The Catholic Social Science Review 14 (2009): 129-132

RESPONSE

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There are two main issues to consider when evaluating arguments about the relationship between different schools of economic thought and Catholic social thought: 1) is the economic theory an adequate explanation of the economy that it purports to explain; and 2) is there a fundamental disagreement between Catholic social thought and the school of thought that would make using its insights problematic for Catholics. The first issue is obvious, Catholics, like all others, should use good economics, with the standard for "good" being useful and realistic, though acceptance of a theory based on it being good or bad economics is a matter of prudential judgment and not an issue of faith. However, if the economic school relies on assumptions which directly contradict Catholic teaching and these assumptions are essential aspects of the economic theory, or if the theory necessarily leads to policies which directly contradict Church teaching (such as promoting the killing of the unborn), then a faithful Catholic must necessarily reject this economic school. I propose to use these standards in evaluating the exchange between historian Thomas Woods and Thomas Storck.

Good Economics

Storck's paper is correct in emphasizing power and institutions as primary aspects of understanding a modern economy. Neoclassical economists minimize power and they completely ignore institutions. Neoclassical economics, for the most part, attempts to explain economic activity as the result of prices and preferences alone, refusing to go beyond the surface to explain where preferences come from, or how prices actually are formed. Neoclassical economics, to carry out its research agenda of being a hard science (mathematical), had to eliminate historical and social context (Clark 1992). What they failed to see is that social and historical context are what make market activity (and all other economic activity) possible, for they provide the dominant and persistent forces that allow for any economic theory to be possible. By excluding what should be emphasized, neoclassical economics has made itself irrelevant. Evidence of this is the complete inability of mainstream economics to explain either the good times of the 1990s or the current financial meltdown. In fact, their undying faith that unregulated markets promote efficient pricing, even for risk, is a major prerequisite for bubble and crash. Catholics should reject neoclassical economics because it does not do what it should do, explain a modern economy.

Austrian economics differs from mainstream neoclassical economics in that it rejects mathematics as the primary language of economic theory and it provides a more ideologically pure defense of free market capitalism (neoclassical economists often reach non-neoclassical conclusions, such as support for government intervention). And while Austrians do not ignore institutions, they see them as effects and not as causes (Clark 1993). They rigidly adhere to methodological individualism because they value individualism over concepts like the common good. This is seen in their story of the "spontaneous order" of markets; that self interested individuals meet in the "state of nature" and trade with other self-interested individuals, reaching an equilibrium or at least have a tendency towards the Austrian view of equilibrium (the evenly rotating economy) (Clark 1987-88). Yet markets were not spontaneously created in the real world but instead were instituted by those with power. And the "rules of an economy" are not "economic truths or laws" but are socially created and variable, based on tradition and command. The Enlightenment view of "natural law" in economics as *positive, scientific statements* has been a failure.

Philosophical Preconceptions

Catholic social thought is not an economic theory, nor does it offer an economic program (Clark 2006; 2008). What it does do is provide a set of principles that are both a guide for social inquiry and for evaluating social outcomes. CST provides the philosophical foundations or "vision" necessary to ground social theory interested in promoting true human development. This includes answers to the basic questions: What is the nature of the human person? What is society? And what is value? (Clark 2002). These questions are fundamental to all social theory, and they are questions that economics as a discipline is not qualified to answer, thus the economist must look to theology and philosophy. Space limits what I can say here, but a Catholic and Christian perspective starts with a view of the human person based on the Imago Dei, man being made in God's image and likeness. Thus man has the ability to reason, free will, and a social nature. Humans achieve their authentic development by giving themselves to others in love (and in no other way, as John Paul the Great often noted). Society cannot be reduced to either individuals only (neoclassical economics and Austrian economics) or society only (as with some forms of Marxism). And the end of human activity is union with God; all economic goals are means to higher ends. Austrian economics is based on an extreme version of rational economic man that Catholics have to reject, both because it contradicts the Imago Dei, and because all observation shows it is wrong. Even many neoclassical economists are figuring this out (this is clearly shown by experimental economics and nanoscience applied to economics). Furthermore, Austrians view society as a mental fiction, something in opposition to the individual. The reason that the leading Austrians have been so hostile to the Church's teaching and to any application of morals to economics is because it contradicts their idea that utility is the highest value, and individual choice is the only legitimate standard of right and wrong (which naturally leads to moral relativism. As the view of the human person is the crux of the disagreement, I have provided a table that shows the contrast between the two.

Imago Dei	**versus**	**Homo Economicus**
Christian Anthropology		Rational Economic Man
Person		Individual
Social Nature		Autonomous
Free Will		Deterministic
Union with God		Utility
Solidarity		Self-Interest

The exchange between Storck and Woods touch mostly on the validity of economic theories, yet the heart of the issue for Catholics is the conflicting views of the human person. It is my opinion that Catholics *should* reject Austrian economics because it is bad economics; it does not provide a realistic or useful explanation of an advanced Capitalist economy. Moreover, Catholics *must* reject Austrian economics because it's fundamental philosophical preconceptions, especially its view of the human person, conflicts with theological Truth.

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