

Is Catholic Economics Possible?ⁱ

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In the physical sciences the main objective is to determine the structure of physical phenomena. Models are adopted when they conform to empirical data and discarded only after better models are shown to be more efficient in accounting for empirical regularities. The process is oftentimes political but it does roughly conform to Kuhn's description in his famous book on the structure of scientific revolutionsⁱⁱ. Model replacement follows a slow evolutionary trajectory but occasionally the adoption of a new model becomes a traumatic discontinuity. In this process there is little room for a Catholic physics or a Catholic chemistry. The phenomena are identical for Catholics and non-Catholics. Observation procedures are identical as well. Mathematical models are confirmed by objective data capable of being replicated by other investigators. So it would seem, by analogy, that a Catholic economics would be impossible. This is the main objection to the notion of a Catholic economics by modern Catholic economists.

While in psychology, education and sociology the modern student is introduced to a plethora of theories, paradigms and approaches and asked to use his own talents to distinguish among them, in economics, regardless of what university he attends, he is likely to be introduced into neoclassical economics with a sputtering of Keynesian theory. In economics a school of thought has triumphed to the point that it is considered "the" economic science. Often referred to as mainstream or orthodox economic theory even by those who propose heterodox approachesⁱⁱⁱ, the neoclassical school has been a model of efficiency

in condemning economic heresy and relegating alternative viewpoints to volumes of varied and often contradictory alternative approaches^{iv}. Because the neoclassical school of thought is based on positivism, students of economics are taught that economics is a science in exactly the same way that physics is a science. The positivism and methodological individualism underlying the neoclassical school teach as a fact that economics is value free, leaving all normative issues to the realm of personal taste. A popular introductory economics textbook, for example, defines positive economic statements as “a statement that can be proved or disproved by reference to facts” while a normative economic statement is defined as “a statement that represents an opinion, which cannot be proven or disproved”^v. There is no discussion of counter-arguments against this strict positivist worldview. The impressive and ever growing set of mathematical techniques that the student is required to learn reinforce the notion that economic science is a matter of equations that care nothing for the user’s religion or political affiliation. The illusion is complete: economics is as objective as physics.

In this prevailing context, Catholic economists simply cannot make sense of a Catholic economics. What does being Catholic have to do with making lasting and important contributions to economic science?

The Expansionist Character of Modern Economics

To complicate matters, these positivist errors have a vocation to indefinite expansion. As one of the most preeminent economic methodologists, Lionel

Robbins, put it, "economics is the science which studies human behavior as a relationship between given ends and scarce means which have alternative uses"^{vi}. The adoption of Robbins' definition for microeconomics has brought non-economic behaviors like parenting, religious devotion, political participation, drug addiction and in principle all human behavior into the sphere of the "economic approach". In the words of the editors of "Economic Imperialism: The Economic Method Applied Outside the Field of Economics", who advocate the expansion:^{vii}

"The label "economic approach" has for many – more wrongly than rightly—become associated with the so-called Chicago School, of which Gary S. Becker is a main proponent. The critics have often viewed the extension of economics, in particular the extension of microeconomic theory to ***all*** human affairs, with misgiving. They have accused the Chicago School, Public Choice, the Economics of Law, and similar approaches or extensions of economic theory, of 'disciplinary imperialism'" (p. vii). (italics mine)

In the fifteen years since these words were written, neoclassical economics has expanded into positive political science and following Nobel Laureate Gary Becker into sociology and psychology^{viii}. As a student, I had to show familiarity with rational models of drug addiction, of marriage, of divorce, of fertility, of trade-offs between quality and quantity of children, of political votes designed to win re-election, of religious participation and that is just a sample. Since I was married at the time and expecting children, the contrast between how economic theory described my life and my day to day experience was an irony

that did not escape me. My wife and I did not sit down and calculate our fertility functions, or reflect on our matching algorithms in the marriage markets. Yet, in graduate school such imaginary behavior was referred to as “rational choice”. Perhaps, I was irrational for believing that a social science must describe and explain actual behavior rather than imaginary computations and optimizations.

More dangerous than the impact of the economic approach on other social sciences is its expansion into American culture. Being rational, perhaps the very likeness of the creator, has become identified exclusively with behaving like a wise investor. Education is known as human capital. Statesmanship is the art of acquiring political capital. Friendship is social capital. Corruption becomes rational, because it is irrational to expect CEOs and politicians to promote the common good at their own expense. The foundations of justice and law become of necessity arbitrary coordination arrangements, susceptible to change at any time. Faith itself is a commodity in the religious market, with truth becoming a chip to be traded for market share. What is right or true is less important than what is popular, because popularity increases market share. Culture as a whole is referred to as the marketplace for ideas. This language is, as mentioned before, becoming commonplace in everyday dialogue in the talk shows, the corporate boardrooms and in private and public schools. The metaphor of the market as the organizing principle of everything is spreading throughout American intellectual life like wildfire.

Where America goes, the world often follows. With the advent of globalization, many cultures throughout the world struggle to defend their

traditional worldview against the encroaching approach of the economic way of thinking. The Pope himself has expressed concern over the trend:

“It [the globalization of commerce] enshrines a kind of triumph of the market and its logic, which in turn is bringing rapid changes in social systems and cultures. Many people, especially the disadvantaged, experience this as something that has been forced upon them, rather than as a process in which they can actually participate.”^{ix}

Rather than defining economics, what Robbins defined was an all-encompassing discipline of human activity where the paramount concept is scarcity; and the associated definition of rationality is the marginal cost-benefit principle. In other words, modern economics of the expansive type is really a positivist philosophy of man under disguise, where the good is that which possesses the largest positive cost-benefit ratio. It is not science because it cannot be falsified; it is simply a new form of the philosophical error of economic materialism.

An Alternative Perspective Needed

In my title, “Is Catholic Economics possible?” The word economics has a more restricted and commonsense meaning and so I will not study the secular philosophy of man embodied in the rational choice model. I leave that to philosophers and, in particular, moral theologians for indeed rational choice is nothing more than secular moral theology.

First of all, economics is practical in the Aristotelian sense. The purpose of social science is to provide technical solutions for societal problems that result in

a more humane society.

Second, in contrast to expansionist claims of economics, Heinrich Pesch defined economics as the science that studies how humans meet material wants and needs^x.

In combination, economics is the science that studies how humans meet material needs and wants in society so as to provide technical solutions that result in a more humane society. A society worthy of the person, in the language of John Paul II.

Obviously, Pesch got it right when he restricted economics to economic activity, that activity employed to meet material wants, and therefore leaving all sorts of spiritual, psychological, social and cultural activity to other social sciences that study the human person from other perspectives. Not all of life is market activity.

It is a sad commentary on the prevalence of economism, the worldview that restricts the person to the narrow logical aspect of economic agent that one has to actually define and defend the common sense definition of economics. For Catholics, the social encyclical *Laborem Exercens* clearly condemns economism as a caricature of the human person that is likely to lead to the enactment of policies that violate man's fundamental dignity. In particular, John Paul II states that "This way of stating the issue [the labor problem] contained a fundamental error, what we call the error of economism, that of considering the human labor solely according to its economic purpose."(LE, 13) In the Pope's view this error led to abuses of the worker in capitalist economies and to the advent of

dialectical materialism and communist systems of exploitation. Therefore, the history of both 19th century American and British capitalism and that of communism in the 20th century provide too many horrific examples of what economism can do in its undiluted form. Catholic institutions need to remind young Catholic students of economics of the power and evil nature of economism. To forget is to foster oppression.

Given this more common sense and restricted definition of economics, can we have a Catholic economics? The critical element is “humane” or “worthy of the person” or any other expression that conveys a conformance of the technical solutions to the welfare of the person in society, rightly understood.

History testifies with many examples that the welfare of the person in society can be and was identified with the exploitation of slaves for the landed classes, the exploitation of the worker by the capital owners, the exploitation of the citizen by the state, the exploitation of unborn children for the benefit of women’s economic and societal progress, and the exploitation of whole nations for the benefit of others. Inspection reveals that there have been and are many articulate, intelligent and educated defenders of the use of humans as an economic resource for the benefit of other humans more fortunate. Incidentally, some of these very active defenders are Catholic and work for Catholic centers and institutions.

Historically, some have ascribed this cruel and sordid order of affairs to the most powerful legitimization sources including the divine will, the natural order, the overall benefit of the human species and, not least, the unimpeachable

logic and value-free, objective arguments of modern economic science. Therefore, we know that it is possible to construct an economic science whose de facto purpose is the legitimization of the exploitation of man by man. Such economic science, however astute its terminology and however authoritative its sources, is essentially opposed to the principles of revelation and basic humanity implicit in the best of Catholic tradition. Such economics is not Catholic, because Jesus rejects it.

The principles of the Catholic tradition regarding economic matters are found throughout the social encyclicals from *Rerum Novarum* to *Centessimus Annus*, in the new Catechism under the 7th commandment, and more authoritatively in chapter 3 of *Gadium et Spes*^{xi}. These principles cover most economic activity ranging from the correct use of private property, to the right to economic initiative, and the right of workers to participate in economic decision making. The right to a fair wage that maintains the worker's family, and the elimination of large economic inequalities between citizens in the same country and among different countries are recurrent themes. Solidarity, subsidiary, universal destination of goods, distributive justice, fair wages, respect for the right to migration are just a few of the principles that economics needs to respect to bring about a more just society.

To the extent that some portion of modern economic science legitimizes principles that in theory or in practice lead to a social structure that contradicts the principles of justice taught by Christ and spelled out by the Council Fathers and the Popes, I do not see how a Catholic economist can actively participate in

such activity and remain Catholic. Therefore, there must be some way to improve economic science, to study the activity of the person as he endeavors in society to fulfill material needs, that results in a measurable improvement of living conditions (particularly for the poor), and that does not legitimize greed, exploitation, economic dictatorial structures and other forms of injustice. A Catholic economic science will weaken the legitimization of exploitation wherever is found. It will impeach the logic and demonstrate the falsehood of the arguments that convince man that it is reasonable to exploit man. This science can lead to a greater understanding of the primacy of human dignity in economic affairs and can, in fact and in principle, embody the principles explicit in Catholic Social Teaching and shared by many non-Catholics throughout the world.

Note that Catholic economics conforms to social teaching not in its principles or foundations necessarily but in its results. This is a corollary of the principle of normative non-contradiction, which I defined elsewhere in much more detail^{xii}. The rationale is clear, regardless of sound initial premises an economics that legitimizes exploitation and an expansive economism cannot be Catholic. Terminology and authorship cannot bestow the name Catholic to a social science that teaches me how to reduce the personhood of my brother to a human resource.

I believe that it is possible and reasonable to have a Catholic economics, and that it is defined not by its principles but by its results, as it befits its practical nature. Obviously, correct principles are more likely to yield useful technical solutions to complex social problems; but Catholic economists ought to be open-

minded harvesting good ideas from all arenas of economic thought. I now address the most powerful objection regarding such a discipline.

The Principle of Multiple Expressions

The objection is lack of autonomy. A catholic economics, some think, would flesh out catholic social teaching becoming one fabric with it. Yet, that cannot be so because the social teaching itself states that the Church provides no models or technical solutions, as John Paul II does not hesitate to reiterate. How can Catholic Economics remain Catholic and be genuinely autonomous?

This objection is resolved when one understands a basic fact: there is no one-to-one connection between social teaching principles and economic science and, consequently, there are a large number of economic thought systems that are compatible with Catholic Social Teaching (CST). All that compatibility requires is that scientific results do not legitimize what Christ opposes. This multiplicity is a logical necessity stemming from the match of unchangeable social teachings to changeable social, cultural and historical conditions. In other words, CST has a multiplicity of valid cultural expressions. This fact is so important, that I will refer to it as the **principle of multiple cultural expressions**.

The Church and CST do not provide any guidelines whatsoever as to which systems to adopt or how to develop new paradigms. This course of action is wise because, in all likelihood, the Church will outlive all current schools of economic thought. CST does constrain economics by limiting the conclusions valid to those in accordance with the dignity of man. What is bad for man as a whole cannot be good for man as economic agent: I am myself, not just my

economic activity. This is an application of the principle of normative non-contradiction to policy statements^{xiii}.

Therefore, one could envision a better age in which not one but several schools of thought competed to formulate economic science that not only legitimizes and guides love and respect for fellow man in economic activity, but that at the same time incorporates a number of cultural expressions and different emphases. Diversity in catholic economic thought is permissible. What is forbidden is advocacy of economic policy that degrades man.

Knowing it is possible and it is autonomous, how are we to proceed in practice? Two solutions have been informally proposed for many years now.

Practical Approaches to Catholic Economics

First, one approach is infiltration. Using standard economics, seeking inspiration in CST, create new models and paradigms that bring results in harmony to the dignity of man. The second approach is monastic life. A seclusion from mainstream economics, to study, develop and apply new paradigms. While most of my preceding statements reflect the logic of arguments and are not contingent on history, what I now say reflects my assessment of current historical conditions in United States' academia.

Infiltration is cheap; it requires relatively few resources. The textbooks and courses of standard economics are available everywhere. Students will not feel that we are asking them to choose between the benefits of career and contributions to Catholic intellectual life. Once the Ph.D. is achieved, the economist can easily explain and defend what he is doing to secular colleagues

that are likely to staff the tenure committee. After all, no one cares what the inspiration for the models is, as long as the models pass standard peer review. The independence from the Church is evident to all, and it is a feasible approach in a hostile work environment.

However, infiltration has several weaknesses. The first weakness is that it presumes that students attending secular and indeed Catholic institutions will know the Catholic economic intellectual tradition well enough to actively begin infiltrating secular approaches. This is unlikely under current conditions. What is actually happening, in my view, is that infiltration is running in the opposite direction with economism making strong headway into organizations whose mission is to explain and apply Catholic social teaching. After all, the average student knows the arguments of economism far better than the arguments of the Catholic economic tradition.

A second weakness is that infiltration presumes holy fortitude. Under a secular system of incentives, the current structure of economics with its expanding claim on the whole of human activity and its well established premises that enshrine the Enlightenment's conception of man, it would require a well focused and terribly antisocial genius to correct the current formulation so that it would not legitimize exploitation. It would be almost impossible to reign in economism, and the infiltrator's contribution could appear to all except his most close associates to have no connection with CST whatsoever. Infiltration by definition is covert. In other words, the danger with infiltration is becoming a collaborator.

In addition, infiltration would not promote recruitment because it would not clearly delineate a curriculum for the next generation of Catholic economic scholars; rather the development of economics would depend on the development of larger paradigms in secular economics.

What are we to make of the claim that infiltration will gain ground in secular economics providing, eventually, a safe heaven for Catholic economists? Infiltration will gain ground if it produces better results than secular economics. In other words, the infiltrator's work could be recognized as contribution to secular economics if its conclusions advance a state of affairs in accordance to secular views of the good society. The approach is valid as long as the secular worldview does not significantly diverge from the Catholic view. If the good society turns positively evil from a Catholic point of view, a true infiltrator would not be able to contribute economic analyses from a secular point of view. His work would be ignored, as if he was promoting undesirable outcomes like inflation or recession. The economics of abortion is perhaps the best example of this dilemma currently, where any economist trying to show the cost of abortion is treated with indifference or contempt by mainstream economics. With the union of biotechnology and free market ideology, circumstances can arise where exploitation of poorer human beings becomes not a side effect but the very commodity to be traded. Infiltration will be either impossible or ineffective, because the root problem is the conception of a good society not the economic analysis itself. The infiltrator cannot question the secular view of the good society without openly leaving his role. Indeed, only the economic historian needs to

understand the role that CST played in the development of new approaches.

Monastic life was a response to maintain religion and culture in a hostile environment. The development of centers of economic science that are exclusively Catholic, protected from economism, and integrated into the Catholic intellectual history is what I mean by the monastic life solution. It has many drawbacks. Students will not want to sacrifice career to contribute to a Catholic economics not recognized by secular colleagues, not rewarded by publishers, not in accordance to the secular view of the good society.

Even if capable students are found, how can we train them? There are no textbooks. Most of the orthodox catholic universities teach secular economics with a few readings from solid Catholic authors and CST readings. The rest of the Catholic institutions unabashedly indoctrinate students into economism and teach almost exclusively neoclassical economics. We will not even mention what occurs at secular universities. The financial investment in creating centers for the study of Catholic economics uncontaminated by prevailing ideologies would be considerable. The cost of establishing more favorable publishing outlets is substantial as well. One thing is certain: Donors who seek legitimization for the acquisition of their riches will not become patrons of such endeavors.

Lack of resources and commitment are but small obstacles compared with lack of leadership. Without strong, recognized leadership any Catholic economic movement would be dismembered into squabbles over method, over schools of thought or over disparate opinions regarding the strength of the connection between CST and the emergent economic science. The prevalent temptation of

competing to see who can be the most orthodox will destroy any well-founded notion of diversity of views. Tolerance of legitimate differences needs to be combined with a strong hand in resisting infiltration from well-funded organizations with a secular orientation. For genuine Catholic economics will be a threat to those who want Catholicism to rubber stamp exploitation and the first line of attack will be infiltration. Most dangerous of all, emphasis may be placed on principles, premises and logic rather than focusing on the unifying aspect of a practical science: improving the lives of people. Leadership is by far the largest problem we face.

The monastic approach --if the leadership, commitment and resources issues are addressed-- could be very influential by generating materials for Catholic universities, establishing new curriculum for future generations, establishing new journals, and contributing to sound economic policymaking. Only by visibly contributing to improving the lives of people in the spirit of Christ will Catholic economic science gain the affection of the laity and the support of bishops. From that position of strength, and only from a position of knowing who we are and what we stand for, can we dialogue effectively with a secular society that increasingly confuses good with evil, and labels evil freedom and truth oppression.

The task then seems impossible but it will happen. For it is when it seems impossible, when the world has been conquered by economism and when morality is reduced to balancing marginal costs with marginal benefits, that in His wisdom God sends grace that can generate scholars worthy of articulating his

vision. Until that day, the best course of action is prayer and work. Ora et labora.

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ⁱⁱ Kuhn, Thomas S. (1996) *The Structure of Scientific Revolutions*. 3rd Edition. Chicago, IL: University of Chicago Press

ⁱⁱⁱ See for example, Dutt, Amitava K. & Jameson, K. P. (2001) *Crossing the Mainstream: Ethical & Methodological Issues in Economics*. Notre Dame, IN: University of Notre Dame Press.

^{iv} See Samuels, Warren J. (1992) *Essays in the History of Heterodox Political Economy*. NY, NY: New York University Press

^v McEachern, William A. (1994). *Economics: A contemporary Introduction*. 3rd Edition. Cincinnati, OH: South-Western Publishing Company. p. 12

^{vi} Robbins, Lionel. (1935). *An Essay on the Nature and Significance of Economic Science*. London, UK: MacMillan 2nd Edition.

^{vii} Radnitzky, Gerard & Bernholz, Peter. (1987) *Economic Imperialism: The Economic Approach Applied Outside of the Field of Economics*. NY, NY: Paragon House Publishers.

^{viii} For the latest see Becker, G. & Murphy, K. 2000. *Social Economics: Market Behavior in a social Environment*. Cambridge, MA: Harvard University Press.

^{ix} John Paul II. (2001) Address to the Holy Father to participants of the seventh plenary session. www.vatican.va

^x Ederer, R. (1998) *Heinrich Pesch on Solidarist Economics*. University Press of America.

^{xi} O'Brien, D. J & Shannon, T. A. 2001. *Catholic Social Thought: The Documentary Heritage*. Maryknoll, NY: Orbis Books.

^{xii} See Montes, G. (1998). *Human Sciences and the Human Person: Understanding the trade off between normative generality and technical problem solving*. CSSR. V. III, 183-194.

^{xiii} *ibid*