

## Catholic Social Teaching and the Market Economy

**Philip Booth, with contributions from: Samuel Gregg, Robert Kennedy, Denis O'Brien, Dennis O'Keeffe, Anthony Percy, Robert A. Sirico, Thomas Woods, and Andrew Yuengert**

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A much-debated issue in recent commentary on Catholic social teaching (CST) is the extent to which a free-market economy is compatible with the Church's teaching. At one extreme, there are authors such as David Schindler, who are severely critical of the market economy; at the other extreme, Michael Novak and others seem to argue that CST positively demands free-market economic policies. The present book from the London-based Institute of Economic Affairs (IEA) makes an important contribution to that debate.

The book presents valuable discussions on a number of topics such as welfare and charity, international aid, taxation, entrepreneurship, and the problem of consumerism. The main author of the book is Philip Booth of the IEA, but there are contributing chapters from a score of other authors from both sides of the Atlantic. All of the authors are firm advocates of the market economy; however, the book will make a valuable read to market skeptics too. In the same vein, the book will be of interest not just to Catholics but also other Christians and even non-Christians, as the general principles of CST command wide acceptance.

Of course, it is a perennial challenge in debates over Church teaching that individuals tend to expropriate, so to speak, Church authority to back up personal policy preferences in matters of opinion. The present book in my view avoids this problem. Even when concrete policies are put forward, it is explicitly noted that Catholics *qua* Catholics are perfectly free to think otherwise. One of the motivations for the book is to demonstrate that free-market economic policies are not unfaithful to the Church's teaching, and in some instances those policies may be more consistent with the content of papal pronouncements than more interventionist policies would be. The authors take care to uphold Catholic orthodoxy in matters of faith and morals. However, they explain why, unlike in such issues as human life and sexuality, the Church does not make morally binding statements on economic policy matters (even when the popes give their opinion on them) but leaves the practical application of the general principles for the prudential judgment of each individual.

The individual chapters are filled with valuable insights, only some of which may be noted here. One topic of much discussion in recent years is international development aid, about which Booth has much to say. The author first reviews papal encyclicals dealing with economic development to show that their emphasis has not been, contrary to the perception in some circles, on the duties of materially richer countries but on the political and institutional conditions of the failing states themselves. Although the popes, especially in the 1960s, advocated direct government-to-government aid, Booth marshals evidence to show that this is not a good idea in practice, and therefore Catholics should reconsider their advocacy for such policies. Development aid has exacerbated corruption, perverted

production structures, and thwarted necessary reforms. One might add that an additional problem with aid is the prevalent use of aid-granting bodies to pressure receiving countries toward promoting abortion, contraception, and sterilization, as economist Julian Simon has extensively documented.

Taxation and the size of the state is another major topic, as many Catholics tend to favor a large welfare state on grounds of solidarity toward the poor. Booth highlights a number of passages in papal encyclicals that are not easily reconcilable with the modern welfare state or with the implicit equation of solidarity with government activity. Instead, there should be more family autonomy, a greater role for voluntary associations, and better incentives to work. Booth goes on to advocate a move toward a flat-rate tax with “allowances for children and transferable allowances for married couples and cases where families look after elderly relatives” (139). I can only say that I am eager to see this superb proposal enacted.

One of the thorny issues concerning Catholics and the free market is consumerism. The problem was acknowledged by the popes in the 1960s, but recent developments in Eastern Europe and parts of Asia have given new urgency to the issue. Andrew Yuengert writes insightfully about it. He carefully analyzes papal letters on wealth and development and concludes that they identify the problem with a lack of sound culture and values, which has caused a disordered orientation of the society and the market. The market as such is not blamed for materialistic values, but the necessary re-Christianization of culture cannot take place in a vacuum; it is dependent on socioeconomic conditions too.

The emphasis in public policy must be on protecting and strengthening the role of the family. However, there may also be scope for government intervention in such areas as marketing and advertising so as to protect vulnerable individuals—that is, all of us—from exploitation by direct appeal to sense and instinct. Yuengert concludes prophetically: “Freedom undisciplined by wisdom leads to inner slavery, and can lead a society toward political tyranny” (163). Perhaps the modern welfare state, which combines a tendency to undermine the family with a hedonistic vision of the market, has given us the worst of both worlds.

There are several other interesting topics in the book, and many others have necessarily been left out. My only word of criticism is that there is at times a tendency among some of the authors to accept too easily the philosophically problematic underpinnings of modern economics, for example in defending markets by reference to their ability to produce more and make us materially richer (e.g., 31–32). The question remains as to what kind of social and economic development serves the genuine good of man; the role of material wealth is ambiguous. The bulk of modern economics is built on the assumption that men seek only to satisfy their desires, and such satisfaction is beneficial for us—an assumption that is not ethically neutral and is, in fact, demonstrably erroneous. If this is the only economics available, we must continue to create systematically a better framework for thinking about the human person in the economic realm.

—Oskari Juurikkala (e-mail: [oskari@eclld.org](mailto:oskari@eclld.org))  
*European Center for Leadership Development, Helsinki, Finland*