Catholic Social Teaching and Economic Science

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Catholic social teaching has much to offer civilization through developing economics as a normative human science whose goal is to provide for the material needs of the people. Unfortunately, however, its connection with economic theory and practice has not been making much of an impact in the schools and economies of England and the United States of America.

This teaching is found in many sources, including the Scriptures, the work of St. Thomas Aquinas, and the century-long series of papal social encyclicals starting with *Rerum Novarum* (*On the Condition of Workers*) (1891) and culminating with *Centesimus Annus* (1991).

Among the highlights of this teaching are: the dignity of the human person; the rights and duties of the family, economic enterprises, associations, the State, and the international community; the importance of the natural law, the common good, and the principle of subsidiarity; and the virtues of justice (commutative, distributive, and social (legal), prudence, temperance, fortitude, and charity, including social charity. A central aspect of this teaching is its emphasis on the *via media*, a balance between the rights and duties of the person and society.

A document that summarized an intense century-long effort of Catholic scholars and activists to coordinate the two spheres of economics and the moral order, the encyclical *Quadragesimo Anno* (1931), proclaimed: that, even though economics and moral science employ their own principles, it is an error to say that the former depends in no way on the latter; that the laws of economics, being based on the nature of material things and on the capacities of the human body and mind, determine the limits of what productive human effort can and cannot attain in the economic field and by what means, with reason showing on the basis of the capacities of the human body and mind, the purpose which God ordained for all economic life; that economic life must again be subjected to and governed by a true and effective directing principle based on social justice and social charity; that the institutions of people must be penetrated with social justice; that social justice should establish a legal and social order which will give form and shape to all economic life; and that social charity should be the soul of this order.

Spheres of Influence

Catholic social principles have had some sustained eras of vitality in economic life as, for example, in the many centuries in which the European medieval guilds prevailed with their emphasis on the rights and duties of the person in the apprentice, journeyman, and master classifications, on ownership and control of private productive property, on the just price and just wage, on usury, on economic cooperation, and on the production of worthwhile goods.

As human institutions, the guilds had their faults and their limitations, including that of being bound up with local economies and that of being unwilling or unable to adjust to the rising challenges of national and international markets. But for centuries they enjoyed substantial successes in protecting and benefitting persons and economic life. The recommendation here is that the *principles* which motivated the economy of the guilds—and not their institutional structures—should be practiced in local, national, and international economies.

In the 19th and 20th centuries Catholic social teaching provided other practical benefits through its influence on unionization and legislation for European and American workers suffering economic and social difficulties resulting from the Industrial Revolution.

Destruction of Catholic Influence

The guilds were the product of an era in which Catholics enjoyed widespread theological, philosophical, economic, political, and social influences on the culture, but in the later Middle Ages many disastrous developments undercut the strength of Catholicism, devastatingly so in England and subsequently in the North American colonies that were to become the United States of America.

The losses came from many sources. These include the scandalous conduct of many Catholics, even of the Popes, the withdrawals to Protestantism, the horrors of the religious wars, the decline in Catholic theological and philosophical teaching, the rise of the Enlightenment with its strong opposition to Catholicism, and the declining influence of Thomism. Other relevant developments extend to the abandonment of respect for the dignity of the person, and the redefinition of freedom as devoid of ethical responsibility, especially in economic life, with the extensive use of such freedom contributing to individualistic economic liberalism.

In England there were incalculable deprivations sustained by Catholics from the 16th century onward, with the loss of Oxford and Cambridge universities being high on the list. Far from having been in recent centuries the sources of Catholic thought and action they might have become, these institutions have rather produced the shapers of what is now falsely considered to be the fullness of the science of economics. Another severe economic and social loss was the despoliation of the English monasteries, highlighted by the execution in 1539 of the distinguished Abbot Whiting of Glastonbury Abbey.

With Oxford and Cambridge providing the advantage for economics as a positive science and eventually contributing this version of economics to Harvard, Yale, and Princeton, among other prestigious schools, Catholic and other, it should not be surprising that Catholic teaching on economics as a normative human science has had practically no impact in modern England and the United

States (especially in graduate education, which has so much influence on the education of a country). The current principles of economics taught in Catholic and secular colleges and universities are heavily based on the views of such people as Adam Smith, David Ricardo, Alfred Marshall, Lionel Robbins, and John Maynard Keynes, none of them drawing inspiration from Catholic social teaching and its relation to the science of economics.

The prevailing assumptions of economics are: that economics is a positive science; that economics is a natural science patterned after the physical sciences; that economics is a science divorced from theological, philosophical, and ethical influences; that economics has no connection with sociology, politics, and other social sciences; that economics has no goal; that economics is a purely speculative science; that economics is a mathematical science; that the sole function of economics is analysis; and that the common good results from an "invisible hand" which operates through the individual pursuits of competitors. These assumptions mostly ignore Catholic social teaching and what it has to offer to economics as a normative human science. This defect is not to deny that there is much of value throughout these current economic teachings, but rather to hold that in important matters bearing on the nature of the human person as a moral and social being they are inadequate.

They claim to be scientifically neutral but are in fact rooted in philosophies unacceptable to Catholic teachings. Thus, Classical Economics reflects the exaggerated individualism of its founders, the Utilitarianism of Bentham, the "survival of the fittest" thought of Malthus, Darwin, and Spencer, and the philosophy of those businessmen whose dubious practices have been elevated to academic status in this discipline. Underlying the conditions of perfect competition are views of an economic man (*homo economicus*) without concern for the moral law and society. *Quadragesimo Anno,* for instance, has the following to say about free competition:

> Just as the unity of human society cannot be founded on an opposition of classes, so also the right ordering of economic life cannot be left to a free competition of forces. For from this source, as from a poisoned spring, have originated and spread all the errors of individualistic economic competition. Destroying through forgetfulness or ignorance the social and moral character of economic life, this teaching held that economic life must be considered and treated as altogether free from and independent of public authority, because in the market, i.e., in the free struggle of competitors, economic life would have a principle of self-direction which would govern it much more perfectly than would the intervention of any created intellect. But free competition, while justified and certainly useful provided it is kept within certain limits, clearly cannot direct economic

life—a truth which the application of this evil individualistic spirit has more than sufficiently demonstrated.

While Catholic teaching respects the individual and the State, it is not to be identified with the individualism or collectivism which has stained so much of economic life during recent centuries. Nor is it to be identified with current versions of conservatism or liberalism in either of its two principal manifestations: first, the freedom from government of the economic liberalism of the classical school and, second, the use of government to free people from social and economic difficulties. Nor is Catholic social teaching synonymous with libertarianism, the American free enterprise system, or liberation theology steeped as it is in Marxism. While Catholic teaching might coincide with one or other aspect of these viewpoints, it is not in accord *totally* with any of them, especially with respect to the philosophies from which they have sprung. Catholic social science stands on its own merits. In this connection, attention should be drawn to the recent publication *Liberalism, Conservatism, and Catholicism* by Stephen Krason of Franciscan University.

Catholic Efforts

In addition to numerous successful efforts—many of them stemming from *Rerum Novarum*—to bring the influence of Catholic social teaching into unions, industries, and legislation, there have been in modern times significant attempts to bring a Catholic presence in one way or another into the science of economics. An early effort was made in England by Charles Devas in his *Political Economy* (1913), but this work has not been developed.

On the European continent, Jesuit Father Heinrich Pesch (1854-1926) made a valiant effort to coordinate economics with Catholic social teaching, but, while his ideas have had strong influence on the papal encyclicals, primarily on *Quadragesimo Anno*, thus far his work has failed to find a home in American Catholic colleges and universities, even in the Jesuit schools. The early years of the *Review of Social Economy*, the journal of the Catholic Economic Association (CEA), featured the work of Pesch and allied minds. Richard Mulcahy, S.J., summarized the teachings of Pesch with his *The Economics of Heinrich Pesch*. Rupert Ederer, a member of the Society of Catholic Social Scientists (SCSS), has done yeoman work in advancing the theories of Pesch by translating the *Lehrbuch der Nationalokonomie*. A recommendation here is that the Society of Catholic Social Scientists (SCSS) or some colleges, universities, and professors do more to advance the work of Heinrich Pesch, Richard Mulcahy, and Rupert Ederer.

In 1937, Catholic University of America organized a graduate School of Social Science with Catholic theology and philosophy as the background for a broad social science coordinating economics, sociology, and political science, but this noble effort ended in 1961. The great John A. Ryan, author of *Distributive Justice* and *A Living Wage*, was a significant force in founding this school.

Another attempt to bring Catholic influence on economic science into the American academic world was the formation of the Catholic Economic Association (CEA) in the early 1940s. While this effort made much progress—especially through its journal *The Review of Social Economy*—it was torn by controversy between those who argued that economics is a positive science independent of Catholic thought and those who viewed it as a normative science with connections to Catholic thought. In the 1960s, this organization was amended to embrace a wider array of philosophical influences on economics as a normative science and changed its name to The Association for Social Economics.

Congratulations are in order for the Society of Catholic Social Scientists (SCSS) for once more taking up the challenge of studying the relationships between Catholic teaching and the social sciences, but this organization should recognize that many Catholics have attended either Catholic or other schools which provided little, if any, awareness of Catholic social teaching in relation to the social sciences. Thus it should not be surprising that many Catholics have accepted that economics is a neutral positive science as defined by such people as John Maynard Keynes, Milton Friedman, and Lionel Robbins; that economics is a social science that has isolated itself not only from moral theology and social philosophy but also from such allied disciplines as sociology and political science; that analysis similar to the cause-and-effect relationships in the physical sciences is the essence of economics; and that neo-classical economics and macroeconomics constitute the predominant concern of economic teaching. Nor is it surprising that some Catholics may even be embarrassed by the claim that Catholic social teaching has any connection with economic science, at least that which they learned in school.

No report on the inadequacies of the Catholic effort in this field in America would be fair without recognition of the economic difficulties which Catholic parents and schools have endured in this society in which the American State has unjustly seized a monopoly of the education tax on the elementary and secondary school level and a near-monopoly of this tax on the college and university level, particularly on the graduate level where so much significant work can be achieved in matters of this importance. At the present time State schools and a cadre of "prestigious" private schools unaware of, indifferent to, or hostile to Catholic teaching, dominate the definition of economics and allied disciplines and form the future professors of America. Put more bluntly, this imbalance in education means that in the competition of ideas, Catholic teaching in this society—especially at the graduate level—has been and is being undermined by government education tax policy. Some years ago I was asked by a university president, a natural scientist who was impressed with the emphasis on mathematical economics in the State university, whether I could compete with such an approach with theories on economics as a normative human science. My answer was yes, but not with the State providing forty or so tax-supported graduate programs for mathematical economics and none for economics as a normative human science.

Economics as a Normative Human Science

The thesis here is that economics, far from being presented as a science isolated from other disciplines, should be recognized as a broader science with Catholic theological and philosophical background and with descriptive, analytical, and policy elements.

First, the theological background would affirm the dignity of the human person and the guidance of moral theology in social and economic life. The philosophical background would rely heavily on the writings of St. Thomism Aquinas and the social encyclicals. Thus the economist should have at hand knowledge of such features as the common good, social justice, the dignity of the human person, price and value, associations in unions, vocational groups, and cooperatives, the importance of health and schooling for the economy, and local, national, and international markets.

Second economics must be aware of what has gone on and what is going on in the production, consumption, distribution, and exchange of economic goods and services. Important areas for review would include the monetary system and the Federal Reserve System, the national debt, the expansion of gambling, the futures markets, the concentration of ownership and control of production, distribution, consumption, income, and wealth, the status of health and schooling, the imbalances in economic life within and among countries, and ready assessment of the local, national, and international common good.

Third, economic analysis is to be held in high repute, with care taken to draw worthwhile analysis from all sources. Many economists contend that analysis is the sole responsibility of economics with a person acting as an economist—or as usually expressed *qua* economist—only when engaged in analysis and that analysis should be carried on only through speculation, but neither analysis nor speculation is entitled to exclusive dominance over the study of economics. In any case, there are areas of economics that need analytical clarification such as the definitions of land, labor, capital (including human capital), and enterprise, distribution among the factors, the marginal productivity theory, price and value, the causes of production, and the concentration and control of wealth and income resulting from free competition. Further, breaking from the tendency to concentrate on the simpler microeconomic markets and technologies of the earlier days of Classical Economics, analysis should address the problems arising out of the rapid introduction of enormous technological changes on people and on local, national, and international markets. Breaking from the tendency to spend too much time on the pragmatic macroeconomic response of Keynes to the depression of the 1930s, analysis should concentrate on the problem of the economic maldistributions responsible in great part not only for that depression but also for many modern economic problems. Current defenders of analysis are now quite satisfied with its dominance, but other aspects of economics must be given their proper place.

Fourth, many economists pursue economic analysis without the slightest concern as to how or by whom it should be implemented, but economics is not complete without coming to grips with practical economic policy for the common good, the person, the family, businesses, economic associations, local economic conditions, schooling, and the national and global economies. Good knowledge must not be allowed to lie sterile, but must be acted on. Here, *observing*, *judging*, and *acting* to achieve worthwhile policy goals should be followed.

Scholars may be attracted to specialize in one or other of these elements, a practice that can be most beneficial, but schools should present to its students and society a total view of the dimensions of economics. What must be avoided in the social sciences is a situation through which the teachers in a school—theologians, philosophers, economists, sociologists, and political scientists—concentrate on their own specialties with no concern for the interrelationships of their disciplines. Out of the cooperation of the various elements responsible for the economic culture of this society a more significant economic science or study will be developed. In any case, the excessive departmentalization that has done so much harm to schooling and society should be avoided. The purpose of education, economic or other, is knowledge and understanding, not isolated specialization.

Much needs to be done in the struggle to build and maintain a Catholic culture based on Catholic social teaching. First, this teaching must be known. It must be brought into classrooms and into the public forum. It must be written into textbooks. It must be given a position of honor in graduate education. It must have people who devote their careers to it. Too long has this teaching that has so much to offer civilization been out of the mainstream of knowledge and action in this society.