

Pope calls for a "global authority" on economy

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By Philip Pullella

VATICAN CITY (Reuters) - Pope Benedict called on Tuesday for a "world political authority" to manage the global economy and for more government regulation of national economies to pull the world out of the current crisis and avoid a repeat.

The pope made his call for a re-think of the way the world economy was run in a new encyclical which touched on a number of social issues but whose main connecting thread was how the current crisis has affected both rich and poor nations.

Parts of the encyclical, titled "Charity in Truth," seemed bound to upset free marketers because of its underlying rejection of unbridled capitalism and unregulated market forces, which he said had led to "thoroughly destructive" abuse of the system and "grave deviations and failures."

An encyclical is the highest form of papal writing and gives the clearest indication to the world's 1.1 billion Catholics -- and to non-Catholics -- of what the pope and the Vatican think about specific social and moral issues.

The pope said every economic decision had a moral consequence and called for "forms of redistribution" of wealth overseen by governments to help those most affected by crises.

Benedict said "there is an urgent need of a true world political authority" whose task would be "to manage the global economy; to revive economies hit by the crisis; to avoid any deterioration of the present crisis and the greater imbalances that would result."

Such an authority would have to be "regulated by law" and "would need to be universally recognized and to be vested with the effective power to ensure security for all, regard for justice, and respect for rights."

"Obviously it would have to have the authority to ensure compliance with its decisions from all parties, and also with the coordinated measures adopted in various international forums," he said.

The United Nations, economic institutions and international finance all had to be reformed "even in the midst of a global recession," he said in the encyclical, a booklet of 141 pages.

The pope's call for a supranational body to tackle global economic woes disturbed some Catholic capitalists.

"There is a difference between coordination and mandate ... a reckless loan in the United States can and did impoverish people in Latvia. So obviously coordination is important as long as it is not mandates," said Frank Keating, CEO of the American Council of Life Insurers and former Governor of Oklahoma.

LOFTY MESSAGE

The encyclical was addressed to all Catholics and "all people of good will" and was released on the eve of the start of the G8 summit in Italy and three days before the pope is due to discuss the global downturn with U.S. President [Barack Obama](#).

In several sections of the encyclical, Benedict made it clear he had great reservations about a totally free market.

"The conviction that the economy must be autonomous, that it must be shielded from 'influences' of a moral character, has led man to abuse the economic process in a thoroughly destructive way," he said.

"In the long term, these convictions have led to economic, social and political systems that trample upon personal and social freedom and are therefore unable to deliver the justice that they promise," he added.

Profit was useful only if it served as a means to a brighter future for all humanity.

"Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty," he said.

He said the current economic crisis was "clear proof" of "pernicious effects of sin" in the economy.

"Financiers must rediscover the genuinely ethical foundation of their activity ...," he said.

German Chancellor Angela Merkel, who had rebuked the pope earlier this year at the height of the row over a Holocaust-denying bishop, welcomed the encyclical as important encouragement for world leaders ahead of a G8 meeting in Italy.

"Pope Benedict has encouraged the state leaders to create rules so that this sort of worldwide economic crisis isn't repeated," Merkel told reporters. "I also saw this as an order to work toward a social market economy in the world."

The pope appeared to back government intervention "in correcting errors and malfunctions" in the economy, saying "one could foresee an increase in the new forms of political participation, nationally and internationally."

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