

Catholic Social Teaching and the Market Economy

A Reply to
Daniel K. Finn

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This article examines the use of sources in an essay by Daniel Finn. Booth claims that Finn's citations of Booth's own work (as well as that of others) fail to responsibly and properly account for the original context of those references as well as their clear implications. After outlining the differences between libertarianism and neoconservatism, as well as between Catholic social thought and Catholic social teaching, Booth proceeds to examine three specific citations attributed to him by Finn. Booth concludes by looking at Finn's characterization of positions attributed to Robert Sirico and Rodger Charles, as well as with a statement about the possible contributions to Catholic social thought to be gained from public choice and Austrian economics.

In a contribution to a controversy in the *Journal of Markets & Morality*, Daniel Finn discussed what he described as “Nine Libertarian Heresies Tempting Neoconservatives to Stray from Catholic Social Thought.”¹ This is an inauspicious title for an article in an academic journal. To begin with, it is not obvious why libertarian heresies would tempt neoconservatives. Neoconservatives are not libertarian, and they tend to believe in using the state to achieve neoconservative aims. This is one reason why George W. Bush ranks with Presidents Roosevelt and Johnson as one of the three presidents who expanded the scope of the state most rapidly. There are libertarian contributors to Catholic social thought, such as Thomas Woods; there are Austrian contributors (Woods again, and Jeffrey Tucker); and there are neoconservative contributors too (perhaps Michael Novak falls into this category, but I am less familiar with his writing and less familiar with the neoconservative school of thinking). However, these are three different groups.

Second, it is not clear that there can be a “straying” from Catholic social *thought*. Yes, there can be a straying from the principles of the social *teaching* of the Church—and this is what Finn seems to mean. However, academicians are entitled to contribute to the development of the body of thought that may then influence teaching in the course of time. The principles of Catholic social teaching are clear, but their precise application to most economic issues is usually prudential and often provisional. Much Catholic social teaching leaves room for prudential judgments to be made, and development of Catholic social thought is one of the methods by which this occurs, hopefully in a liberal—in the best sense of the word—and charitable atmosphere.

To clarify, it seems that we should be interested in *libertarian* errors that stray from Catholic social *teaching* rather than *neoconservative* errors that stray from Catholic social *thought*. In short, Finn’s way of presenting the apparent problem is confusing and conceptually inexact.

After this confusion, however, Finn is clear in what he is trying to achieve in the article. He argues that scholars with whom he disagrees wrongly and selectively use Catholic social *teaching* for their own purposes by integrating their ideas with those of Catholic social teaching.² Finn also seems to be concerned that such scholars are claiming Catholic social teaching for their cause and expressing libertarian views that are not in accordance with Catholic social teaching proper whilst writing and talking about the subject.

Taking Economics Seriously

Although this is not my main complaint about Finn’s article, we should be careful not to close off discussion. There is nothing wrong with conservative scholars in Catholic social thought contributing to two (or more) kinds of debate. First, without in any way suggesting disloyalty to the tradition of social teaching, they may use economic reasoning to shed light on prudential judgments. For example, the Church does not say that there should never be a state-mandated minimum wage and neither does it say that there always ought to be one. Liberal economists—in fact, any economists studying the economics of wages—can help our understanding of whether it is prudent to legislate for a minimum wage. To give another example, scholars might use public choice analysis to show why increasing the power of international law-making bodies as currently constituted might not be a prudent way of realizing the common good on an international level—even if Catholic social teaching has expressed favorable views of such bodies in principle.

Second, the Church may make statements on particular policy issues within its social teaching that are quite definitive—though this is unusual. To give one example, the Church has made specific statements about rich nations’ providing international financial aid. It has also been very critical about the way in which aid has been delivered. It is perfectly reasonable, however, for a Catholic economist to conclude that, in economic and political terms, aid has proven to be a failure and has indeed created its own set of problems. For example, it has been estimated in one academic study that 40 percent of all arms in Africa were financed by foreign aid in the forty years after 1960. Conflict is one of the major causes of poverty in poor countries. It is surely not right to stop Catholic economists from writing about the problems of development aid simply because the Church has made statements in favor of such aid. It is worth noting that the Church has warned again and again about the use of aid to finance arms. Nevertheless, if economists believe that given the political conjuncture, aid cannot be provided efficaciously, this argument should not be ignored.

Of his various concerns, surely, the only legitimate concern that Finn can have would be if conservative scholars were to claim Catholic social teaching for their cause—that is, if they were to claim that the Church supports a conservative position when it does not do so. Indeed, this does seem to be Finn’s main criticism of conservative thinkers. Unfortunately, Finn makes his points rather badly and, in doing so, has undermined the reputation of authors whom he criticizes undeservedly. This is a serious matter.

Specific Claims of Finn Rebutted: Catholic Social Teaching and the Market Economy

Finn uses three examples from my own work to try to justify his hypothesis. However, in two of these three examples, Finn seriously distorts the message I was trying to convey, and this would be known by anybody reading the following or preceding sentences related to the quotes that are used by Finn. In the third example, I was not, in fact, the author of the quotation!

All the examples of my work that are quoted by Finn are from my edited book, *Catholic Social Teaching and the Market Economy*.³ In the second quotation used by Finn, I state, “taxation, of course, violates private property.”⁴ It is suggested that I make this statement “quite openly” (as if this is a matter that should only be discussed discretely through fear of offending people).

Finn uses this quotation as an example of the so-called heresy that private property gives the owner complete control over everything that is owned. As it

happens, this is a very confusing way of constructing the heresy, and it is only by this bizarre construction that Finn can justify the criticism of my position. Private property does, indeed, give the owner complete control over everything that is owned.⁵ The important point is that the Church does not believe in the inviolability or absoluteness of private property—its primary argument in favor of private property is that it is the most efficacious way of realizing the universal destination of material goods whilst promoting human dignity and the common good in a spirit of solidarity and subsidiarity.

I do not deviate in any sense from the Church's position. In the sentence immediately before and in the sentence immediately after the quotation used by Finn that is absolutely clear. Indeed, the purpose of the paragraph from which the sentence quoted is taken is *explicitly* designed to explain that, though taxation violates private property, such violations are permitted—indeed required in certain circumstances—by Catholic social teaching.

Of course, if we want to redefine the meaning of private property to include property that is not privately held, then taxation would not be a violation of private property! This is not, however, a very helpful way to progress the debate. I could equally write this article so that every word was defined to mean the word that was typed ten words before it, but that would make things very confusing. There is no reader of the paragraph from which Finn quotes who could be in any doubt about what the paragraph meant. It states clearly the position of Catholic social teaching and does not deviate from it.

It has to be said that there are some contradictory positions on this issue within Catholic social teaching, and, as I have noted, such teaching is generally provisional. It is widely known, for example, that the statement from *Rerum Novarum*, “the first and most fundamental principle, therefore, if one would undertake to alleviate the condition of the masses, must be the inviolability of private property,” has not been accepted by successor popes nor was it the teaching of Saint Thomas Aquinas.⁶ Indeed, despite making that statement, elsewhere even Pope Leo XIII did not say that private property was absolute. To give an example from a different area of economics, it is difficult to reconcile Pope John Paul II's severe criticism of the welfare state in *Centesimus Annus* with Pope Benedict's statement lamenting the apparent reduction in the size of welfare states in *Caritas in Veritate*. The Church's social teaching changes, partly because the facts and contexts in which its principles are applied change. There are also difficulties within some translations. It is possible that Finn has decided that the best way to reconcile Pope Leo's statement (*RN*, 15) with the more general teaching of the Church is to define private property as “any property that is legitimately held”—that way a paradox would be resolved though it would be confusing to

99.9 percent of readers. Nevertheless, given these ambiguities and clarifications, Finn should have asked himself what the sentence he quotes was intended to mean in the mind of the author. It is quite clear—abundantly clear—that it was suggesting that taxation is a justified violation of private property in Catholic social teaching and, indeed, a libertarian Catholic correspondent criticized my position on this.

The third quotation relating to my work states: “Philip Booth even attributes the ‘exploitation of individuals or resources by multinational corporations’ in the developing world to the failure of governments there to fulfill their roles ‘of protecting and enforcing property rights and contracts.’”⁷ This is a quotation from the introduction to *Catholic Social Teaching and the Market Economy*. I have elaborated on this issue at length elsewhere and have made clear the responsibilities of corporations to fulfill the moral law when governments do not enforce basic principles of natural law that it is their duty to enforce. As such, my general position on this issue is not in doubt. However, even if Finn were unaware of my other writing on this topic, his point would simply have evaporated if he had not used a mixture of direct and indirect quotations in order to avoid quoting the previous sentence which reads, “*Sometimes* these problems [that are often laid at the door of the market economy] arise because government is not performing its own legitimate functions properly” (italics not in original).⁸ Is Finn saying that this is never the case? Is he saying, for example, that no problems arise in the world’s very poorest countries because governments do not perform their legitimate functions properly? It is also worth noting that the paragraph immediately before this sentence points out that Catholic social teaching does not support an unbridled market economy, and the paragraph immediately after mentions the possible responses to problems that do arise within a market economy. I am certainly not suggesting that Catholic social teaching is taking a position that is uncritical of the market.

In the first quotation attributed to my work, Finn suggests that I say, “the state should not attempt to protect or alter a society’s moral ecology in ways that seek to force people to acquire virtuous dispositions.” Finn goes on to say that I would therefore oppose laws relating to slavery, wife beating, and racial discrimination and suggests that, in contrast to me, Pope John Paul II believed in creating a juridical framework for the market. Three points are worth making here. First, I state—more than once—in *Catholic Social Teaching and the Market Economy* that the market should have a juridical framework. Indeed, it is problems caused by the absence of such a framework that led me to write the third sentence Finn quoted from my work that I have just discussed. Finn seems to simultaneously want to blame me for arguing that there should *not* be

a juridical framework—as if I am an anarchist—whilst also complaining that I blame the *absence* of a juridical framework for many of the problems that occur in markets. Second, the quotation is, in fact, incorrectly attributed to me. The sentence was actually written by Samuel Gregg as is very clear in the source.⁹ Third, Gregg immediately goes on to qualify his statement. He says that the state should help people make the correct moral choices but do so indirectly; he explicitly says that the job of the state is not merely to uphold the law but that it should create the institutions that support persons’ efforts to choose good; and he quite specifically uses the example of spousal abuse as a legitimate occasion for state intervention.¹⁰ However, the point that Gregg is trying to make is, “Normally, however, direct state intervention in family matters is unwise because it involves the application of political wisdom—and power—to a sphere where domestic wisdom and authority ought to prevail.”¹¹

Finn’s Use of Material from Other Authors

It is not as if Finn is especially careful in his own juxtaposition of his political views with Catholic social teaching. He criticizes Fr. Robert Sirico for opposing a legislated minimum wage and suggests that Sirico does not believe in the concept of an “unjust wage.” Finn further suggests that this is contrary to the teaching of Pope Leo XIII. In the quotation from Sirico, there is certainly criticism by Sirico of a legally mandated minimum wage, but no claim is made that all wages are necessarily just. In the quotation from Pope Leo, there is no mention of whether there should be a state-mandated minimum wage. That is not surprising, because no such statement can be found. It is not part of Catholic social teaching that all problems of injustice have to be dealt with by state regulation. Sirico does not mention justice but does mention state-mandated minimum wages; Pope Leo mentions justice but does not mention state-mandated minimum wages. Pope Leo cannot be used to attack Sirico—at least on this occasion. Furthermore, Finn simply integrates what I assume are his political views in favor of a legislated minimum wage with the statement of Pope Leo XIII who is making a general point about justice without making any point about the prudent direction of regulation in this area.

Finn’s sloppiness is also evident elsewhere. He suggests that Catholic social teaching has frequently stated that markets cannot regulate themselves. It would be deeply worrying if Catholic social teaching suggested this because it would be ignoring clear evidence such as the existence of stock exchanges that were so successful as self-regulatory devices that the motto of the London exchange became “my word is my bond.” In fact, Catholic social teaching does say that

markets *may not* necessarily regulate themselves, but that is not the same thing as saying that markets *cannot* regulate themselves. It is also a matter of debate—and possibly semantics—whether the institutions that Catholic social teaching says should be the *primary* regulators of the market, such as professional associations and institutions of civil society, are part of the market or external to it. Certainly they are not institutions of the state—at least not according to Catholic social teaching.

Others can criticize Finn on his broader premises or on his use of other authors' quotations if they wish. I would like to finish with one example of an attack on a scholar that is especially ill-judged. Fr. Rodger Charles is lumped in with the neoconservatives and the libertarians. This is absurd. There is no more orthodox proponent of Catholic social teaching than Fr. Charles—and he is blunt in his criticisms of the market, being unreasonably dismissive in my view, for example, of the late Professor Lord Peter Bauer's work on development aid. Finn says that it is inexplicable that Fr. Charles fails to report Saint Thomas Aquinas' central claim regarding the just price that it was *immoral* for a seller to raise the price just because the buyer was willing to pay more. I am not an expert on the just price, but it seems strange that Finn suggests that an *immoral* action is at the center of the central claim regarding the *just* price because, as I understand, Saint Thomas clearly distinguished between immoral and unjust actions. An unjust action is necessarily immoral but an immoral action is not necessarily unjust.¹² More importantly, though, what does Fr. Charles actually say? He refers to, on the page of his monumental two-volume work on Catholic social teaching and witness to which Finn is actually referring, "their [St. Thomas and the moralists] enemy being monopoly or price discrimination of any kind."¹³ Nothing more needs to be said: Price discrimination is changing a price because a buyer is willing to pay more.

Conclusion

There is room for scholarly debate on the issues raised by Finn. In particular, conservative scholars should not claim Catholic social teaching for their cause by taking it out of context. Second, they should think back to the anthropological and theological underpinnings of Catholic social teaching and check whether it is consistent with their preconceived worldviews. Indeed, Finn has helped me do just that in correspondence and discussions with me—though not in the course of this misdirected attack. At the same time, as Pope Benedict has said, ignoring scientific knowledge in the field of economics is empty moralism.¹⁴ If economists have something to say about the damaging effects of minimum wages, development

aid, or regulations to prevent “price gouging”—especially if policies in this field harm the poorest and help well-connected vested interests—they should say it. Economists on the other side of the argument should contribute their theory and evidence too. They should do so with charity and clarity and all the while being courteous to those with whom they disagree. Those arguing on both sides of the debate should disagree whilst generously trying to understand the context of the arguments of others. Finn does not do that in the course of this article and has not represented fairly the views of those whom he criticizes. As such, he has confused the debate and not helped it to move forward.

I would like to finish with a comment on the general disposition of those who debate Catholic social teaching. It is hard for any except the most diligent academics to produce arguments that are watertight in every respect. Some comments about economics by those who specialize in theology or philosophy who are otherwise not trained in economics are often embarrassing. At the same time, those who specialize in economics who wish to make a contribution to Catholic social thought may be prone to error in other respects. This will happen among both conservative and left-wing scholars, and one of the purposes of academic debate is to try to move knowledge forward by understanding and critiquing the arguments of others.

That said, it is worth noting two economically liberal schools of economic thought that make assumptions that ought to be attractive to Christians. The fundamental assumption of *public choice* economics is that we cannot assume that people will always behave in a beneficent and omniscient way in government. This accords with human nature and experience. The fundamental assumption of *Austrian* economics is that knowledge is naturally dispersed amongst reasoning, acting human persons and cannot be centralized. Economic central planning is impossible because we lack the knowledge to bring it to fruition. No assumption is made about whether persons necessarily seek material ends in economic life, and there is a deep appreciation of the sophisticated collective structures that can develop in society without those structures being consciously organized by the state. Again, this human anthropology should resonate with Christians. It is not a coincidence that both John Paul II and F. A. Hayek traced the ills of the twentieth century back to the same person—Descartes—in one of their last major works. This does not mean that Austrian economics *is* Catholic social teaching in economic language. It simply means that the thinking of the school has much to contribute.¹⁵

Notes

1. Daniel K. Finn, “Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought,” *Journal of Markets & Morality* 14, no. 2 (Fall 2011): 487–503.
2. I will simply describe such scholars as “conservative”—in the American sense—for the sake of convenience and use this word to describe people who have a natural inclination toward small government at home and abroad.
3. Philip Booth, ed., *Catholic Social Teaching and the Market Economy* (London: Institute of Economic Affairs, 2007).
4. Philip Booth, “Taxation and the Size of the State,” in *Catholic Social Teaching and the Market Economy*, 112.
5. Although such private property—following Hayek, Demsetz, and others—is a bundle of rights that can be assembled in various ways.
6. Leo XIII, Encyclical Letter *Rerum Novarum* (May 15, 1891), 15.
7. Daniel K. Finn, “Nine Libertarian Heresies,” 499.
8. This is specifically in the context of a discussion about problems that are often laid at the door of a market economy. See Philip Booth, “Introduction: Understanding Catholic Social Teaching in the Light of Economic Reasoning,” in *Catholic Social Teaching and the Market Economy*, 35.
9. It should be noted that Daniel Finn, in correspondence with the author, has accepted his error here. I do not know whether he has asked the journal to issue a correction. See Samuel J. Gregg, “Catholicism and the Case for Limited Government,” in *Catholic Social Teaching and the Market Economy*, 269. For Gregg’s own response to Finn’s point here, see Samuel J. Gregg, “A Brief Note on the State and Society’s Moral Ecology,” *Journal of Markets & Morality* 15, no. 1 (Spring 2012): 7–10.
10. Finn has also accepted, in correspondence, that the point he made about slavery and spousal abuse was unreasonable. Again, I do not know whether he has asked the journal to make a correction.
11. Samuel J. Gregg, “Catholicism and the Case for Limited Government,” 268.
12. This interests me, somewhat. Does this mean that it is unjust to benefit from what economists call price discrimination? Would Finn argue, then, that drug companies should not sell drugs at higher prices in the West and at lower prices in poor countries? This is a strategy that allows the companies to obtain a return on their research and development costs whilst allowing access to the drugs in poor countries so long as the markets can be kept separate. A modern account of these issues would be interesting.

13. See Rodger Charles, *Christian Social Witness in Teaching: Catholic Tradition from Genesis to Centesimus Annus*, vol. 1, *From Biblical Times to the Late Nineteenth Century* (Herefordshire: Gracewing, 1998), 199.
14. See Joseph Cardinal Ratzinger, "Church and Economy: Responsibility for the Future of the World Economy," *Communio* 13, no. 3 (Fall 1986): 204.
15. I should add that, in correspondence, Finn has said to me that he accepts this.