

**PHILOSOPHY, HISTORY,
AND METHODOLOGY
OF ECONOMICS**

**Human Goods, Economic Evils:
A Moral Approach to the Dismal Science**

Edward Hadas

Wilmington, Delaware: ISI Press, 2007 (292 pages)

In *Human Goods and Economic Evils*, Edward Hadas undertakes “an almost completely new beginning” to the study of economic affairs by combining “economics with philosophy and theology” (49, ix) along with sociology and psychology. His book is to be taken seriously, for he begins his reconstruction with precisely the right question. At the same time, it is gravely flawed.

First, the book’s weaknesses. Hadas misrepresents some of the basic concepts employed in economics, including diminishing marginal utility, efficiency, and macroeconomics, indicating a lack of depth in the very economics he intends to reconstruct. He uses *allocation* in ways similar to the *distribution* of conventional economics. He introduces *allocation justice* in a discussion that already is beset with so many names for justice in economic affairs as to confuse the novice reader, sets aside any serious discussion of commutative and distributive justice, and does not mention at all contributive justice. He discusses labor and consumption activities at great length but not leisure activity in any insightful way.

Hadas attacks conventional economists with such rhetorical flourishes as “their reasoning is ridiculous” (89), their “impotence is not limited to great issues” (113), their preoccupation with quantitative methods “is nothing less than bizarre” (81), and “conventional economists . . . who are supposed to understand exactly those deepest principles do not know what is really going on” (17). Even those who do not embrace conventional

economics are assaulted: “post-autistic writing is ... a striking example of the intellectual impotence that marks all heterodox economics” (34).

Only Catholic social economics escapes his wrath: It is “the most plausible claimant for an economic analysis that is both truly alternative and sound” (38). Even so, the book contains not a single reference to the *Review of Social Economy*, which for its first thirty years of publication was the official journal of the Catholic Economics Association, or to its many members who over the years contributed powerfully to an integration of economics and Catholic social teaching, including among many others Goetz Briefs, Peter Danner, Thomas Divine, Bernard Dempsey, Josef Solterer, William Waters, and Stephen Worland. Further, there is no mention of the important contributions of Heinrich Pesch who more than anyone laid the foundations for Catholic social economics.

Nor does Hadas reference Pius XI’s *Quadragesimo Anno* on the principle of subsidiarity and the role of intermediate bodies in economic affairs or John Paul II’s *Sollicitudo Rei Socialis* or *Centesimus Annus* across a wide range of insights such as work as a continuation of the Act of Creation or the sacred dignity of all human beings as reaffirmed in the Act of Redemption. Condemning the individualism upon which conventional economics is constructed, Hadas offers no clear replacement such as the personalism championed by John Paul.

The preface tells the reader what is covered in chapters 8–13 and 18 but not the specific content of the other chapters. The patient reader discovers on page 111 that chapters 9 and 10 “are the intellectual center of this book.” The busy reader no doubt would want to know that much earlier.

This combination of flaws involving concepts, definitions, rhetoric, and overlooked sources turns away the very professional readers whom Hadas must reach in order to be effective.

Now for the book’s considerable strength. Hadas is absolutely correct in asserting that “conventional economics is based on false premises about human nature, comes to many false conclusions and ignores many important facts” (15). His insight is critical to the reconstruction of economics that is necessary if economists are to describe and analyze economic affairs correctly and offer sound advice to policymakers. An accurate representation of the economic agent (we prefer *acting person* or *person in action*) is as important to getting economics headed in the right direction as the instructions to the driver from St. Louis to take I-55 south rather than north in order to reach New Orleans.

Despite its significant weaknesses, *Human Goods, Economic Evils* in its present form could be used instructively in a senior seminar for economic majors to reexamine and reevaluate what they learned in their course of studies, provided the instructor is well-rounded and open-minded enough not to dominate or prejudice the dialogue. In this regard, it may be necessary to team teach such a seminar with someone who understands the roots of individualism in the Enlightenment, and how that development tore Western civilization from its foundations in the ancient Greeks.

Even so, the book’s defects remain and need to be fixed. Three suggestions that Hadas might find helpful are:

First, he should read more extensively in the vast literature on Catholic social economics between 1940 and 2000. He might begin with Richard's Mulcahy's *The Economics of Heinrich Pesch*, Dempsey's *The Functional Economy*, Danner's *The Economic Person*, and anything in the *Review of Social Economy* by Waters, especially his 1993 article, "A Review of the Troops: Social Economics in the Twentieth Century" and his 1988 article, "Social Economics: A Solidarist Perspective."

Second, as Hadas is intent on reconstructing economics, he needs to organize his thinking and writing around the subjects presented in any introductory principles text, asking himself the question, What difference does my thinking make in the way that conventional economists think about economic affairs?

Third, Hadas needs to keep his writing accessible to the busy reader and keep in mind the warning from German Jesuit Pesch about the boundaries that set one discipline apart from another: "religion cannot produce grain."

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Morality, Political Economy, and American Constitutionalism

Timothy P. Roth

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A book should be judged by its purpose and by how well it succeeds in fulfilling that purpose. The purpose of Timothy P. Roth's book is to demonstrate that "both in its public philosophy and in its economics, our republic has strayed from the Founders' vision" (viii). This is a very large ambition, and necessarily raises the questions: What was the founders' vision (chapters 1–3); and, how have we strayed from it (chapters 4–8)?

According to Roth, the American founders "had a distinctive republican vision" (1) centered not on protecting their oligarchic economic interests but on creating a new order of the ages dedicated to the "republican self-government" (3–4), which they enshrined in "the American Constitution" (vii). This republicanism had a political component (limited government, civic morality, and political participation) and an economic one ("the commercial republic"). "Central to all of this," Roth argues, "was the Founders' understanding of human nature" (1).

By his own lights, Roth's contribution to scholarship on the founding is to show us that the founders embraced a distinctive understanding of human beings, which he describes as a "Smithian/Kantian conception of the two-person self" (vi). It is from this understanding of the self, according to Roth, that we can trace both the founders' political and economic views.

What is the Smithian/Kantian understanding? Human beings have a moral sense or "innate sense of justice" (25) animated by the idea that "morally equivalent persons be treated impartially" (24): Smith's theory of moral sentiments meets Kant's categorical