

## **The Humane Economy: Neither Right Nor Left A Response to Daniel Rush Finn**

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### **Introduction**

Daniel Rush Finn, in an article titled “The Economic Personalism of John Paul II: Neither Right Nor Left,”<sup>1</sup> undertakes the following four-part engagement with my previous essay, “The Need for Economic Personalism”<sup>2</sup>:

This article responds to Gronbacher by proposing to extend the conversation (of economic personalism) in four ways. The first will outline a number of elements that helpfully appear in both the work of John Paul II and Gronbacher’s survey. The second will identify three problems in the use of these schools (Austrian, Chicago, and Virginia) of economics as conversation partners. The third will recount several elements in John Paul’s personalism that are largely absent from Gronbacher’s summary. The fourth will suggest further work to be taken up within economic personalism.<sup>3</sup>

Finn’s article offers many excellent insights for developing economic personalism. I appreciate his fine contribution to our growing project, and I commend the call for increased dialogue. Yet, rather than replying to Finn’s essay point by point, I want to focus my response under the rubric of a humane economy, believing that this framework encourages more fruitful dialogue and it answers Finn’s queries.

It is through essays such as Finn’s that economic personalism will continue to develop as a reputable school of thought. More broadly, I fully agree with the undercurrent implied by the title of Finn’s essay—economic personalism cannot be seen as an outgrowth of either a left- or right-wing political project. To frame the discussion in political terms undermines the main thrust of our work. Economic personalism and, indeed, the humane economy itself, are both enterprises that transcend political and cultural labels. A humane economy must

be built on charity, justice, free exchange, productivity, solidarity, and participation. These principles transcend partisan politics, ideology, and sectarian political and social theory. Indeed, these principles are derived principally from the social teaching of various Christian traditions and are based ultimately on a proper understanding of the dignity of the human person and human nature itself.

### **The Search for a Humane Economy**

The goal of developing a humane economy has existed since the time of Karl Marx. Indeed, it was Marx and Catholic social thinkers of the late-nineteenth century who gave birth to the term. Later, in the early and mid-twentieth century, Wilhelm Roepke would borrow the term for use in scholarship concerning the relationship between culture, morality, and economic activity.

It would be fair to say that the term *humane economy* is still employed with a sense of expectation—namely, that it has not yet arrived. There is near-universal agreement on the part of scholars who analyze the ethical dimensions of economic science and market activity that the humane economy remains elusive. We are still in process toward our goal. An honest assessment will lead us to conclude that the goal we seek is not immediately apparent. If, by a humane economy, is meant the better treatment of workers, socially conscious investing, fair competition, and so forth—the practical aspects of a humane economy—then, given fallen human nature, we must continue our search. However, if, by a humane economy, is meant theoretical structures and economic models to be used as a blueprint for a hybrid economic model—in essence, a “third way” between socialism and capitalism—then I assert that we are sadly mistaken and chasing after illusions. There is no “third way” between capitalism and socialism. Our task is to humanize capitalism because it is the only serious economic model capable of raising human well-being. Not only this, but it is an economic system, which, while far from perfect, is most in accord with human nature.

This fact is easily obscured in contemporary conversation and analysis. The past thirty years have witnessed the development of an odd dichotomy between an increasingly globalized free-market economy and the inability to speak intelligently about its moral dimensions. This is due to the fact that the predominant moral language with which to discuss the global economy is Marxist. Eventually the dichotomy between economic reality and the inadequate language available to discuss it leads to a breakdown in meaningful

conversation. Ultimately, this dichotomy introduces confusion into the idea of a humane economy.

Public discussion of the global market economy is conducted by relying heavily on Marxist language, terms, and concepts. This mismatch renders serious and useful scholarship as problematic and irrelevant. There appears to be an unfamiliarity with other moral systems and economic philosophies from which to address the serious moral concerns presented by market economics and globalization. Surely such systems exist, and it is the contention of this author that economic personalism borrows from such (Christian social thought) in order to synthesize a highly useful and effective language from which to analyze the moral dimensions of market activity.<sup>4</sup>

Finally, it would also be fair to say that the exact meaning of a humane economy remains undecided. What would it look like? Has anyone completely described its essential characteristics? I believe that the meaning of the term *humane economy* remains ambiguous. The intention of those who utilize the term is evident, but the exact horizon of their vision is less certain.

My intention in the remainder of this article is to outline the parameters of the humane economy and briefly mention what, I believe, are some of its essential components. I offer this outline in order to avoid partisan political concerns and to demonstrate the manner in which economic personalism is not contingent upon or subservient to any political or social philosophy, save that of the dignity of the human person enlightened by Christian faith. In this sense, then, the genesis of economic personalism is rightfully understood as a synthesis of Christian social teaching and economic science that affirms the centrality of the free human person. Economic personalism avoids becoming an ideology precisely because Christian social teaching is properly non-ideological.

Nor does the Church close her eyes to the danger of fanaticism or fundamentalism among those who, in the name of an ideology which purports to be scientific or religious, claim the right to impose on others their own concept of what is true and good. Christian truth is not of this kind. Since it is not an ideology, the Christian faith does not presume to imprison changing socio-political realities in a rigid schema, and it recognizes that human life is realized in history in conditions that are diverse and imperfect. Furthermore, in constantly reaffirming the transcendent dignity of the person, the Church's method is always that of respect for freedom.<sup>5</sup>

It must be mentioned that merely outlining the intellectual boundaries and marking essential characteristics will not provide the concrete material of a humane economy. However, such a task is useful in that it serves first as a blueprint for those engaged in the task of seeking economic justice and, second, it

helps to delineate useful scholarship on the subject from inappropriate models and unhelpful polemics. Finally, this attempt will shed further light on the developing project of economic personalism and will confirm Daniel Finn's insight that economic personalism, like the humane economy that it seeks, is neither right nor left.

#### *Definition of the Term Humane*

The term *humane* immediately connotes a moral dimension. When we speak of the humane treatment of prisoners, or of humane strategies for eliminating poverty, or even of the humane treatment of animals, we sense immediately that we are speaking about the moral implications of our behavior.

More precisely, the term *humane* pertains to the appropriate conduct and treatment of persons. There is the implicit recognition of the immense dignity of the human person and his or her metaphysical stature. The lofty status of personal existence carries with it an embedded moral dimension. The standard of morality becomes the nature of the human person and his or her fulfillment, which is one way of speaking about what has traditionally been termed *the natural law*.

If we focus on the preceding definition of *humane*—pertaining to the appropriate conduct and treatment of persons—we can see that the project of a humane economy is essentially a personalist one. By “personalist,” the reference is to a specific philosophical and theological tradition that places anthropological concerns at the heart of the philosophical and theological enterprise. Indeed, the humane economy is an attempt at an economic personalism—the generation of an economic theory that accords with human nature, affirms human dignity, and pertains to the appropriate conduct and treatment of persons.

In order for economic personalists to generate a genuinely humane economy, they must first take both components of the term (*economics* and *personalism*) seriously. Without a genuine synthesis of economic science and moral science, the enterprise of a humane economy drifts either into pious sentiments without practical use, or into an economic ideology masquerading as legitimate moral theory. In this respect, the rightful autonomy of both disciplines must be respected. The logic of the market and the logic of morality must be shown to intersect.<sup>6</sup> The disciplines of moral science and economic science cannot be collapsed into each other. Rather, it is the responsibility of any serious scholar to craft and develop a theory that is useful and coherent to both economists and moralists. It is not enough merely to take economic reasoning and assume that one has explained all human action. Such an imperialistic enterprise is

*economism* and is antithetical to a proper moral understanding of market activity. Yet the reverse is also true. Christian social teaching and moral science do not generate an economic theory. Rather, such disciplines offer normative guidelines for economic activity. If these disciplines are to advance any useful moral analysis of the market, they must first understand economics as a science. The limitations of each discipline are alluded to by John Paul II:

The Church has no models to present; models that are real and truly effective can only arise within the framework of different historical situations, through the efforts of all those who responsibly confront concrete problems in all their social, economic, political, and cultural aspects, as these interact with one another. For such a task the Church offers her social teaching as an indispensable and ideal orientation, a teaching which, as already mentioned, recognizes the positive value of the market and of enterprise, but at the same time points out that these need to be oriented toward the common good.<sup>7</sup>

It is therefore the task of all interested Christian social scientists to seek a genuine synthesis of economic science and Christian moral theology so as to produce more adequate frameworks for a humane economy. Unfortunately, the history of humane economics is filled with many inadequate syntheses. While it may be said that Wilhelm Roepke comes close to a genuine synthesis and that the work of John Paul II, Rocco Buttiglione, Robert Sirico, and Michael Novak offers moral and methodological insights for an adequate foundation on which to build, the work of developing a comprehensive theory synthesizing economics and moral theology still remains.

### **Furthering Economic Personalism: A Continuing Dialogue**

A genuine synthesis of moral theology and economic science requires the scholar to conjoin personalist philosophical insights with an economic theory that proves capable of dialogue. Ideally, this would involve the least mathematical economic theory possible since detailed econometrics tends to confuse most philosophers and theologians. However, the same holds true for theologians and philosophers who are equally required to make their language and terminology accessible to economists. There are, however, other criteria to consider when assessing suitable dialogue partners. Daniel Finn appears to be uncomfortable, if not critical, of our choice of certain free-market schools of thought. It should be mentioned that Finn does not venture to offer any alternative schools of economic thought. Thus, I want to defend the choice of these schools as initial dialogue partners, while pointing out their strengths and limitations.

*What Is Personalism?*

Personalism is primarily a philosophical and theological response to the reductionist denigration of the person brought about by positivism, Hegelianism, Marxism, and Darwinism. These philosophical ideologies all view the human person as a consequence of external historical and environmental forces. Such treatment reduces the human person to a mere reactionary organism without freedom and on metaphysical parity with other elements of the natural order. The human person is no better than the animals, and culture (or one's environmental conditioning) deterministically shapes the human person, rather than being engendered by the soul of the person.

Personalism arose simultaneously in three intellectual centers of Europe during the beginning of the twentieth century—Paris, France; Munich, Germany; and Lublin, Poland. Scholars from these centers of learning launched a project whose aim was a defense of human dignity and a fuller understanding of personal existence. Borrowing from the best in classical, scholastic, phenomenological, and existential philosophy, thinkers such as Emmanuel Mounier, Emil Brunner, Max Scheler, Karol Wojtyła, Jacques Maritain, and Gabriel Marcel analyzed the basic issues of human life and purpose.

Despite the fact that there are many differences in the exact approach of these thinkers, they share a common unifying theme of the personalist norm. This norm states that the person should be affirmed for his or her own sake at all times and in all circumstances. This affirmation implies that a human person never be treated as a means to an end, and that human dignity be upheld and respected in the political, social, cultural, and economic spheres. It is important to note that, historically, any economic discussion engaged in by most personalists usually took on a leftist, or even Marxist tone. Mounier, Scheler, and even occasionally Maritain, employed the language of Marxist economic and political speech. In these personalists, there existed an implicit and subtle demand for a command economy, the limitation of economic liberty, and the curtailment of competition and other market forces. Their desire to limit economic liberty was motivated by a desire to protect the individual and the family from the harshness of market forces, and thus to create economic structures that affirm human dignity.

However, if we examine the work of the second half of the twentieth century's leading personalist, Karol Wojtyła—better known as Pope John Paul II—we see a shift away from socialist ideas and a turn toward free-market economics as the preferred economic model. John Paul's favorable view of free markets should in no way be construed as a wholesale endorsement of Western culture or free-market economics. Rather, he approaches economic issues from the perspective

of attempting to discern which economic system accords best with human dignity and the nature of the human person. This is seen clearly in his 1991 encyclical *Centesimus Annus*. In this insightful document, the Pope analyzes the fall of communism from a Catholic and personalist perspective. Thus, he states, "It would appear that, on the level of individual nations and of international relations, the free market is the most efficient instrument for utilizing resources and effectively responding to human needs."<sup>8</sup> Yet, John Paul is careful to avoid equivocation over the term *free market*. Later in the encyclical he qualifies his endorsement of free markets by pointing out fundamental personalist features that must be present in order for the market to serve genuine human needs. For him, a genuinely free and personalist market is one that "recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector...."<sup>9</sup>

History, economic reality, and the work of John Paul II and other recent personalists, such as Rocco Buttiglione, Josef Seifert, Robert Sirico, Michael Novak, and our own work at the Center for Economic Personalism in Grand Rapids, Michigan, are now repudiating not the good intentions of the earlier personalists, but their reliance on socialist economics to achieve the common good. Each of the previously mentioned thinkers and the scholars associated with the Center for Economic Personalism have not embraced the benefits of a market economy as the only theoretical antidote to socialism. We recognize, instead, along with many others, that socialism in its many forms has proven to be a practical disaster—as the wrecked economies of Eastern Europe and Russia attest. Theoretically, however, socialism has fatal anthropological flaws and does not respect human dignity. Thus writes John Paul in *Centesimus Annus*: "[T]he fundamental error of socialism is anthropological in nature. Socialism considers the individual person simply as an element, a molecule within the social organism, so that the good of the individual is completely subordinated to the functioning of the socio-economic mechanism."<sup>10</sup>

This shift among personalists toward free-market economic theory is not an indiscriminate embrace of all that free-market economics spawns. Indeed, variations of free-market theories that are radically opposed to personalist principles exist, insisting, for example, on the application of market principles to all aspects of human life. This economic imperialism is a false theory of freedom and is not a serious contender for constructive dialogue with proponents of the humane economy.

However, as seen from the example of John Paul II, all people of goodwill interested in humane economics will profit from a dialogue involving the

better free-market theorists: Ludwig von Mises, F. A. Hayek, Carl Menger, Gary Becker, George Steigler, Frank Knight, James Buchanan, Gordon Tullock, and so on. The Austrian, Chicago, and Public Choice Schools of economics have much to offer those committed to constructing an economic order that has the potential to affirm human dignity, lift people out of poverty, provide a solid basis for family life, and produce the necessary material goods and services for a good life. This can be affirmed even though many of these theorists either were not committed Christians or sought differing moral objectives.

Again, neither I nor the work of the Center for Economic Personalism advocate blind acceptance of free-market economics. Economic personalism is an attempt at a more sophisticated body of scholarship that will, at times, be critical of market practices. I am first of all a personalist, and then one who is supportive of free-market economic theory to the extent that it offers a humane alternative to those seeking a genuine synthesis of economic and moral science. Thus, to my way of thinking, free-market economic theories are worthy dialogue partners in the continuing conversation over the development of a humane economic order, which does not preclude proper criticism of the Austrian, Virginia, and Chicago Schools of economics. My previous article emphasized the positive contributions of these schools without offering theological criticism of their shortcomings. Finn's primary contribution is to make us mindful of such limitations.

### *Theological Shortcomings of the Free-Market Schools*

One of Daniel Finn's principal concerns is that the free-market schools of economics rely on methodological individualism. He correctly points out the limitations as well as the benefits of this approach. He is also correct when he states that "the economic personalism advocated by John Paul II does not understand society as these three schools of economics do, namely, as the purely instrumental creation of individuals seeking goals." Finn's observation enables me to discuss two important considerations.

First, social science in general, and economics specifically, regardless of the school of thought, will fall short of articulating a theological vision of the social order. It is beyond the scope of such disciplines, *qua* social science, to do so. I must also note that while the Chicago, Austrian, and Public Choice Schools of economic thought fall short of an adequate social theory capable of plumbing the depths of the "subjectivity of society and community," they do avoid the more dangerous trends of collectivism, reductionism, and positivism, which leave no room for the centrality of the free human person in social science analysis. My choice of these schools of thought is due, in part, to their



recognition that economics as a social science must start its analysis from the perspective of the acting person. Such a starting point, even if taken to ends that are theologically problematic, allows for the possibility of an economic theory that can take subjectivity seriously on all levels.

This leads us to our second and perhaps more important point, that methodological individualism properly understood is completely within the tradition of Christian social teaching and not morally suspect. This claim, however, requires further elaboration. Human beings exist as individual, subjective, personal units who also have an overwhelming and essentially social character. Fully understanding this concept of the person as subject is essential for our task. The person is subject in that he or she maintains a separate identity from others and the external world. Along with world-openness, there is an interiority of the conscious life that is inaccessible to anyone else. This rich interior life is the locus of the individual's volitional, emotional, and intellectual capacities. Yet each of these capacities, present in every human person, is unique and incommunicable. Furthermore, a personal identity—a self—empowers these faculties and operates them in a self-determined manner. In a sense, the person appears to stand *sui juris* and *sui generis* in the midst of his or her common community.

Each unique, incommunicable subject is capable of intersubjectivity. Relationship is not only a possibility but, in some sense, an essential component of human existence. We find our existence both individuated and, at the same time, communally located. While we may exist as separate subjects, we never cease being in some communion with others. We find ourselves as a distinct "I" who is always someone's brother, sister, daughter, son, mother, father, neighbor, or family member. We, therefore, have the paradoxical existence of distinct personal selves that are in constant biological and metaphysical union with others.

Foremost, however, there must be the fundamental recognition of the ontological priority of the individual. The individual human person exists ontologically prior to the state or any collective social institution. This fact does not stand in opposition to the equally true fact that the individual is immediately and essentially born from and into a family, which, in a sense, is a sort of collective entity.

The Christian Church has always recognized that the person is prior to the state and the social order. In a sense, the Church has always employed a methodological individualism of sorts in its social teaching and moral theology. This priority of the individual human person is ontological in nature, meaning that the person is a more substantial reality than any collective or group.

Pope John XXIII brings much-needed definition to this point: "Indeed, it is rooted in the very nature of things, whereby we learn that *individual men* are prior to civil society, and hence, that civil society is to be directed toward man as its end."<sup>11</sup> Later in the same document, he explores this idea still further: "What the Catholic Church teaches and declares regarding the social life and relationships of men is beyond question for all time valid. The cardinal point of this teaching is that *individual men* are necessarily the foundation, cause, and end of all social institutions. We are referring to human beings, insofar as they are social by nature, and raised to an order of existence that transcends and subdues nature."<sup>12</sup>

The ontological priority of the individual has many consequences in social science. Methodological individualism recognizes the ontological priority of the concrete human person. The recognition of the ontological priority of the individual directs the social scientist to focus his or her study on individual human action. The vantage point for the scientist, therefore, is considered to be that of the consumer, the voter, or the moral agent. This manner of thinking prohibits the theoretical concept of collective action in the strict sense of the term. Therefore, the actual models generated will always be models of individual human actors.

Karol Wojtyla offers further assistance in resolving this tension by distinguishing between the individual and the person. The concept of the individual owes much of its genesis to classical liberal political theory. The tendency to posit the human person as an isolated, singular repository of rights may derive its merits from a strictly political viewpoint, yet it lacks moral and cultural qualities. Liberalism's concept of the individual human person was a great boon to the human rights revolution of the twentieth century. However, when mixed with the *homo economicus* of the social sciences, the reductionist elements of this model become apparent. From the perspective of the individual, it becomes difficult to include the social nature of the person or aspects of culture in the analysis. Person, as opposed to individual, is a concept more apt to include sociality and the engendered aspects of human existence. While this distinction is adequate, I shall continue to refer rhetorically to the individual, fully cognizant that each time the term *individual* is invoked, the reference is to the term *person* and all that it implies.

A further distinction helps to overcome aversion to the terms *individual* and *methodological individualism*, namely, the distinction between moral individualism and the ontological priority of the individual. Moral individualism is the tendency to refuse participation in community. It is a way of living in which an individual calculates various costs and benefits in isolation, failing to regard

the needs of others in his or her deliberations. Individuals who suffer from this moral failure tend to avoid marriage and family life, as well as various forms of intimacy, and they shy away from accepting the broader responsibilities of community life in general. Yet, accepting the ontological priority of the individual human person does not inevitably lead to moral individualism. In fact, the ontological priority of the individual leads to a proper understanding of the methodologies of various social sciences, including moral theology. Thus, the methodological individualism of the Austrian, Chicago, and Virginia Schools, while lacking a full theological and anthropological foundation, coincides rather nicely with the central theme of Catholic social teaching regarding the place of the human person in the social order.

Another matter of concern for Finn relates to the understanding of human liberty in the writings of some free-market economists. Finn is correct when he calls attention to the misunderstanding of freedom that is present in some of these economic thinkers. Hayek and others have a tendency, for example, to assert “freedom as self-initiation.” Those of us who advocate an economic personalism certainly want to preserve the fuller Christian understanding of freedom as ordained to the truth of the human person and to God. Without anchoring freedom in a transcendent foundation, it quickly degenerates into license. “According to Christian faith and the Church’s teaching, only the freedom which submits to the Truth leads the human person to his true good. The good of the human person is to be in the Truth and to do the Truth.”<sup>13</sup> One of the central aims of economic personalism is to provide economic science—in all its schools—with a better anthropological and theoretical foundation. This includes a fuller understanding of human freedom. Too often, economists, like other social scientists, adopt a utilitarian or functionalist view of freedom. Rational choice and other such theories employed by social scientists tend to be reductionist in their understanding of human autonomy and liberty.

Yet again, and without glossing over clear problems and limitations, we can only expect so much from social science. There is a limited sense in which what appears to a theologian as reductionism is actually proper to economics. Economics does not purport to be philosophical anthropology or moral theology, but to the degree to which correct insights into the human person can be incorporated into economic methodology, they should be. Understanding the purpose, scope, and autonomy of economics, or any social science for that matter, however, leads us to realize that there are limits to the usefulness of theological insights in social science.<sup>14</sup>

Most economists will admit that their models are reductionist. They understand that they may be working with less than adequate theories of human

freedom. But they will reply that such models and theories work for their discipline. And they comment that they will be willing to expend the effort to incorporate more subtle and refined theological concerns into their work only if it can be demonstrated that such efforts lead to better science.

My comments are not intended to divert attention away from Finn's central concern, for he raises a significant issue. It is true that anthropological errors in social science usually lead to bad social science. Bad social science can lead people astray, cause defects in the social order, and prejudice a culture toward a skewed view of humanity. Bad social science, just like bad moral theology or Christian social thought, helps prevent a humane economy from flourishing. For these reasons, any errors or limitations must be taken seriously. Economic personalists hope to provide economists with useful insights that will not only lead to a better economic science but to a humane economy.

It should be noted that the free-market schools of thought chosen for our dialogue in no way preclude consulting other schools of economic thinking. Nor do we turn a blind eye to the limitations and even errors of the free-market theory. The matter is simply that one must start a dialogue with some person or group, and in my judgment, these three schools, while not perfect, provide the most fruitful opportunities for meaningful communication. We at the Center for Economic Personalism encourage the input, contribution, and insight of any economist interested in the moral dimensions of his or her discipline. We are willing to engage in an open exchange of ideas with whoever is willing to explore the issues.

### **The Moral Necessity of Economic Freedom**

A necessary component of a humane economy is a healthy respect for economic liberty. Freedom—a constitutive aspect of all persons—has social, economic, and political ramifications that cannot be overlooked or ignored. Economic liberty is a basic human right and a requirement of the common good. According to John XXIII, "If we turn our attention to the economic sphere it is clear that man has a right by the natural law not only to an opportunity to work, but to go about his work without coercion."<sup>15</sup> He discusses this understanding of economic liberty further:

At the outset it should be affirmed that in economic affairs first place is to be given to the private initiative of individual men who, either working by themselves, or with others in one fashion or another, pursue their common interests. . . . Experience, in fact, shows that where private initiative of individuals is lacking, political tyranny prevails.<sup>16</sup>

Economic liberty is at the heart of a genuine understanding of economic science. The economy, or the market, can be understood as that metaphor for the totality of the production, distribution, and consumption of material goods and services. On the micro level this means the totality of all voluntary exchange of goods and services: all the buying and selling, renting, trading, and so forth, that becomes institutionalized in banking, corporations, and the stock market. This entire social structure depends on the free action of individual persons.

The primary social function of the market is to produce the necessary goods and services that make for survival and comfort. The economy directly provides housing, food, clothing, transportation, and even the materials necessary for most cultural activities. Excess wealth can be used for charity, investment, economic expansion, and other public projects.

A humane economy would be efficient at producing an abundant amount of wealth. This wealth would be produced fairly, avoiding greed, deceit, and fraud. Wealth would be put to constructive uses to benefit the greatest number of individuals. History strongly attests that these goals are best attained through the promotion of economic liberty. Those most free to engage in creative enterprise, who control their own property and determine for themselves how best to apply their resources, tend to be the most prosperous and sensitive to issues of economic justice. The poor and marginalized tend to fare better in economies that thrive on free enterprise.

Economic liberty consists of the following three components: First, it is a defense and recognition of the right to private property, that is, individuals possess a natural right to the fruit of their labor. Of course, this right, like others, is not absolute and carries with it corresponding duties. Yet it is a right that must be vigorously defended for the sake of the common good. Second, economic liberty implies that individuals have the ability to exercise economic initiative, thus utilizing their property, time, talent, and other resources as they see fit, unhampered by excessive regulation and restrictions. Through a process of voluntary exchange, individuals tend to improve their situation, increasing the efficiency and quality of their lives and resources. Third, in order to ensure that mutually beneficial exchanges are not unduly restricted, thus hampering people from being productive and improving their own and others' situations, external systematic restrictions need to be limited. Such restrictions include excessive taxation, reckless government monetary policy, unnecessary barriers to trade, ineffective safety regulations, complicated and unfair employment policies, and expensive licensing requirements. In all of these cases, the

limitations of economic freedom come from unnecessary government intervention in the economic sphere.

In fact, free markets are defined precisely in relation to the amount of government control present in the economy. The freer the market, the less government intervenes. Although government interventions are often attempted for good and sometimes noble reasons, most economists admit to the disruptive and even damaging effect of these interventions. However, some intervention is required. A strong juridical framework is necessary for the market to operate effectively. Political institutions need to form symbiotic relationships with market institutions. Only economic ideologues would call for absolute government non-involvement. Economic personalism relies heavily on the principle of subsidiarity to ground its social philosophy. Thus, according to Pius XI,

It is a fundamental principle of social philosophy, fixed and unchangeable, that one should not withdraw from individuals and commit to the community what they can accomplish by their own enterprise and industry. So, too, it is an injustice and at the same time a grave evil and a disturbance of right order, to transfer to the larger and higher collectivity functions which can be performed and provided for by lesser and subordinate bodies.<sup>17</sup>

Pope John XXIII applies this principle to economic life specifically: “For this principle must always be retained: that state activity in the economic field, no matter what its breadth or depth may be, ought not to be exercised in such a way as to curtail an individual’s freedom of personal initiative.”<sup>18</sup> Therefore, arising out of the tradition of Christian social teaching, economic personalism seeks to limit properly the economic role of the state while not entirely banishing a positive role for government involvement in the economy.

Many seem to misunderstand capitalism as unbridled capitalism—with images of an unrestrained market wreaking havoc and destruction in family life, confusing moral understanding, and creating poverty through exploiting the vulnerable. Terms such as *radical individualism*, *consumerism*, *greed*, and *alienation* give expression to these sentiments. Government intervention is thus sought to limit capitalism’s destructive forces.

Underlying this philosophy of interventionism (or statism) is a mechanistic understanding of the economy as a thing to be manipulated or controlled. If only bureaucrats would pull the right strings, raise the correct levers, and push the right buttons, then the economy would function well. Nevertheless, the economy is not a machine to be programmed or operated. Even if it were, it is evident that bureaucrats are often the least well-equipped to operate the machinery. Instead, the economy should be viewed as a complex web of

relationships, which, by their very nature, resist manipulation. Indeed, the freedom that each human person possesses by virtue of his or her nature demands an economic outlet.

Interventionism or statism involves more than economic restriction; it also comes in a moral variety. Increasing governmental imperialism has led to the encroachment of political institutions into all social spheres. Government is now the largest provider of charitable efforts, educational efforts, and, soon-to-be, day-care efforts. In doing so, it weakens the culture at large by disrupting other social institutions and then robbing them of their natural functions. The end result is a weakened culture, confused and incapable of immediate decisive action. I am not calling for an unrestrained market, nor am I championing unbridled capitalism, because no sane defender of a humane economy could do so. My concern is rather straightforward: It seems to me that our situation is one of an over-restrained market that is inhibiting the emergence of a humane economy. Furthermore, there is the subtler point that not all market restraints need be governmental. Other social institutions exist that can exert pressure on the market such as: families, voluntary organizations, not-for-profits, religious organizations, and educational institutes. Each of these institutions is capable of providing a moral voice and exhortation to market excesses. There are, and need to be, more restraints on the market, yet these must be moral, not political restraints.

Generally speaking, the principle of subsidiarity acts as the guideline for determining the relationship between the government and the market. Yet it is also recognized that there will be legitimate disagreements concerning the exact application of this concept. People of good intention will disagree about prudential matters. What policies are required to reform welfare? What process should be implemented for taxi licensing? Which safety measures actually protect the consumer and avoid reducing productivity? On these matters people will rightfully disagree, and the proper course of action becomes clear only after periods of trial and error. As a matter of fact, it is in the realm of prudence that most supporters of a humane economy disagree. There are those who favor a larger degree of intervention into the economy than I do, while there are also those who believe that my own set of policy choices would prove too intrusive. Our disagreements primarily center on matters of application and practice and rarely erupt over theory or principle.

Even with these qualifications, it is still my contention that aggressive calls for intervention into the marketplace result from ignorance of economics and lead to policies that do not resonate with human nature itself. Indeed, human nature appears to attest to the need for a healthy dose of economic liberty. Free

people require such economic structures in order to thrive. To desire a command economy is to misunderstand both the market and human nature.

If we sincerely desire to work for the common good, then we must be serious about upholding economic liberty. Our efforts on behalf of economic liberty are not isolated from other social concerns, nor are they justified through some sort of anarcho-capitalist ideology that denies the government any role in economic affairs. Rather, our defense of economic liberty is based upon a Christian anthropology and a desire to affirm human dignity in all its dimensions and extensions.

### **Essential Characteristics of a Humane Economy and the Limits of Economic Liberty**

Economic liberty must be exercised in accordance with the truth about the human person. By acknowledging this, I am implicitly stating that there are limits to economic liberty. Now a statement such as this can easily be misconstrued. Socialists and Christian thinkers who despise economic liberty make the same claim to justify their calls for what essentially amounts to a command economy. Obviously, I do not agree with such analysis. But I do agree that economic liberty must not be taken as the only necessary aspect of a humane economy nor isolated as the only economic good. To do so is to fall prey to economic ideology. There are other truths about the human person that provide us with a fuller picture of the human condition and deepen our understanding of economic liberty. Included among them are the universal destination of material goods, the requirements of charity, and the centrality of human capital. These other essential characteristics of a humane economy form an important network of ideas in the structure of economic justice. While it can be argued that all of the following characteristics are not equally as important, none of them can be neglected without great peril to economic liberty, and thus, to human dignity.

The first essential characteristics of a humane economy are the necessity of private property and the universal destination of material goods. The Christian Church, while affirming man's natural right to the private ownership of property—secured either directly or indirectly through labor—recognizes that God as Creator intends material goods to benefit all human beings. Human nature requires private ownership for the successful navigation of the material world, for the care of family members and the weak, and for the acquisition of virtue through generosity and good stewardship. Pope John XXIII, in the encyclical *Mater et Magistra*, connected the right of property ownership to economic and other freedoms:



The right of private ownership of goods, including productive goods, has permanent validity. It is part of the natural order, which teaches that the individual is prior to society and society must be ordered to the good of the individual. Moreover, it would be quite useless to insist on free and personal initiative in the economic field, while at the same time withdrawing man's right to dispose freely of the means indispensable to the achievement of such initiative. Further, history and experience testify that in those political regimes which do not recognize the rights of private ownership of goods, productive included, the exercise of freedom in almost every other direction is suppressed or stifled. This suggests, surely, that the exercise of freedom finds its guarantee and incentive in the right of ownership.<sup>19</sup>

The corresponding duties that accompany this right include the call to generosity, the requirement of good stewardship, and the vocation of productivity and creativity.

The common destination of material goods, which had long been taken to be in a certain tension—or at least in a dialectical relationship—with private property, is now seen to be related unproblematically to private property:

The fact that God gave the whole human race the earth to use and enjoy cannot indeed in any manner serve as an objection against private possessions. For God is said to have given the earth to mankind in common, not because He intended indiscriminate ownership of it by all, but because He assigned no part to anyone in ownership, leaving the limits of private possessions to be fixed by the industry of men and the institutions of peoples.<sup>20</sup>

In modern Catholic social teaching, this understanding was summarized and confirmed at Vatican II in *Gaudium et Spes*:

God intended the earth with everything contained in it for the use of all human beings and peoples. Thus, under the leadership of justice and in the company of charity, created goods should be in abundance for all in like manner. Whatever the forms of property may be, as adapted to the legitimate institutions of peoples, according to diverse and changeable circumstances, attention must always be paid to this universal destination of earthly goods. In using them, therefore, man should regard the external things that he legitimately possesses not only as his own but also as common in the sense that they should be able to benefit not only him but also others. On the other hand, the right of having a share of earthly goods sufficient for oneself and one's family belongs to everyone. The Fathers and Doctors of the Church held this opinion, teaching that men are obliged to come to the relief of the poor and to do so not merely out of their superfluous goods. If one is in extreme necessity, he has the right to procure for himself what he needs out of the riches of others. Since there are so many people prostrate with hunger in the world, this sacred council urges all, both individuals and governments, to remember

the aphorism of the Fathers, "Feed the man dying of hunger, because if you have not fed him, you have killed him," and really to share and employ their earthly goods, according to the ability of each, especially by supporting individuals or peoples with the aid by which they may be able to help and develop themselves.<sup>21</sup>

Pope John Paul II develops the Church's understanding of private property and the universal destination of material goods by giving it a fuller anthropological basis and justification. For him, property is an extension of the freedom of the person. In this sense, private property is a proper extension of the subjectivity of the human person into the material order. Yet even these strong assertions do not undermine the truth about property's universal destination.

The Successors of Leo XIII have repeated this twofold affirmation: the necessity and therefore the legitimacy of private ownership, as well as the limits which are imposed on it. The Second Vatican Council likewise clearly restated the traditional doctrine in words which bear repeating: "In making use of the exterior things we lawfully possess, we ought to regard them not just as our own but also as common, in the sense that they can profit not only the owners but others too;" and a little later we read: "Private property or some ownership of external goods affords each person the scope needed for personal and family autonomy, and should be regarded as an extension of human freedom.... Of its nature private property also has a social function which is based on the law of the common purpose of goods."<sup>22</sup>

Finn is certainly correct when he reminds us of the limited character of private ownership and property rights, something often overlooked by free-market economists. The Church has always recognized that private property rights have limitations. Concern for the common good and human welfare can supersede individual claims to property. However, it must be added that Christians living in our highly statist environment would be well-advised to defend property rights vigorously in light of excessive taxation, unnecessary government regulation, and widespread projects of wealth redistribution. Voicing such concerns and speaking out on behalf of property rights need not exclude proper balance with respect to the universal destination of material goods.

The second essential element of a humane economy has to do with respecting the foundation of human capital. Since each human person is created in the image and likeness of God, this entails that each person is called to a vocation that mirrors the Creator through sharing in creative activity. Human capital is, therefore, the essential and indispensable economic resource.

In our time, in particular, there exists another form of ownership which is becoming no less important than land: the possession of knowledge,

technology, and skill. The wealth of the industrialized nations is based much more on this kind of ownership than on natural resources.... Indeed, besides the earth, man's principal resource is man himself.<sup>23</sup>

Human ingenuity, intelligence, labor, and virtue are the fundamental capital available to humanity. This capital must be developed, nurtured, and protected. Education, humane working conditions, just wages, and moral instruction are all essential aspects of supporting human capital. The recognition of human capital coincides with the recognition of the centrality of the human person. Indeed, the economic system exists for the benefit of humanity, not humanity for the economic system.

A third characteristic of a humane economy is ample provision for the needy and marginalized. A free economy, which is humane, would require a radical commitment to care of the poor. This care should be comprehensive so that all human needs are met to the highest possible degree. This would require everyone's generosity, not only in terms of money but also of time, love, and talent. The poor require much more than material assistance. They also require support, education, love, and other forms of personal and spiritual care. In my opinion, the poor are best cared for when a free market is left relatively unhampered to produce excess wealth that can be distributed to those in need through effective private means. An economy is humane only to the degree that it aids those who are marginalized.

The fourth characteristic of a humane economy is the maximization of market participation. Total self-sufficiency is a myth since human persons are social by nature. In order to flourish, individuals need one another. Cut off from family life, voluntary associations, friends, and other social manifestations, the human person becomes vulnerable, lonely, isolated, stunted, and eventually succumbs to one threat or another. The social order provides the context for the safety, meaning, and flourishing of the human person.

The economic order reflects this social reality. Cooperation, mutual assistance, and service to others are the hallmarks of a free economy. In order for nearly all to benefit from the wealth of the free market, there must be nearly full participation in the market. This requires that all barriers to market participation such as racism, sexism, and ageism be removed. Those who do not possess sufficient material capital for market entry must be aided, preferably by private charitable means, to obtain the goods necessary for full participation. Education must be effective and available to all so that skills can be accumulated for market participation. To be marginalized from participating in the market is to be cut off from the benefits of the productive sector. The result of being removed from the productive sector is poverty in one form or another.

Human dignity insists that human capital be given every opportunity to participate in the market so that a modicum of self-sufficiency can be maintained and a genuine sense of self-determination exercised.

The fifth essential characteristic of a humane economy is the avoidance of institutionalizing economic and social ideology, including the proper application of subsidiarity and the full realization of solidarity. In many ways these goals can be best obtained by avoiding the acceptance of ideologies that narrowly interpret reality in a militarist and reductionist fashion. Such ideologies include socialism, communism, anarcho-capitalism, and consumerism. Having touched upon the first three ideologies earlier in this article, I now wish to discuss consumerism as a threat to a humane economy.

### **Consumerism: Threat to the Humane Economy**

A consumerist mindset is one in which possessions become the central expressions of identity, values, and love. Consumerism is closely related to practical materialism, and, in fact, results from idolizing material goods. Consumerism is a way of living whereby the acquisition of goods becomes the goal of one's existence. As Richard John Neuhaus describes it:

Consumerism is, quite precisely, the consuming of life by the things consumed. It is living in a manner that is measured by having rather than being. As John Paul makes clear, consumerism is hardly the sin of the rich. The poor, driven by discontent and envy, may be consumed by what they do not have as the rich are consumed by what they do have. The question is not, certainly not most importantly, a question about economics. It is first and foremost a cultural and moral problem requiring a cultural and moral remedy.<sup>24</sup>

Clearly consumerism is a problematic reality, yet its existence cannot be fully credited to the market. The above description of consumerism points to a moral malfunction, not to market failure.

While markets may produce more wealth and comfort, they do not cause individuals to worship the affluence they produce; furthermore, human labor can influence the moral climate of a culture. Living in conditions where essential goods and services may be found in abundance certainly does produce a different mindset. Consumerism presents special challenges to a materially wealthy culture. In many respects, it is good for a culture to be able to produce many and better goods and services. However, as John Paul admonishes, there are "new responsibilities and dangers connected with this phase of history." He continues:

The manner in which new needs arise and are defined is always marked by a more or less appropriate concept of man and of his true good. A given culture reveals its overall understanding of life through the choices it makes in production and consumption. It is here that the phenomenon of consumerism arises. In singling out new needs and new means to meet them, one must be guided by a comprehensive picture of man which respects all the dimensions of his being and which subordinates his material and instinctive dimensions to his interior and spiritual ones. If, on the contrary, a direct appeal is made to human instincts—while ignoring in various ways the reality of the person as intelligent and free—then consumer attitudes and lifestyles can be created which are objectively improper and often damaging to the person's physical and spiritual health.<sup>25</sup>

Once again, it is important to recognize fully the nature of consumerism before adequate remedies can be suggested. If consumerism is a form of idolatry, then it is most properly a matter of the heart. As such, not only is it impossible to limit legally, but it is also paramount that we acknowledge that consumerism can be perpetrated by the poor as well as the rich. A close examination of idolatry demonstrates this point clearly.

However, it must be noted that even the poor in a primitive society can fall prey to similar defects. Envy, greed, and unhealthy attitudes toward affluence do not depend upon the amount of wealth present within a society. People can envy and worship mud shacks as much as they can seaside mansions. While the increased presence of wealth changes the situation somewhat, the actual amount of wealth and its immediate character are not the core issue in consumerism. This is not to say that prosperity is without moral dangers. William Bennett observes:

Achieving prosperity is not our problem. Our problem is whether we can survive prosperity.... We are constantly pushing our children and adults to buy things they don't need. We are pushing the idea of life as having things and having experiences. We are making desires into needs, and as a result we're not living at the center. We are misreading the essential human condition.<sup>26</sup>

While economic personalists share Bennett's concerns, we understand that our relationship to the material world is not so much determined by the material world itself as it is by our own inner leanings and convictions. Consumerism is a matter of the heart, not the market. Blaming the market for consumerism is akin to blaming marriage for adultery.

Even more important, a proper understanding of work as a vocation helps to ameliorate the danger of consumerism. The person who understands the creation and proper use of wealth as a God-given calling can maintain the

correct ordering of his soul: He will not confuse having with being because he knows that in the face of responsibilities from an eternal God, transitory material wealth can never substitute for the fact that “in Him we live, move, and have our being” (Rom. 11:36). The person who understands his work as a vocation will always see the world through the eyes of the eternal—not in order to deny the importance of material goods, of course, but rather, to keep their eternal significance in proper perspective. Material goods are means to ends, not the ends in themselves. Such goods can serve spiritual and moral needs: family life, education, the service of God, and so forth.

It is difficult to demonstrate a causal relationship between consumerism and material wealth. While material wealth is the object of consumerism, it appears that the process of its production and distribution does little, if anything, to abet it. To argue that it does is similar to arguing that we should blame the alcohol and not the alcoholic, the television and not the moral standards of the television producers, or the beauty of the human body and not the lustful human person. Matters of the heart are the primary jurisdiction of the church and family. Markets, by themselves, can only create situations for the realization of virtue or vice; they cannot directly cause such realities. While being a real and genuine moral threat, consumerism is not a direct consequence of the market itself.

### **Concluding Remarks**

A humane economy ought to be the goal of each and every civilized man and woman. The preceding principles and discussion serve to provide the motivation and guidelines for such action. The dignity of all requires a vigorous and energetic effort on the part of those who craft economic policy, research in either economics or ethics and, above all, by anyone directly in contact with the productive sector.

A humane economy, where human dignity is affirmed, can be achieved only by a genuine synthesis of economic and moral truth. Sentimentality cannot replace economic principles, nor can such principles be applied imperialistically to non-economic aspects of human life. Still, an economic and moral theory useful to both economists and moral scholars is necessary if progress is to be made. An economic personalism supplies an advantageous paradigm for such a project.

Economic personalists defend free markets not out of an ideology or idolatry of the market but out of respect for human liberty and a desire for social structures that affirm human dignity. This implies finding an economic system which, while providing outlets for human freedom in the marketplace, can

also help alleviate poverty, increase general standards of living, respect private property, and minimize coercion.

Economic personalists seek economic growth, but not for its own sake. Rather than mere growth, they seek genuine human development, one component of which is economic growth. Genuine human development implies growth that is aimed at human betterment and the increase of the common good. It assumes social circumstances in which participation is maximized, opportunities created, unemployment lowered, and poverty addressed.

Genuine human development respects the non-market aspects of development as well. Family life, educational opportunities, social virtue, religious freedom, and care of the elderly, must each be an integral aspect and goal of genuine human development. While the engine of such betterment is the market, the overall impact is diffused. Therefore, the market and its growth potential must be constrained by the juridical and moral structures of a free society. The dignity of the human person leads me to conclude that a society in which most are free, in the sense explained above, is both a just and humane social order; thus, a free-market economy is a necessary component in the development of a humane economic order.

## Notes

1. *Journal of Markets & Morality* 2, 1 (Spring 1999): 74–87.
2. *Journal of Markets & Morality* 1, 1 (Spring 1998): 1–34.
3. Finn, "The Economic Personalism of John Paul II," 74.
4. See Gronbacher, "The Need for Economic Personalism."
5. John Paul II, Encyclical Letter *Centesimus Annus* (May 1, 1991), no. 46.
6. Of course, as one may expect, where the logic of these two disciplines collide, the moral concerns take precedence. However, it is debatable whether this actually occurs, especially if economics is properly grounded in the study of human action. Problems arise when the praxeological theories are inadequate or reductionist in nature. For example, Mises's praxeology, while adequate for generating a useful economic science, has reductionist tendencies when viewed as a general praxeological theory.
7. *Centesimus Annus*, no. 43.
8. *Ibid.*, no. 34.
9. *Ibid.*, no. 42.
10. *Ibid.*, no. 13.
11. John XXIII, Encyclical Letter *Mater et Magistra* (May 15, 1961), no. 109.
12. *Ibid.*, nos. 218–19.
13. John Paul II, Encyclical Letter *Veritatis Splendor* (August 6, 1993), no. 84.
14. The same holds true for theology. Economics need not be fully incorporated into theology in order to develop Christian social teaching properly. Granted, a firm grasp of the science must be obtained, but not every theologian must be an economist.
15. John XXIII, Encyclical Letter *Pacem in Terris* (April 11, 1963), no. 18.
16. *Mater et Magistra*, nos. 51–52.

17. Pius XI, Encyclical Letter *Quadragesimo Anno* (May 15, 1931), no. 23.
18. *Pacem in Terris*, no. 65.
19. *Mater et Magistra*, no. 109.
20. Leo XIII, Encyclical Letter *Rerum Novarum* (May 1, 1891), no. 14.
21. Second Vatican Council, *Guadium et Spes* (1965), no. 69.
22. *Centesimus Annus*, no. 30.
23. *Ibid.*, no. 32.
24. Richard John Neuhaus, *Doing Well and Doing Good: The Challenge to the Christian Capitalist* (New York: Doubleday, 1992), 52–53.
25. *Centesimus Annus*, no. 36.
26. As quoted in D. J. Tice, "Conservatism Versus Consumerism," *The St. Croix Review* XXX (June 1997): 7.