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A pope, not an economist

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Pope Francis addresses a joint meeting of Congress in the U.S. Capitol on Thursday.

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by **By Antony Davies and James R. Harrigan**

As Pope Francis continues what is likely the most political jaunt of his papacy, it is time to understand him for what he is: a typical politician.

His dim understanding of economics is predicated on fallacy and fantasy — the public sector is populated by saints and the private sector by sinners. This is the most charitable thing that can be said of his knowledge of economics.

Less charitable is the observation that he shares less with modern politicians than he does with the communist-era "useful idiots," those who spread the gospel of socialism in their home countries while ignoring all evidence of its many flaws.

Previous popes spoke of outcomes — our responsibility to steward the environment, to care for the needy, to treat people with dignity. These are moral outcomes worthy of moral scrutiny — all well within a pope's expertise and prerogative.

Other popes, recognizing the limits of their expertise, left it to the people to discover the means of achieving these outcomes. In contrast, Francis openly espouses specific means. And in so doing he adopts the time-tested technique for spreading evil: He dresses it in the attractiveness of noble outcomes, making people of goodwill not merely its victims but its active accomplices.

Pope Francis not only has no formal training in economics, but, as a young man living in a socialist country and an adult priest supported by the Catholic Church, he largely hasn't even experienced a free-market economy. Literally nothing qualifies Francis to make economic pronouncements as he does, and it shows. He is the most dangerous kind of powerful actor — one who doesn't appreciate his own ignorance.

In *Equality and Public Policy*, we ask whether societies that are more economically free are healthier than those that are less economically free. Do free markets accompany more poverty or less? Do free markets accompany greater inequality or less, more exploitation or less?

The relationships between market freedoms and well-being are complex and not entirely understood, but the directional evidence is overwhelming. Any public figure — be he performer, politician, or pope — would do well to be aware of this evidence.

The most comprehensive measures of economic freedom are the Fraser Institute's Economic Freedom indices, which measure economic freedom according to the relative size of government spending, the magnitude and progressivity of taxation, and the degree of government regulation. Cross-referencing Fraser's economic freedom measures with well-being measures from governments and the United Nations reveals a startling result. Across countries, states, cities, and time, the same pattern emerges.

Societies that are more economically free enjoy higher standards of living, experience less poverty and less unemployment, suffer less income and gender inequality, endure less child labor, and enjoy more sustainable environments.

And the freedom phenomenon isn't the result of rich countries coincidentally being more free and more wealthy. If we restrict our analysis to the poorest countries, the same patterns emerge. People in poor but economically free countries experience better qualities of life than do people in poor but economically unfree countries.

This is where Pope Francis shows his fatal economic ignorance. When he speaks about the evils of markets and capitalism, he isn't aware that he's not talking about markets and capitalism at all. He is talking about cronyism.

Cronyism results when government intervention in markets makes it more profitable for entrepreneurs to pursue politicians than to court customers. Ask government to regulate an industry and bureaucrats will turn to industry leaders for expert advice. Every time. What results? Regulation that benefits entrenched interests at the expense of customers and competitors. The phenomenon is so common that economists have given it a name: regulatory capture.

Francis wants to see markets regulated for the good of society but errs in equating regulation with government. A free market is hundreds of millions of people each constantly making small regulatory adjustments by buying this product instead of that, by saving a dollar here instead of spending it there, by taking one job instead of another.

Each choice that each of these hundreds of millions of people makes diverts society's scarce resources and energies toward outcomes that those same people judge to be better. The data show that individual people regulate markets far more effectively and efficiently than government ever could.

Francis needs to look at the data — and trust the people.

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