consequences of capital inequality that Piketty fears and is one of the reasons why he has famously said that “inherited wealth will make a comeback.”<sup>27</sup> But another reason for the latter remark is that he thinks inherited wealth is already making a comeback, albeit a more modest one at the moment. For Piketty shows that one-sixth of the French population

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24. Ibid. 25; see also 351.

25. Ibid. 353–55.

26. Ibid. 195.

27. Ibid. 84.

inherits what 50% will earn in a lifetime.<sup>28</sup> The emergence of what he calls a “patrimonial (or propertied) middle class,” if it is sustained, will constitute an important departure from the distribution of wealth that characterized earlier eras of great inequality. While it will not greatly reduce inequality between the top and the middle in comparison with those eras, it will greatly increase the inequality between the middle 40% and the bottom 50%.<sup>29</sup>

In sum, Piketty contends that inequalities of capital will increase, that those inequalities will lead to further inequalities—sometimes great inequalities—in income, and that these inequalities of advantage will be transferred down family lines. He therefore thinks arguments for the sanguine hypotheses fail. He sums up their failure thus: “It is an illusion to think that something about the nature of modern growth or the laws of the market economy ensures that inequality of wealth will decrease and harmonious stability will be achieved.”<sup>30</sup>

### III: Piketty on the Wrong of Inequality

That the sanguine hypotheses about advanced capitalism are, or rest on, an illusion is an important finding in economics. But what is its normative significance? What is the moral significance of Piketty’s thesis that private capital accumulation will reach the level of the Gilded Age? Is there something wrong with, or undesirable about, private capital reaching that level and of inherited wealth making a comeback? And if so, what is it?

As I said at the outset, it is when Piketty tries to answer these questions that I find him less clear and more tentative than I would like. His tone in some passages suggests that he thinks that a system is simply unfair if it allows some people to live lives of idleness while others have to work.<sup>31</sup> The moral notion of fairness and its economic implications have been searchingly explored by John Rawls. Though Piketty mentions Rawls in several footnotes,<sup>32</sup> he never lays out the relevant notion of fairness nor develops an argument for the claim that a society that allows some to live as *rentièrs* is *ipso facto* unfair.<sup>33</sup>

Piketty hints at another answer to these questions in the summary passage quoted at the end of the previous section: One of the promises of capitalism that is shown to be illusory is that advanced capitalist societies will be harmoniously stable. Piketty’s idea seems to be that if capital only gets, and is only seen to get, a reasonable share of national income, then society will be harmoniously stable. If Piketty thinks that a

28. Ibid. 421.

29. Ibid. 260–62.

30. Ibid. 376.

31. See the passage about Lillian Bettencourt at *ibid.* 440.

32. Ibid. 630 n. 21; 631 n. 22; and 652 n. 45.

33. John Rawls, *A Theory of Justice*, rev. ed. (Cambridge, MA: Belknap of Harvard University, 1999).

reasonable division is not just *sufficient* for harmonious stability but also *necessary* for it, then a new Gilded Age could, among other things, threaten such stability.

The problem with imputing this line of thought to Piketty is that stability does not seem to require a distribution that he and his readers would intuitively judge to be reasonable, since instability can be averted by force. Moreover, stability does not require a distribution that is in fact reasonable or a distribution that Piketty and his readers would judge to be so. Stability requires that a distribution be *seen to be* reasonable by members of the society in question. Still, Piketty himself recognizes that the distribution of income and capital that is seen to be reasonable admits of a considerable range; even highly unequal societies can convince their members that prevailing inequalities are justified. That he recognizes this is suggested by a remark he makes about societies in which the top decile captures more than 50% of national income: “Whether such extreme inequality is sustainable depends not only on the effectiveness of the repressive apparatus *but also, and perhaps primarily, on the effectiveness of the apparatus of justification.*”<sup>34</sup>

The italicized phrase suggests Piketty’s real reason for thinking that the trends he forecasts might be destabilizing. Inequalities of wealth, income, and opportunity are inevitable in a capitalist society. If capitalist societies are to be “harmoniously stable,” those inequalities need to be seen as reasonable. And if they are to be seen as reasonable, they need to be justified. Democracy provides a way of justifying them: democracies are said to be meritocratic, and they justify the inequalities that capitalism inevitably engenders by claiming that they are due to merit. The trends that Piketty forecasts threaten to destabilize capitalist democracies because they threaten to falsify the arguments such societies use to justify even very large inequalities to those on the losing end.

They threaten to do so in a number of ways. First, those who inherit their capital and live on its proceeds—on unearned income—obviously cannot claim to merit what they have.<sup>35</sup> Moreover, it is sometimes thought that the merit of those who work can be equated with their “marginal product,” the value of what they add to the enterprises of which they are a part. But if we do equate merit with marginal product, Piketty thinks, then the rise of supermanagers threatens the meritocratic justification of the high-earned incomes they enjoy, since he thinks it clear that their compensation far exceeds the value of their contributions. In other words, he thinks the pay of the supermanagers greatly exceeds their marginal product and, by hypothesis, their merit.<sup>36</sup> Finally, meritocracy depends upon some form of equality of opportunity. But equality of opportunity is undermined by rising educational costs that are differentially affordable by and most accessible to high earners and those who inherit. Thus Piketty’s answer to the normative question, What is wrong with the trends he forecasts?, seems to be: the return of a *rentiér* society and the rise of supermanagers

34. Ibid. 264, emphasis added.

35. Ibid. 422–24.

36. Ibid. 330–33.

threaten the justifications on which capitalist democracies depend for their moral support.<sup>37</sup> That is, they threaten those societies' perceived legitimacy.

But this answer is insufficient, and it is at this point that I find what Piketty has to say about the ethical implications of his analysis lacking. For we also want to know whether meritocratic justification really does provide sufficient moral justification or legitimacy for economic inequality. To put the question sharply, If the concentrations of capital and income were entirely due to merit—even merit realized by equality of opportunity—would that be sufficient to justify or legitimate them? Piketty seems uncritically to assume that the answer to this question is yes, but that answer is not obviously right. An affirmative answer needs examination. It is here that I think the conceptual resources of Catholic social teaching can be illuminating, and that we can learn something about the normative import of Piketty's findings by reflecting on why Pope Francis says what he does in *EG*.

#### IV. Solidaristic Community

As I noted in the introductory section, economic inequality is often criticized on what might be called “communitarian” grounds, that is, on the grounds that it is incompatible with community. Different versions of the communitarian critique appeal to different claims about the conditions of community and about why economic inequality is incompatible with it. Philosopher Gerald Cohen, for example, assumed the desirability of what he called a “justificatory community,” a community in which the better-off could justify their advantages to the less well-off. He seems to have thought that the incompatibility between a justificatory community and economic inequality was logical, for he tried to demonstrate their incompatibility on conceptual grounds.<sup>38</sup> Economist Joseph Stiglitz seems to think that the community requires at least some bonds of sympathy or fellow feeling, and that the incompatibility between inequality and community is causal; for him, inequality causes or threatens the breakdown of community as he understands it. To make his point, Stiglitz refers to the mutual incomprehensibility of lives separated by great economic inequality.<sup>39</sup> Christiansen finds a communitarian critique behind Vatican II's condemnation of inequality, and he too thinks the incompatibility is causal.<sup>40</sup> We might even read Piketty as assuming the desirability of a sort of community, perhaps an attenuated one, in which economic differences are legitimated by effort and merit. And we might read him as arguing that the inequalities of a *rentier* society would threaten community so conceived.

37. When we think about a lack of moral support, we need not imagine violent revolution but instead a social order that relies for its continuance on coercion and the habit of unthinking obedience.

38. Gerald Cohen, “Incentives, Inequality, and Community,” [http://tannerlectures.utah.edu/\\_documents/a-to-z/c/cohen92.pdf](http://tannerlectures.utah.edu/_documents/a-to-z/c/cohen92.pdf).

39. Joseph Stiglitz, “Inequality is a Choice,” <http://opinionator.blogs.nytimes.com/2013/10/13/inequality-is-a-choice>.

40. Christiansen, “Relative Equality” 658.

I believe Pope Francis's remarks about economic inequality in *EG* are best read as a theological, or a partially theological, form of the communitarian critique. He implies elsewhere in his exhortation that the virtue of solidarity engenders community, and his vision of community is therefore what I shall call "solidaristic."<sup>41</sup> Some of the remarks I quoted show that he thinks economic inequalities undermine solidaristic community, and so are causally incompatible with it. But he also thinks that the economic inequalities characteristic of our world are incompatible with solidaristic community in the way that symptoms of a serious disease are incompatible with good health. Thus his remark in *EG* no. 202 that "society needs to be cured of a sickness which is weakening and frustrating it" may be hyperbolic, but it is also revelatory.

What does solidaristic community require? The phrase "solidaristic community" is reminiscent of "solidaristic equality" and of the communitarian duties of solidarity that Christiansen finds at the heart of John XXIII's and Paul VI's social teaching.<sup>42</sup> The phrase is also reminiscent of the claim made in the *Compendium of the Social Doctrine of the Church* that solidarity "is a virtue directed *par excellence* to the common good," and is found in "a commitment to the good of one's neighbour."<sup>43</sup> It should not be surprising that an emphasis on solidarity and community connects *EG* with earlier papal thought, since Francis has reaffirmed the value of solidarity and said that magisterial teaching about it has proven "far-sighted and up to date."<sup>44</sup>

Francis has not, to my knowledge, offered his own definition of "solidarity," and because he has endorsed earlier teachings on solidarity, I will assume he accepts the characterization of it found in the *Compendium*. According to the *Compendium*,

*solidarity is . . . an authentic moral virtue, not a "feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good. That is to say to the good of all and of each individual."*<sup>45</sup>

A solidaristic community would be a community whose members, having this virtue, are committed to advancing the good of all and each.

One way members of a community pursue their common good is through politics, and this suggests that a solidaristic community must afford its members opportunities to take part in politics. In *EG*, Francis implies that this is so, since he says that political participation of some unspecified form is morally obligatory,<sup>46</sup> and he presumably

41. *EG* no. 188. To be clear, "solidaristic" is my word, not Francis's.

42. See n. 11 above and accompanying text; on the duties of solidarity, see Christiansen, "Relative Equality" 663.

43. Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* no. 194, [http://www.vatican.va/roman\\_curia/pontifical\\_councils/justpeace/documents/rc\\_pc\\_justpeace\\_doc\\_20060526\\_compendio-dott-soc\\_en.html](http://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20060526_compendio-dott-soc_en.html).

44. Pope Francis, "For a New Solidarity: Address to the Centesimus Annus Pro Pontifice Foundation, 25 May 2013" in *The Church of Mercy* (Chicago: Loyola, 2014) 129–30, at 129.

45. *Compendium of the Social Doctrine of the Church* no. 193, emphasizes original.

46. *EG* no. 220.



thinks a solidaristic community must allow some opportunities for satisfying the obligation. The *Aparecida* document, produced under his supervision when he was archbishop of Buenos Aires, gives some indication of what those opportunities might be like, for it commends what it calls “participatory democracy” in which all have a voice.<sup>47</sup> Later, the document says that one manifestation of solidarity is “continual accompaniment in the efforts [of the vulnerable and marginalized] to be agents for changing and transforming their situation,”<sup>48</sup> thus lending further support to the claim that a solidaristic community would allow for widespread political participation.

Francis clearly thinks that commitment to the good of each person requires respect for the dignity of each and every one,<sup>49</sup> and he says that “the dignity of each human person . . . [is a] concern which ought to shape all economic policies.”<sup>50</sup> He also thinks that one of the most important ways a society respects its members’ dignity is by economic policies that aim at full employment, a point he makes concretely by saying of the poor, “We must help them make a living,” and metaphorically by describing a job as “the oil that anoints [the poor] with dignity.”<sup>51</sup>

The fact that Francis speaks specifically of respecting the dignity of the *poor* in this connection is indicative of where his greatest concern with economic inequality lies. Gerald Cohen, like philosopher John Rawls, asks what economic inequalities would be found in an ideally just world, hence in a world that is presumably without poverty. By contrast, Francis is concerned with the economic inequalities of our world. For him, it is an inescapable and crucial fact that those at the bottom of unequal distributions of economic advantage are vulnerable and impoverished.<sup>52</sup> And so while members of a solidaristic community would be committed to the good of all, Francis thinks that such a community would be characterized by a preferential option for its victims and its poor.

I cannot enter into the history of the preferential option here or treat even briefly of the many authors who have discussed it. Understanding why Francis himself thinks a solidaristic community would show the preferential option makes clear that the conception of such a community has prominent theological elements. To see that it does, note first that Francis describes poverty as “a theological category.”<sup>53</sup> This might be taken to mean that the poverty he has in mind is primarily spiritual poverty.<sup>54</sup> But a

47. The Spanish has “la democracia participative”; see *Aparecida* no. 75.

48. *Aparecida* no. 394.

49. *EG* nos. 3, 128. See also “For a New Solidarity” 130.

50. *EG* no. 203.

51. Jorge Mario Bergoglio and Abraham Skorcka, *On Heaven and Earth: Pope Francis on Faith, Family, and the Church in the Twenty-First Century*, trans. Alejandro Bermudez and Howard Goodman (New York: Image, 2013) 169. See also *EG* no. 192.

52. See the insightful contrast between utopian and scriptural treatments of justice drawn by Nicholas Wolterstorff in his *Justice: Rights and Wrongs* (Princeton, NJ: Princeton University, 2008) 68.

53. Pope Francis, “Address to the Lay Movements on the Pentecost Vigil, 18 May 2013,” in *Church of Mercy* 100.

54. See <http://www.crisismagazine.com/2013/pope-francis-on-the-true-meaning-of-poverty>.

better reading, I believe, is that Francis is talking about material poverty, which he describes as a theological rather than economic category because he thinks material poverty is of theological significance.

One reason for its theological significance is that the poor suffer distinctive kinds of physical suffering and religious vulnerability. The poor, Francis thinks, live at “the outskirts where there is suffering and bloodshed and blindness that longs for sight,” and where people “are most exposed to those who want to tear down their faith.”<sup>55</sup> Another reason is that when God entered history, he impoverished himself, not merely by becoming human, but by choosing a life among the working poor.<sup>56</sup> And so members of a solidaristic community would have a preferential option for the poor because in encountering the poor, they would encounter the kind of life God chose to live among us. The closer and more physical the encounter, Francis thinks, the closer the encounter with Christ.<sup>57</sup> Francis believes that the poor can lead the rest of us to God in another way as well, and that by encountering the poor, some of our illusions about the human condition will be punctured. “The poor,” he says “are also the privileged teachers of our knowledge of God; their faith and simplicity unmask our selfishness, our false security and our claim to be self-sufficient.”<sup>58</sup> Thus the dependence that characterizes the lives of the materially poor is also part of what endows their poverty with theological significance. The features of poverty that make it theologically significant in turn help explain why Francis thinks solidarity demands a preferential option for the poor.

Much more can be said about a solidaristic community, but what matters for present purposes is that such a community would manifest its concern for the good of all and the dignity of each by aiming at full employment and by offering all the opportunity for meaningful participation in politics. It would also be characterized by a preferential option for its poorest members, who would be the special objects of its material and spiritual concern. Such a community is, for Francis, a theological ideal that is at least implicit in his writings and that carries intimations of the kingdom of God.<sup>59</sup> I do not believe it is a philosophical utopia from which vulnerability and poverty are absent; rather, it is an ideal in which those conditions receive an appropriate response. To see how that ideal provides the basis for Francis’s critique of inequality, let me return to the passages from *EG* that I quoted in section I.

## V. Francis on Inequality, Revisited

I argued that in the first of the passages about inequality, Francis seizes on inequalities in the means of subsistence as symptoms or signs. He takes them to be symptoms or

55. Pope Francis, “The Anointing of the People: Homily at the Chrism Mass, 28 March 2013,” in *Church of Mercy* 92–94.

56. *EG* no. 186.

57. Bergoglio and Skorka, *On Heaven and Earth* 162 and 168.

58. Pope Francis, “A Culture of Solidarity,” in *Church of Mercy* 106.

59. *EG* no. 180: Francis says, “To the extent that [Jesus] reigns within us, the life of society will be a setting for universal fraternity, justice, peace and dignity.”

signs that some of the poorest are prevented from obtaining the necessities of life. This, he thinks, shows that the poor are excluded from concern. With a sketch of Francis's ideal in hand, we can see how he would contrast the actual exclusion of the poor with the solicitude that would be shown them in a solidaristic community. We can then take the first quoted passage to be seizing on inequalities in the necessities of life as signs that our world falls far short of that ideal. And we can take the distance between our world and the ideal as the real object of Francis's criticism in that passage.

Solidarity is a virtue that imposes powerful psychological demands. It is a form of other-directed love or charity, and not just a commitment to a moral principle or to ideals of the self. That love underlies the determination to do justice. The Church's tradition of thinking about solidarity clearly implies that even concentrations that are due to merit must encourage (or at least not erode) the determinations to do justice oneself and to support just institutions. In my view, Francis should be read as expressing the worry that concentrations and disparities of wealth can erode the psychological conditions of a determination of this kind by creating and perpetuating vast social distances among people who are supposed to be united by solidarity. The possibility of such erosion naturally engenders the further worry that in the absence of such a determination, the unjust suffering of those in poverty will go unrelieved. Whether these worries are sound is an empirical matter. But perhaps Francis is concerned that inequality will indeed lead to unjust suffering of the poor; thus he condemns inequalities that do so. This concern can, I think, plausibly be read into the first remark I quoted from *EG* about inequality and indifference (see section I above).

As for participation, Francis does not insist that the contributions, or opportunities to contribute, to politics or to social life satisfy some standard of equality. Inequality of opportunity to participate has not, to my knowledge, been condemned by papal social thought. Rather, the impression conveyed by that tradition is that opportunities to participate, if they are to pass muster, must meet some threshold. But wherever that threshold lies, the tradition clearly requires *some* opportunity for meaningful political participation. As we have seen, the *Aparecida* document sets the threshold fairly high.<sup>60</sup> Concentration of capital threatens to disenfranchise, or severely to devalue the political voice of, those who are without it in ways that US politics makes all too familiar. It therefore threatens whatever opportunity the tradition requires, and it certainly threatens the form of politics the *Aparecida* document commends. This is true whether capital accumulation is due to merit or to inheritance. Even meritocratic capitalism must satisfy some requirements of fair political participation. While Piketty quite clearly wants the shape of national economies to be determined democratically, he says remarkably little about how concentrations of capital can deform democratic politics. The political inequality that results from economic inequality needs to be assessed in light of moral values. Perhaps the pope's worry about inequality leading to exclusion will lead him to offer such an assessment.

60. *Aparecida* nos. 74–75.

Now recall Francis's second and third remarks: At *EG* no. 56 he says:

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

No. 60 reads:

Today's economic mechanisms promote inordinate consumption, yet it is evident that unbridled consumerism *combined with inequality* proves doubly damaging to the social fabric. *Inequality* eventually engenders a violence which recourse to arms cannot and never will be able to resolve.<sup>61</sup>

These remarks seem to echo Piketty's concern that excessive inequalities of income and consumption will be destabilizing. As with Piketty so with Francis, we need to ask *why* these inequalities might be destabilizing. To see what Francis's answer might be, it helps to take these passages in conjunction with the first passage, which evinces a concern with exclusion. If we do take the passages in conjunction, then a natural way to interpret the second and third passages I quoted in section I is to say that inequalities can destabilize because those on the losing end recognize that the inequalities are not working for everyone's advantage and so are not working for the common good at which a solidaristic community ought to aim. Rather, the poor recognize that the economy is producing great financial benefits from which they are excluded, and this can produce a violent reaction.

There is no indication in the passages referenced from *EG*—nor, I believe, is there any indication elsewhere in Pope Francis's work—that he thinks the strength of communal bonds varies with the difference to which Piketty attaches so much importance: that between earned income and income derived from inherited wealth. Rather, Francis seems to think, the economic inequalities of our world indicate lack of solidaristic community—and threaten such community—whether those inequalities stem from earnings or inheritance. As if to confirm this very point, Francis specifically criticizes the “exponential” growth in “the *earnings* of the minority” in the second quoted passage. The fact that Francis does not recognize the importance of a distinction on which Piketty insists is not due to intellectual sloppiness or superficiality on Francis's part. It results from the fact that he operates with an understanding of community that does not foreground that distinction.

I have suggested that the conception of a solidaristic community provides Pope Francis with richer conceptual and normative resources than Piketty has for evaluating the economic inequalities of our world.<sup>62</sup> In my introductory remarks, I promised that

61. Emphasis added in nos. 56 and 60.

62. I leave aside the important question of how much purchase those resources can gain in a pluralistic society like the contemporary United States.

the pope's work and Piketty's would be mutually illuminating. While Francis's conception of a solidaristic community helps us understand the normative import of Piketty's findings, those findings in turn raise interesting and important questions about the conditions of solidaristic community. The pope may well be right to assume that it is ethically and religiously important to look at the economic inequalities from which the neediest suffer, but Piketty's analysis of inequality enables us to look beyond the comparisons of the richest and poorest. It draws our attention to other inequalities that threaten solidarity and commitment to the common good, or that indicate their absence.

On the basis of work done with Piketty, Emmanuel Saez has shown that almost all the gains in total income in the United States since the Great Recession have been captured by the top 1%, with a very large share going to the top 0.01%.<sup>63</sup> This strongly suggests that economic policies adopted in the aftermath of the recession are not working for the common good. It also suggests the emergence of a class that may try to keep or consolidate their gains through legislative capture, with unfortunate consequences for the participatory politics the pope seems to favor. These suggestions emerge, not from a comparison of the top earners with the poor, but from comparisons of the top 1% with the other 99%, of the top percentile with the 95th to the 99th percentiles, and of the top 0.01% with the rest of the top 1%. Piketty's documentation of an emerging patrimonial middle class means the emergence of a large group that knows a financial (and emotional) security that the bottom 50% of their societies will never enjoy. It thus raises the prospect that the poorest and the working poor will suffer more social and geographic isolation than they did when they were economically closer to those in the income brackets immediately above them. If indeed the pope is right that solidarity with the poor depends on physical contact with them, then the emergence of a patrimonial middle class that can afford suburban home-ownership or high urban rents may mean less contact with those below them, less solidarity, and greater exclusion. If Piketty is right that advanced capitalist economies are entering a protracted period of low growth, and if low growth means working-class wage stagnation, we may see struggles for resources that further threaten solidarity between the middle class and the working poor, or the working class and the poorest.

I have shown that if we are to understand the conditions of solidaristic community, we need the kind of nuanced understanding of economic inequality that Piketty provides. But Piketty's findings also have implications for how objectionable inequalities might be reversed. Seeing those implications brings us to what is potentially most radical about Francis's teaching. According to a recent article by Kate Ward and Kenneth Himes,

[journalist George] Packer believes there was a "social arrangement" in the United States put in place in the 1930s. He calls it "middle-class democracy," a "social contract among labor, business, and government—between the elites and the masses." This contract made sure that

63. Emmanuel Saez, "Striking It Richer: The Evolution of Top Incomes in the United States (updated with 2012 preliminary estimates)," <http://eml.berkeley.edu/~saez/saez-UStopincomes-2012.pdf>.

the benefits of economic growth were widely distributed and prosperity was shared. . . . The social contract was enforced by labor laws and government policies that kept a balance between the power of workers and owners, as well as tax codes that restrained the creation of an inherited plutocracy. But it was also built on a sense of solidarity that allowed the rich to imagine the lives of others.<sup>64</sup>

On one plausible interpretation, the references to a “social contract” and a “social arrangement”—together with what the last sentence says they were “built on”—suggest a pact voluntarily entered into by parties, all of whom were committed to sharing the benefits of economic growth. They also suggest that we might reinstitute the contract by renewing that common commitment, perhaps as a result of moral exhortation such as that of *EG*.

The period in which Packer’s social arrangement is said to have been in place is just the period that Piketty has shown to be historically anomalous. If that period was anomalous, and if it becomes an ever more distant memory, faith in the real possibility of a solidaristic community may decline. The ideal may then cease to move us, and moral exhortations like Francis’s might lose some of their power to effect change.

Furthermore, what made the period anomalous, Piketty insists, was the destruction of capital, the depression of asset prices, and the increased unionization of the American labor force. While he does refer vaguely to “social norms regarding inequality” to explain wage compression in the period during which Packer’s social contract was in force, Piketty seems to think that those norms resulted from structural features of the economy that leveled wages rather than the reverse.<sup>65</sup> If this conclusion is accurate, then economic inequality will have to be addressed by structural changes in advanced capitalist economies. Francis himself gestures toward those prescriptions in the fourth remark I quoted from *EG*, where he expresses skepticism about the use of “welfare projects” to ameliorate the effects of inequality, and where he suggests that its “structural causes” need to be “attack[ed]” instead.

By zeroing in on the structural causes of poverty and targeting them for reform, Francis echoes the many references to “unjust structures” and “structures of sin” in Catholic social thought, from the Medellín document on justice issued by the Latin American bishops to John Paul II’s *Sollicitudo rei socialis*.<sup>66</sup> However, those who refer to these structures have different things in mind, and it is not clear exactly what Francis thinks the “structural causes” of inequality are, or how they are to be attacked.

Perhaps what the pope has in mind can be put this way. It is sometimes asserted or assumed that capitalist economies are consistent with or advance solidarity, participation, and the common good so long as wages are adequate, training is available for

64. Ward and Himes, “Growing Apart” 123.

65. Piketty and Saez, “Income Inequality” 33–34. On changing distributional mores by changing social and economic structure, see Joshua Cohen, “Taking People as They Are,” *Philosophy and Public Affairs* 30 (2001) 363–86.

66. See <http://www.shc.edu/theolibrary/resources/medjust.htm>, and John Paul II, *Sollicitudo* no. 36.

those dislocated by economic change, and policies aim at full employment and “balanced growth”—that is, growth in which gains to capital and labor are balanced. Indeed, John Paul II seemed to assert exactly that in *Centesimus annus*.<sup>67</sup> As we saw in section II, the claim that capitalist economies will achieve balanced growth is one of the sanguine hypotheses about capitalism that Piketty undermines, or at least shows to be in need of significant qualification. For he shows that balanced growth will not happen automatically. It requires regulation of labor and financial markets. But instead of regulating markets for the common good, Francis thinks that advanced capitalist societies have treated them as “autonom[ous]” and have allowed them to generate great inequalities of wealth, income, and opportunity. The grossest effects of these inequalities have then been somewhat ameliorated by “welfare projects” that, depending upon how well funded they are by taxation, transfer some gains from the top to the bottom and to the working poor. But, Francis implies, this combination of autonomous markets and “welfare projects”—commonly called “welfare state capitalism”—is inadequate. The threats that inequalities pose to fundamental social values must be averted in some other way.

Pope Francis does not say why welfare state capitalism is inadequate, and the argument for this claim would eventually have to be spelled out.<sup>68</sup> What is more interesting for present purposes is the pope’s clear implication that some alternative to it must be found. The implication is especially interesting if it is coupled with Piketty’s analysis of inequality. For, as we have seen, that analysis suggests that advanced capitalist economies are entering a period of low growth and wage stagnation. The analysis also suggests that under these conditions, capital will accumulate unequally and compound considerably, conferring increasing advantages on those who own it relative to almost all who derive their income exclusively from wages. If those suggestions are correct, then full employment at decent wages will not be sufficient to avert inequality and its consequences. Rather, averting the inequalities that Francis condemns will require ameliorating inequalities in capital-holdings. However this is to be done,<sup>69</sup> it will surely have to be accomplished in the face of considerable political opposition. Francis may eventually have to confront thorny moral questions about how such opposition is to be confronted and overcome. Whether or not he does, his advocacy of such a remedy would seem to constitute a significant change in what social arrangements papal social teaching prescribes.<sup>70</sup> If there is radicalism and discontinuity in Francis’s remarks about the economy, it is not in his concern with inequality, but in the way he proposes to address it.

67. John Paul II, *Centesimus annus* no. 15.

68. For one such argument, see John Rawls, *Justice as Fairness: A Restatement*, ed. Erin Kelly (Cambridge, MA: Belknap of Harvard University, 1999) 139–40.

69. Piketty suggests a global tax on capital. For a more systematic alternative, see Martin O’Neill and Thad Williamson, eds., *Property-Owning Democracy: Rawls and Beyond* (Malden, MA: Wiley-Blackwell, 2012).

70. Thus Francis seems to oppose the method for ameliorating inequality that Christiansen says John XXIII and Paul VI favored, namely, the “regular redistribution” mentioned by

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Christiansen in "Relative Equality" 653. Christiansen says that the two popes are most charitably read as favoring redistributions aimed at minimizing the absolute value of the difference between highest and lowest incomes (ibid. 667). But this value seems to suffer from the same informational poverty that Piketty sees in other attempts "to summarise inequality in a country with a single number" (see n. 16 above), since a measure of the distance between highest and lowest incomes tells us nothing about economic inequalities between other fractiles of the population. Because it seems unlikely that solidarity between the middle class and the working poor is independent of those inequalities, we ought to be interested in these inequalities as well. Moreover, the aim Christiansen imputes to the popes is not the only one supported by the arguments for it, since it is hard to see how the arguments Christiansen offers at p. 667 favor "least difference" policies over those aimed at Rawls's difference principle.