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Finn's "Nine Libertarian Heresies" and Mueller's First Lemma

Economists Complain Exactly Insofar as They Are Unable to Explain

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Mark Twain remarked in his autobiography that "Wagner's music is better than it sounds." Similarly, Daniel K. Finn's "Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought" is better than it reads, which is like a draft introduction to *The Catholic Economist's Guide to How to Make Enemies and Fail to Influence People*.

When Jordan Ballor, editor of the *Journal of Markets & Morality*, invited me to respond, I temporized. Being neither libertarian, neoconservative, nor heretical, I was not sure that I had a dog in this interesting but time-consuming fight. I replied:

> Regarding the controversy, I would have to read Dan Finn's submission before agreeing to participate. Though I am a Catholic and an economist, and think I have a pretty firm grasp of Catholic social doctrine, I treat economic theory (as in my recent book) primarily in terms of the natural law, which I regard as what we can know based on reasoning from commonly accessible human experience. I have differences with the libertarian view, but mostly in the terms just described, and prefer to avoid passing judgment on other economists' religious orthodoxy (having no authority to do so and sometimes difficulty discerning the ecclesiastical authority of those who make such pronouncements).

My last-mentioned difficulty evaporated on contact with the article. I *strongly* urge(d) Professor Finn to heed George and Ira Gerschwin, and "Let's Call the Whole Thing Off." I am fully prepared to publish what I write. However, my chief object in responding was to persuade Finn that it is in his own interest to withdraw “Nine Libertarian Heresies,” arrange with Jordan Ballor to fill the hole some other way, and accept my invitation to have lunch at our earliest convenience.

On its face, Finn’s essay omits two engaging features that I found in his earlier books *Just Trading* and *The Moral Ecology of Markets*: evenhanded fairness and charity.[1] In the first, Finn surveyed the debate over international trade, attempted to inject a few facts into the emotive discussion, and along the way undertook the delicate task of informing those on his side of the political aisle that they are, on the whole, every bit as clueless as their libertarian opponents. The second book was politically more one-sided, but in compensation, it reflected a genuine effort missing from his earlier work—and now as rare as hens’ teeth—to outline a comprehensive analytical framework for discussing any economic issues with some objectivity.

“Nine Libertarian Heresies” indicates that Finn adequately understands neither what he is ostensibly attacking—neoconservatism in supposed cahoots with libertarianism—nor what he is ostensibly defending—Catholic social thought. That he does not understand neoconservatism is clear from the fact that he makes the same mistake that Irving Kristol, the “godfather” of neoconservatism, initially made but recanted before concluding that rather than a coherent body of doctrine such as Scholastic economics or Catholic social thought, neoconservatism is a much looser “persuasion” shared mostly by former liberal Democrats who were “mugged by reality.”[2]

Insofar as neoconservatives agree on any doctrine, it is the so-called law of unintended consequences, for which Finn has insufficient regard. Rhetorically, his article is worse than a crime—it is a blunder. The most likely outcome is to provoke sympathy for, rather than outrage at, those he has attacked, to divert attention from the issues, and because he is the aggressor, to damage his own reputation first of all among his own students.

Although tempting, it is useless to say that the time devoted to drafting “Nine Libertarian Heresies” would have been better occupied rereading G. K. Chesterton’s *Heretics*. Chesterton modeled how to call an honest-to-God heretic such as George Bernard Shaw a heretic, while making him a lifelong friend rather than an enemy. (Or after-lifelong friend, ironically: Shaw cannily advised Chesterton’s widow about handling his estate.)

That is useless because it does not move the ball. I estimate that Finn’s essay shed at least ten times as much heat as light. Therefore I will make it my modest ambition to reverse that proportion. The most urgent task facing Finn is to narrow the divergence between his own secular economic theory and the Scholastic economic theory that Catholic social doctrine presupposes. (See more on this below.) However, this is highly unlikely to occur in a public controversy (hence, my invitation to lunch).

The best way to approach the substance of Finn's controversy is to raise and answer two questions that seem at first oblique.

First, before discussing disputes among Catholic economists, what accounts for the extraordinary asperity among economists adhering to certain schools but not others?

Second, why did Finn detect exactly *nine* libertarian heresies—rather than one, four, seven, or ninety-five (the number of theses that Martin Luther nailed to Wittenberg's thereby famous church door)?

The Asperity among Some Schools of Economists but Not Others

One of my most interesting activities of this past year has been helping compose panels of economists to discuss their respective theories' presuppositions about human nature. Easily the most entertaining title was coined by philosopher Glenn Moots of Northwood University (who chaired the panel): "Do Economists Understand Human Beings?" These four or five panels tried to include one economist each from as many schools as possible, typically the Chicago school, the Austrian school, the Distributist school, and the Neoscholastic school (which I represented, although I am not the only one; Jennifer Roback Morse is a better-known example).

The hardest part was not preparing my remarks but bringing the panels off at all. The protracted and delicate negotiations often seemed to qualify the organizers for the Nobel Peace Prize. Economists from different schools—although many considered themselves orthodox Catholics—not infrequently refused to appear on the same panel, or even attend the same conference. The most volatile combinations seemed to involve the Austrian and Distributist schools, whose proponents seemed to mix not so much like oil and water as matter and antimatter.

To explain how these theories differ without inordinately lengthening my presentation, I insert here a summary table from my book.[3]

The Origins and Historical Structure of Economic Theory

Commonsense Meaning	*Gifts (or Crimes) and Distributive Justice*	*Consumption*	*Production*	*Justice in Exchange*
Generic Meaning	1. Preference for persons as ends	2. Preference for scarce means	3. Actualization of means: a	4. Actualization of means: b
Element of Economic Theory	Final Distribution (social unit described)	Utility (type)	Production (factors typically assumed to vary)	Equilibrium (type)
Source	Augustine, *On Christian Doctrine* I, 26 (person); Aristotle, *Ethics* V, 3 (household, business, government)	Augustine, *City of God* XI, 16 (ordinal: 1st, 2nd, 3rd, …)	Aristotle, *Politics* 1, 4 (none)	Aristotle, *Ethics* V, 5 (partial)
<u>**Period**</u>				
Scholastic (1250–1776)	Yes (all: personal, domestic, and political)	Yes (ordinal)	Yes (none)	Yes (partial)
Classical (1776–1871)	No	No	Yes (tangible human)	Yes (partial)
Neoclassical (1871–c. 2000)	No	Yes	Yes	Mixed
<u>School</u>:				
British (Jevons)	"	" (cardinal: … -1, 0, 1, 2, …)	" (tangible nonhuman)	Yes (partial)
Austrian (Menger)	"	" (ordinal)	" (" ")	No (e.g., Mises)
Lausanne (Walras)	"	" (cardinal)	" (" ")	Yes (general)
Chicago (1920–1960: like British)	"	" (cardinal)	" (" ")	Yes (partial)
(1960–) Schultz, [Mueller 1996]	"	" (cardinal)	" (all: tangible and intangible, human and nonhuman)	Yes (partial)
Neo-Thomist *Solidarist* (Pesch: 1900–)	Mixed: (domestic and political only)	Mixed: (cardinal)	Yes (all: tangible and intangible, human and nonhuman)	Yes Yes (partial)
Distributist			Tangibles only	
(Belloc: 1910–)	Political only	No	(“labor theory”)	Yes (partial)
(Chesterton)	Yes/Yes	Yes (ordinal)	Yes (all)	" (")
Neoscholastic (c. 2000–) [Morse 2001; Mueller 2002, 2010]	Yes (all: personal, domestic, and political)	Yes (ordinal)	Yes (all: tangible and intangible, human and nonhuman)	Yes (general)

The table reveals a simple but widely overlooked fact: the logical and mathematical structures of Scholastic, classical, and neoclassical economics differ fundamentally. Few economists today are aware of the differences because American university economics departments, led by the University of Chicago in 1972, abolished the previous requirement that students of economics master its history before being granted a degree. This calls for a brief structural history of economics.

What is economics about? Jesus once noted—I interpret this as an astute empirical observation, not divine revelation—that since the days of Noah and Lot people have been doing, and until the end of the world presumably will be doing, four kinds of things. He gave these examples: "eating and drinking," "marrying and being given in marriage," "buying and selling," and "planting and building" (Luke 17:27–28 ESV). In other words, we *produce*, *exchange*, *give*, and *use* (or *consume*) our human and nonhuman goods.

That is the usual order in our *action*. However, as Saint Augustine first explained, the order is different in our *planning*. First, we choose *for whom* we intend to provide; next *what* to provide as means for those persons. Finally, Thomas Aquinas later added, we choose *how* to provide the chosen means, through production (always) and exchange (almost always), both of which Aristotle had described.

Therefore economics is essentially a theory of providence: it describes how we provide for ourselves and the other persons we love, using scarce means that have alternate uses. Human providence is a synonym for the cardinal virtue of prudence. Aristotle had divided moral philosophy into ethics and politics. However, he also aptly described humans as "rational," "conjugal," and "political animals." Thus Aquinas redivided moral philosophy into three, distinguishing personal, domestic, and political prudence—or equivalently, "economy"—according to the social unit described.

Scholastic "AAA" economics (c.1250–1776) began when Thomas Aquinas first integrated these four elements of production, exchange, distribution, and consumption, all drawn from Aristotle and Augustine, into an outline of personal, domestic, and political economy, both positive and normative, within the natural law. It was taught at the highest university level for more than five centuries by every major Catholic and (after the Reformation) Protestant economic thinker—notably the Lutheran Samuel von Pufendorf, whose work was used by Adam Smith's own teacher to teach Smith economics and was also recommended by Alexander Hamilton, who penned two-thirds of the *Federalist Papers*.

Classical economics (1776–1871) began when Adam Smith cut the four elements to two, trying to explain specialized production (which he memorably but inaccurately called "division of labor") by production and exchange alone. But Smith and his classical followers undoubtedly advanced those two elements. Smith also dropped Augustine's theory of utility (which describes consumption) and replaced Augustine's theory of personal distribution (gifts and their opposite, crimes) and Aristotle's theory of domestic and political distributive justice with the mere (often false) assumption that "every individual … intends only his own gain."[4]

Neoclassical economics (1871–c. 2000) began when three economists dissatisfied with the practical failure of Smith's classical outline (W. S. Jevons in England, Carl Menger in Austria, and Leon Walras in Switzerland) independently but almost simultaneously reinvented Augustine's theory of utility, starting its reintegration with the theories of production and exchange.[5] They abandoned Smith's revised outline mostly for three related reasons: (1) without the theory of utility, classical economists were unable to answer some important questions (e.g., why goods that cannot be reproduced with labor have value); (2) they made predictions about others that turned out to be spectacularly wrong (notably the "iron law of wages," which predicted that rising population would prevent rising living standards); and (3) it directly fostered Karl Marx's disastrously erroneous economic analysis. Although schools of neoclassical economics have since multiplied, all are derived from these three schools.

Neoscholastic economics (c. 2000–). Neoscholastic economics is already starting to revolutionize economics once again and will continue to do so in coming decades by replacing its lost cornerstone: the theory of distribution, simply because, as with the theory of utility, including the element does a far better job of empirical description.

Thus Adam Smith's chief significance lay not in what he *added to*, but rather *subtracted from* economics. As Joseph Schumpeter demonstrated, "The fact is that the *Wealth of Nations* does not contain a single *analytic* idea, principle or method that was entirely new in 1776."[6] The facts about the development of economics seem to indicate that a reevaluation is overdue and quite likely for both Augustine and Adam Smith, particularly because Smith essentially "de-Augustinized" economic theory to its detriment. Although far from exhaustive, this brief structural history of economics explains why Scholastic economics contained four, classical only two, and neoclassical economics three basic elements.

This historical overview also offers a framework for analyzing today's various schools of economics. It shows not only what one should appreciate—but also the shortcomings—in each school, whether the British, Chicago, Austrian, Walrasian, Distributist, or Solidarist schools.

Yet there are also significant differences within each school, which can be appreciated by comparing the following pairs: Wilhelm Röpke and Ludwig von

Mises in the Austrian School; Jacob Viner and Frank Knight (or Knight's student George Stigler) in the Chicago school; and G. K. Chesterton and Hilaire Belloc in the Distributist school. In each pair, the former filled gaps in the latter's more technical treatment through incisive verbal presentations, bringing it analytically closer to the (neo)scholastic theory.

It is also an important clue that the sharpest clashes were usually between representatives of the Distributist school who followed Hilaire Belloc and members of the Austrian school who followed Ludwig von Mises. Generally speaking, followers of Chesterton and Röpke argue with nuance and humor, while Bellocians and Misesians pick dogmatic, humorless quarrels. Studying the table suggests the reason. Despite their strengths, these last two have the biggest analytical gaps relative to Scholastic economic theory and therefore are hardest to verify empirically. Belloc attempted to meld the "labor theory of value" that Adam Smith bequeathed to classical economics in place of Augustine's theory of utility. Mises' modern followers disparage the whole notion of "equilibrium" and measurement altogether (a bee that did not buzz in Friedrich Hayek's bonnet).

As luck would have it, while preparing this initial response, I received a review of my book in the *Journal of Economic Literature*.[7] Although mostly positive, David C. Colander's review contained this troubling passage: "While there are no theorems, proofs or lemmas, there is a connected argument that goes far beyond the pabulum found in most wide-ranging popular books."

I believe that my decision to expunge "theorems, proofs, or lemmas" is still defensible. My publisher's rule of thumb was that readership would be cut in half by every economic equation in the text. I did tether several tame equations involving high school algebra in the endnotes. However, the message I took from Dr. Colander's review is that to start pulling my own weight in peer-reviewed journals: it is time for my own lemma. Therefore I will now oblige with my first.

As every reader of the *Journal of Markets & Morality* knows far better than I, "in mathematics, a lemma (plural lemmata or lemmas from the Greek λήμμα, meaning 'anything which is received, such as a gift, profit, or a bribe') is a proven proposition which is used as a stepping-stone to a larger result rather than as a statement in-and-of itself." Troublingly, "There is no formal distinction between a lemma and a theorem, only one of usage and convention."[8] (We note in passing that what was once common knowledge to those merest children, the ancient Greeks and Romans, is now hidden from today's learned and clever neoclassical economists: although every transaction involves giving and taking, these transactions occur in at least three different ways: "as a gift, profit, or bribe"; more generally, as a gift, an exchange, or a crime.)

I therefore summarize this section by putting forward Mueller's First Lemma: "Of all economic theories so far, the most logically complete and empirically verifiable is the Scholastic economic theory." Put another way, all other economic theories fall short of Scholastic economic theory as both a logical and an empirical matter.

Being only a lemma, of course, Mueller's First Lemma is chiefly useful not in itself but as a stepping-stone to uncover many other true theorems.

The first application of Mueller's First Lemma is to answer our first question: What accounts for the extraordinary asperity among economists adhering to certain schools but not others? More simply, economists complain exactly insofar as they are unable to explain.

Finn ended his essay with "a call for a more careful and self-critical articulation of the view of Catholic social thought … and … the full depth and complexity of the Catholic tradition." The fact that he forgot to provide such a self-critical articulation himself neither diminishes the value of his suggestion nor absolves me from supplying one.

Therefore I modified the table from my book to include myself, twice: the first placing an essay I wrote in 1996, within Theodore Schultz's version of the later Chicago School, and the second placing both an essay published in 2002 and my book, published in 2010. I place the latter two within the "Neoscholastic school of economics." I buried this observation regarding my 1996 essay in an endnote in the book, which I now wish to highlight and expand upon.

The purpose of the note was to acknowledge works by several other living economists, nearly all Catholics, inspired by Scholastic economic theory. I included myself at the end, commenting, "Yet each (including me) found something important in Scholastic natural law that failed to fit into neoclassical economic theory." Furthermore, "My own 1996 essay, though inspired by Scholastic theory, was still formally neoclassical."[9]

Although showing much promise, my 1996 essay was simply not ready for prime time. While vigorously, though respectfully, criticizing Gary Becker's (and George J. Stigler's) "economic approach to human behavior," my actual *adherence* to Scholastic economic theory amounted to a purely verbal gloss—more a lacquer than a veneer—with which I talked a great deal *about* Scholastic economic theory and quoted Thomas Aquinas liberally, while leaving the *structure* of the theories that I was criticizing *and using*, essentially unchanged. In doing so, I merely joined the throng of ankle-biters who are the bane of every Nobel laureate's existence. (All the more ridiculous because I am nearly 6'5".)

In making this public confession, I realize what a blessing it is that there was no one at the time who actually understood Scholastic economics and engaged me in a public controversy like this one to explain that, though many of my negative criticisms were valid, in the end I had not actually achieved any corresponding reformulation of the neoclassical theory that I was using.

Why was there no such person? Because when the University of Chicago's economics department on that fateful day in 1972 adopted Stigler's motion (supported by Gary Becker) to abolish the "history of thought" requirement, most secular economics departments quickly followed suit. Furthermore, no Catholic or other religious universities' economics departments said "boo" because they were not equipped to teach a technically sound version of Scholastic economic theory. One of my chief goals (also in this response) is to shame economics departments of both secular and religious universities into reinstating the requirement of history of thought.

The Reason for Exactly Nine Libertarian Heresies

Mueller's First Lemma also contains a Catholic Corollary: "The readiness of Catholic economists to accuse one another of heresy is proportional to the logical insufficiency of and, thus, lack of empirical support for their economic theories." In reduced form, combining Mueller's Lemma and both corollaries I deduce that "the asperity among economists, up to heresy charges, is proportional to their theories' incongruence with Scholastic economic theory and, thus, unverifiability."

Finn framed the issues essentially as an argument from authority. However, this treats both Scholastic economic theory and Catholic social doctrine as if they were inaccessible to reason alone, or even unreasonable—as if Catholic social doctrine were one big game of "Simon Peter Says." Non-Catholics need not apply.

I did not ask, "Why did Professor Finn detect exactly nine libertarian heresies (and name some eighteen Catholic libertarian economist heretics) but exactly zero specific Catholic liberal heresies (and zero heretical Catholic liberal economists)?" By my running count, Finn named some eighteen heretics (I collated multiple chargees)[10] plus three baleful influences.[11]

If Mueller's First Lemma and its secular and Catholic corollaries are true, the answer cannot be that Finn was being *unfair* in applying but rather *unable* accurately to apply his economic theory to the issues at hand.

The number nine is not quite as mystifying as in John Lennon's "Revolution #9."[12] However, it is needlessly obfuscatory. Anyone who rereads the nine heresies carefully will discover that rather than nine different errors, they are essentially the same error repeated nine times with varying degrees of imprecision. All boil down to adopting Adam Smith's assumption that "every individual … intends only his own gain."[13] However, as we have already seen, the error lies, first of all, at the level of inaccuracy in economic theory before it is a question of adhering to Catholic social doctrine. All other economic theories fall short of Scholastic economic theory as both a logical and an empirical matter.

Therefore let us zero in on the two paragraphs that contain the nub, beginning with:

> Heresy #2: *Justice is commutative justice.* For libertarians, justice is no more than commutative justice, that standard of justice that should prevail in one-to-one voluntary transactions. For libertarians, distributive justice is wrong-headed and immoral. For the government to raise taxes to pay for goods or services provided to the needy violates the ownership rights of taxpayers. Many libertarians see taxation as theft.
>
> In the Catholic view, there are three dimensions to justice. Commutative justice requires fair treatment in one-to-one relationships. Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met. General justice (sometimes called legal or even social justice) refers to the obligation that every person has to contribute to society and to the obligation that societies have to enable all persons to so contribute.

As we saw in the preceding section, there *is* something deeply problematic in the libertarian understanding of justice: its tendency to collapse all justice—in fact, all economic transactions—to commutative justice alone.

However, the same passage reveals that Finn does not understand each form of justice either. To see the confusion, compare Finn's two paragraphs with two corresponding paragraphs from the *Catechism of the Catholic Church*.

> Contracts are subject to commutative justice which regulates exchanges between persons in accordance with a strict respect for their rights. Commutative justice obliges strictly; it requires safeguarding property rights, paying debts, and fulfilling obligations freely contracted. Without commutative justice, no other form of justice is possible.
>
> One distinguishes commutative justice from legal justice which concerns what the citizen owed in fairness to the community, and from distributive justice which regulates what the community owes its citizens in proportion to their contributions and needs. (2411)[14]

As the comparison reveals, Finn has misstated both commutative and distributive justice.

Finn described commutative justice as "that standard of justice that should prevail in one-to-one voluntary transactions," and as "fair treatment in one-to-one relationships." The *Catechism* corrects this by describing "commutative justice which regulates *exchanges* between persons." What is the difference? Finn's formulation ignores personal *gifts*—which are (in his words) "one-to-one voluntary transactions" and "one-to-one relationships"—but *not* "exchanges between persons" (as the *Catechism* correctly describes them). Gifts always satisfy, but never exemplify commutative justice—precisely because a gift always goes *beyond* the approximate equality of values that characterizes exchange in a competitive market.

Similarly, Finn misstated distributive justice, writing, "Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met." Again, the *Catechism* corrects this: Distributive justice "regulates what the community owes its citizens in proportion to their contributions and needs."

In other words, distributive justice applies to *common*, that is, jointly owned goods, not *all* goods. Distributive justice can never override commutative justice because, as the *Catechism* clearly states, "Without commutative justice, no other form of justice is possible." If, rather than being the formula for sharing any common good, distributive justice were some overarching principle that "owning and using the goods of the earth must ensure that the needs of all are met," it would logically require, not that God intended all mankind to enjoy the earth's goods but rather that *all goods be common goods*, in which everyone shared ownership indiscriminately—a sort of global communism extending Karl Marx's economic theory to the world. In such a system, neither gifts nor exchanges would exist, because no one would have any *right* to dispose of anything by either kind of transaction. To presume this state of affairs is simply factually false.

Thus, just as libertarians tend to collapse justice to commutative justice, Finn's prose tends to collapse justice to distributive justice. As we will also see, his technical economic theory depends on the very same error for which he charges others with heresy. In both cases, there is much confusion, but no heresy.

In "Nine Libertarian Heresies," Finn did not present his own outline of economic theory. However, it is presupposed throughout the essay, and he did present this outline at some length in the second book that I mentioned above, *The Moral Ecology of Markets.* I beg his (or his publisher's) leave to reproduce its core here.

In chapter 5, Finn explains that he adapted his broader conceptual framework from "a classic essay from the 1920s, [by] Frank H. Knight," the cofounder (with Jacob Viner) of the Chicago school of economics. Knight was inspired by Max Weber, who originally identified himself as an economist of the Austrian school, but later as a sociologist, who went on to revise the theory of Auguste Comte, sociology's inventor. After translating one of Weber's works, Knight gave up his project to translate them all upon discovering that Talcott Parsons had already begun to do so.

After noting that Knight claimed that there are "five problems that any economy must address," Finn revised this to four problems, which he described in the following key passage:

> Thus, in our description of the problems of economic life that markets must address, we will identify four separate issues. Following the vast majority of mainstream economists, the first will be the *allocation* of scarce resources to alternative uses, and the *distribution* of the goods and services to the various persons in society. A third issue will be that of the scale of the economy, a shorthand way of acknowledging that a continually growing economy must eventually bump up against the limits of a planetary biosphere of fixed size, causing the macro-level problems that individual, self-interested economic actors have little incentive to address. The fourth problem is the *quality of human relations*. The smooth functioning of economic life, even on a high-tech factory floor, is possible only if there is a pattern of predictable, and largely moral, relationships among the persons involved. In economic jargon, this has been analyzed as an issue of "social capital." This chapter briefly examines each of the four problems.
>
> A fifth problem needs to be identified, but its character is different from that of the others: it cuts across all four problems as a dimension of each. The problem is *reproduction*, the necessity of investing resources simply to maintain the capacity one already possesses.[15] Businesses know well the need to replace machines and other physical capital as they wear out with use, and for this reason, they regularly set aside funds for depreciation. Without this ongoing reinvestment, existing capital equipment would continue to reproduce until it was worn out, at which point the business would be at a great loss if it had not made plans for its replacement. Thus, reproduction is an essential element of the problem of allocation just identified. But it is an equally important dimension of the other three problems, as we shall see.[16]

In chapter 4, Finn had already explained that

> this book employs the terms "self-interest" and "self-interested" in the generic manner that economic science does. That is, self-interest is here understood as the interest of the self, which could include either narrowly selfish or broadly altruistic goals held by the actor. The phrase "narrow self-interest" refers to actions in which the self (perhaps a few loved ones near the self) is the intended beneficiary of the action. Thus, when actions are taken in the interests of others but the intention is to serve the well-being of the actor, that action is described as narrowly self-interested, even if it also redounds to the benefit of others.[17]

Two things are apparent from both of Finn's passages. First, as I mentioned at the beginning, Finn thinks comprehensively, to a degree that is extremely rare. Second, Finn, though comprehensive, is not yet a fully systematic thinker. Both Aristotle and Augustine were extraordinarily comprehensive thinkers, but neither was a fully systematic thinker. The lasting power of Scholastic economics is due to Thomas Aquinas who dovetailed Aristotle and Augustine's elements systematically.

What is obvious to the most casual reader is that each element of Scholastic economic theory can be traced directly to the "AAA's," Aristotle, Augustine, and Aquinas. However, Finn's outline of economics has no relationship to any of the AAA's or their Scholastic economic theory, and he traced it back only to the early Chicago school. By saying that he "employs the terms *self-interest* and *self-interested* in the generic manner that economic science does," Finn punts the ball instead of carrying it by using Scholastic economic theory, because such sharing can be described only with the Scholastic theory of final distribution (gifts/crimes and distributive justice), which no neoclassical theory contains.

Second, it is obvious to me that Finn has never actually used his framework for any empirical work. However, this may not be obvious to those who do little empirical analysis. Therefore my challenge to Professor Finn is not to *apply* but simply to *state* his theory by describing his four (or five) categories in a way that, like the Scholastic method, is both logically complete and empirically testable.

For example, describe one or more transactions involving (1) a gift, (2) distributive justice, (3) a choice of product(s), (4) production, and (5) exchange.

In my earlier confession, I admitted that until starting my recent book, while inspired by Scholastic philosophy and Catholic social doctrine, what I had actually been doing for years was to use these as a purely verbal gloss on a version of neoclassical economic theory that significantly diverged from the Scholastic economic theory that Catholic social doctrine employs.

By proposing Mueller's Lemma, I have argued that accusations of heresy among Catholic economists, such as Professor Finn's, begin precisely at the point at which the anathematizer can no longer describe reality accurately. In one sense, my response strengthens Finn's critique by making it possible to state exactly what he cannot: what is wrong with the theories of each of those he criticizes.

I suggest that the worst that can be charged to any of the "Catholic libertarian heretics" that Finn targeted is not heresy but involuntary doubt as described in the *Catholic Catechism*: "hesitation in believing, difficulty in overcoming objections connected with the faith, or also anxiety aroused by its obscurity."[18] It consists simply in doing exactly what I did until ten years ago and what Professor Finn is patently doing now—using an inferior theory because we do not yet know a better one, meanwhile putting a purely verbal lacquer of prose to gussy up a theory that is fundamentally at odds with both Scholastic economics and Catholic social doctrine.

The operative Gospel passage, therefore, is not “let him who is without sin among you be the first to throw a stone” (John 8:7 ESV), but “the harvest is plentiful, but the laborers are few” (Matt. 9:37 ESV). Under the circumstances, the first priority is not to organize a circular firing squad among the most promising Catholic economists, but rather for everyone to drill in better marksmanship—and as we have seen, Finn’s own aim has been none too accurate.

I argued at the beginning that rather than pursuing this controversy to its bitter end, Professor Finn was better advised to withdraw the essay, in which case almost no one, particularly his students, would be aware of it. Because Finn failed to withdraw the essay, he will, in the judgment of most who read it, likely lose the controversy. I do not particularly want to win because doing so would likely remove a powerful, potential future ally. If Finn digs in his heels to defend an indefensible thesis, he will be trapped in the box he now inhabits. By withdrawing the article, Finn would have been liberated to choose, at his own pace and in his own manner, to exchange an inferior theory for a better one and hand it on: the updated version of Scholastic economic theory. So please, follow the Gerschwins’ advice and “Let’s Call the Whole Thing Off.” Except for lunch.

Notes

1. Daniel Finn, *Just Trading: On the Ethics and Economics of International Trade*, The Churches' Center for Theology and Public Policy (Nashville, TN: Abingdon Press, 1996); Daniel K. Finn, *The Moral Ecology of Markets: Assessing Claims about Markets and Justice* (New York: Cambridge University Press, 2006).

2. Irving Kristol, "The Neoconservative Persuasion," *The Weekly Standard* 8, no. 47 (August 25, 2003), http://www.weeklystandard.com/Content/Public/Articles/000/000/003/000tzmlw.asp.

3. John D. Mueller, *Redeeming Economics: Rediscovering the Missing Element* (Wilmington, DE: ISI Books, 2010), table 5-1 (modified), 130.

4. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Edwin Cannan (1776; repr., London: Methuen & Co., 1904), IV.ii.9.

5. W. S. Jevons, *The Theory of Political Economy* (London: Macmillan, 1871); Carl Menger, *Principles of Economics* [*Grundsätze der Volkswirthschaftslehre*] (New York: New York University, 1976 [1871]); Leon Walras, *Elements of Pure Economics, or the Theory of Social Wealth* [*Éléments d'économie politique pure, ou théorie de la richesse sociale*], trans. W. Jaffe (Homewood, IL: Richard D. Irwin, 1954 [1874]).

6. Joseph Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), 184.

7. David C. Colander, review of John D. Mueller, "Redeeming Economics," in *Journal of Economic Literature* 49 (September 2011): 9–10.

8. Nicholas J. Higham, *Handbook of Writing for the Mathematical Sciences* (Society for Industrial and Applied Mathematics, 1998), 16; cribbed from http://en.wikipedia.org/wiki/Lemma_(mathematics).

9. In my book, I have shown how it can be stated and used in empirical work at every level, ranging from a single person to a married couple to a family to a business firm, charitable foundation, and political community under a single government, right up to the whole world economy.

10. Michael Novak, Philip Booth, Fr. Robert Sirico, Samuel Gregg, Antony Davies, Rodger Charles, SJ, Gregory Beabout et al. (Ricardo F. Crespo, Stephen J. Grabill, Kim Paffenroth, and Kyle Swann), Anthony Santelli Jr. et al (Jeffrey Sikkenga, Robert A. Sirico, Stephen Yates, and Gloria Zúñiga). Patricia Donohue-White et al. (Stephen J. Grabill, Christopher Westley, and Gloria Zúñiga), William McGurn.

11. Friedrich Hayek, Robert Nozick, and Ayn Rand.

12. As even youngsters may know, this song ended with a tape loop of the constantly repeated words “number nine, number nine,” leading a large number of Beatles fans to proclaim that it was the announcement of Paul McCartney’s death, because when spun backward on a record turntable, its message was “turn me on, dead man.” What more proof was needed?

13. Smith, *Wealth of Nations*.

14. *Catechism of the Catholic Church* for the United States of America, United States Catholic Conference, Libreria Editrice Vaticana (Ligouri, MO: Ligouri Publications, 1994).

15. [Finn’s note:] I am indebted to Barbara Hilkert Andolson for suggesting this line of analysis.

16. Finn, *The Moral Ecology of Markets*, 77.

17. Ibid., 58.

18. “Involuntary doubt refers to hesitation in believing, difficulty in overcoming objections connected with the faith, or also anxiety aroused by its obscurity” (2088). “Heresy is the obstinate post-baptismal denial of some truth that must be believed with divine and catholic faith, or it is likewise an obstinate doubt concerning the same” (2089), *Catechism of the Catholic Church*, 506.