

The Church and the Market: A Catholic Defense of the Free Market Economy

Thomas E. Woods Jr.

Lanham, Maryland: Lexington Books, 2005 (240 pages)

The Church and the Market by Professor Thomas E. Woods is a fine contribution to the debate concerning the possible and proper reconciliation of Catholic social doctrine with free-market economics. Professor Woods finds an interesting niche in such a complex and uneven discussion: “in defending the market ...,” he explains, “I have ... chosen as my principal foils those Catholics ‘on the right’ who regard the market society with suspicion. These are not socialists or collectivists but people faithful to the Church who reject free enterprise and favor a wide array of intervention in the marketplace” (2).

Not that Woods does not acknowledge a “lawful difference of opinion” in matters of economic theory within the borders of the Catholic Church: The conclusive chapter of the book is, quite eloquently, entitled “In Omnibus, Caritas.” However, the purpose of his work is precisely to demonstrate that little reconciliation is needed to bring together sound economics and Catholicism and that, rather, the first can easily spring from within the second. It is not necessary to be Catholic to be a free-market economist, but it does not take a special permission to be both.

Sound economics for Woods is basically “Austrian economics,” and affinities between the latter and a Christian perspective are traced back to the fact that “throughout the Bible and the Church Fathers, the regularity of natural phenomena is described as a reflection of God’s goodness, beauty, and order” (3). The methodology of the Austrian School is precisely devoted to explaining natural phenomena in the specific economic realm. Its core reasoning is based on the fact that “economic law” is “something universal and accessible to reason” (15). Not surprisingly, if for building this “edifice of economic truth” (16) Ludwig von Mises took a Kantian approach, Woods feels closer to Murray Newton Rothbard, who traced his own method back to Aristotle and St. Thomas Aquinas.

Marrying Austrian economics and Catholicism is also easier than merging a religious perspective with neoclassical economics because Austrians do not “point to economic efficiency as the supreme value” (27). The mere possibility of an economic imperialism, regarding all the aspects of life as encompassed by economics and so annihilating all the other values under the weight of utility maximization, is not even in question with thinkers such as Mises and Rothbard. Their appreciation of the variety of preferences and actions is too deep to be sacrificed to such a *reductio ad unum*.

Woods make abundant use of Austrian economics; in fact, his book can be seen first and foremost as a useful primer in the discipline. He discusses at length methodology (chap. 1); prices, wages, and labor (chap. 2); and money and banking (chap. 3). A person with no interest at all in Catholic social thinking can still benefit from this little volume. The author writes with splendid clarity, succeeding in explaining not-so-simple

economic questions in very simple terms. His treatment of fiat currency, central banking, fractional reserve banking, and related “moral problems” (94–100) is one of the clearest and most cogent one can read.

On the other hand, Woods’s analysis of “the economics and morality of foreign aid” (chap. 4) is quite unsatisfying. Woods follows the star of the great Peter Bauer in developing his critique of aid, adopting thereby a framework that is eventually and rightly enjoying increasing scientific relevance and respectability. However, its critique of Pope Paul VI’s encyclical *Populorum Progressio* (1967) basically rests on Bauer’s (who elegantly explained how “it promotes policies directly at variance with the declared sentiments and objectives of the papal document”), and, if appealing to free-market economists, is unlikely to succeed in grasping the attention of churchmen. Woods confines himself to *Populorum Progressio*, without digging into documents closer in time. Also, his case could have been stronger if he had not stuck to an analysis of the failure of aid but would have proposed feasible alternatives and examples of what indeed can be done to spark economic development. Not that Woods’s arguments are erroneous or unpersuasive; they provide a true picture of a despicable state of affairs. However, because the cause of the Third World is so dear to many churchmen, and indeed spreading economic sense on the matter is one of the most urgent needs within and outside the borders of the Church, perhaps a more detailed treatment of the subject would have made Woods’s book more useful in this field.

The last chapter of *The Church and the Market* is certainly the most valuable. Here, Woods deals at length with distributism, the economic approach shared by the great G. K. Chesterton and Hilaire Belloc, among others. Criticizing distributism’s shortcomings is surely not to put in question the more inspirational and valuable writings of Chesterton and Belloc. Instead, such criticism is particularly useful for debunking some insidious economic myths.

Woods puts upside down the apocalyptic vision of the Industrial Revolution shared, among others, by Belloc. Taking advantage of a vast scholarship (from T. S. Ashton to R. M. Hartwell), Woods persuasively argues, “the astonishing wealth that the Industrial Revolution made possible now made people impatient with any remaining pockets of poverty” (171). If the basic premises of distributism (that the Industrial Revolution, and so capitalism at large, “led to the widespread impoverishment of people” [169]) are flawed, then so are its corollaries. “Small is beautiful” is not necessarily true when applied to private property: Woods argues for the legitimacy of concentration and real competition, vis-à-vis distributist claims for seizing properties and “bringing back the guilds.” The idea that business to be good ought to be small and familiar is demolished by resorting to irony. Why limit this concern to large distribution of consumer goods? Why target just Wal-Mart and not GM? “The limitations seem arbitrary. Should we have mom-and-pop potato chip makers? Mom-and-pop automobile manufacturers? Mom-and-pop airlines? And if not, why? Who shall decide? Who would trust a government agency to make such decisions?” (190).

It could be added that large distributors are constantly benefiting the poorer sectors of the population by the virtue of cutting prices in a competitive process, whereas guilds and other restraints to the market, of the sort advocated by distributists, typically have the effect of damaging consumers.

By targeting conservative Catholics and engaging them in a constructive dialogue for the very purpose of bringing them to adopt a more solid economic theory, *The Church and the Market* fills a gap. A reader who is intellectually honest cannot take its points with indifference. If disagreements on economic matters are the rule, and rightly so, within the Catholic Church, Catholic advocates of the free market surely have a valuable instrument in this book.

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Personalist Papers

John Crosby

Washington, D.C.: Catholic University of America Press,
2003 (280 pages)

These collected papers, by an eminent philosopher at Franciscan University of Steubenville, are recommended as perhaps the best introduction to personalism in any language.

What is personalism? It is a philosophical movement or attitude that may be defined either in terms of characteristic doctrines or in terms of a system of influence. Defined in terms of doctrine, a personalist is someone who insists that the traditional philosophical inventory of existing things is seriously incomplete. The standard such inventory comes from Aristotle and is called the “categories”: existents are ultimately substances, qualities, quantities, or relations. Aristotle thought that this scheme comprehended even God and minds: They were substances, he asserted.

A personalist maintains that, to account adequately for these, an entirely new category, *persons*, needs to be added, orthogonal to Aristotle’s *summa genera*. The reason is that persons are distinctive in being marked by their subjectivity. Give a third-person account of the attributes of things and of the laws that govern them, and you leave out (as Thomas Nagel has observed) *what it is like* to be someone. This subjectivity is incommunicable, in the sense that it could not be captured by a list of attributes, such as a detailed description of someone’s personality and idiosyncratic preferences. We gain access to it, not by any objective study of someone, but rather by a subjective identification with another, through acts of sympathy, empathy, and fellow-feeling. That human persons have an incommunicable subjectivity is not some strange curiosity about us but rather an additional source of human dignity over and above our being rational. In fact, that we have incommunicable subjectivity, personalists hold, is the best philosophical basis for the Kantian norm that persons are to be treated as ends rather than mere means.