

RESPONSE

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In responding to Thomas Storck, Thomas Woods gets immediately to the heart of the issue, namely, whether the Church has any authority to address matters of economics:

Nothing in the Deposit of Faith even comes close to deciding this and countless other important economic questions one way or the other. Not even the most uncomprehending or exaggerated rendering of papal infallibility would have the pope adjudicating such disputes as these.

Prof. Woods is correct to start with the question of the Church's competence in these matters, for if Woods is right, then the whole social teaching is a mistake on the order of magnitude of the Galileo affair, and all Catholics should be rightly embarrassed by such papal overreach.

Prof. Woods' objections are summed up in his claim that "the positive, scientific statements about these phenomena that constitute the discipline of economics are necessarily value neutral. Describing the workings of fractional-reserve banking is a positive task, not a normative one." This statement actually involves two claims: a positive-normative dichotomy within the sciences, and the idea of value-neutral descriptions of economic mechanisms.

As for the "positive-normative" duality, it poses a false dichotomy. Every science, insofar as it is a science, must be *both* positive *and* normative. Every science, insofar as it is a science, must be "normalized" to some criteria of truth. These truths will arise from two sources, an internal and an external source. The internal criteria involve a science's proper subject matter and methodology. But these criteria are insufficient to found any science as a science. In addition, there must be external criteria of truth, and these truths can only come from one or more of the higher sciences. In the absence of such an "external" check, the "science" will merely be circular, dependent on nothing but its own axioms and unconnected to the hierarchy of truth. Thus, for example, biology is responsible to chemistry and chemistry to physics. No biologist can violate the laws of chemistry, and no chemist can reach a conclusion contrary to physics. Thus every science is responsible to its own methodology (and therefore "positive") and to the higher sciences (and therefore "normative"). Every science has, therefore, both its own

proper autonomy, based on its subject matter and methodology, and its own proper connection to the near sciences, based on the hierarchy of truth.

Without submitting itself to this hierarchy of truth, no truth can be called a “scientific” truth. Without the proper *scientific humility*, no study can find its proper place in the hierarchy. Merely being mathematical, or empirical, or axiomatic is not enough, no matter how precise the mathematics, how careful the observations, or how certain the axioms. An astrologer, for example, will make observations as precise as you like, will draw charts as complex as you like, and make predictions as specific as you like. And all of it will be consistent with astrology’s own axioms. However, these axioms are never subject to the judgment of any other science; lacking this scientific humility, astrology cannot be science. It may be, for all I know, God’s own truth; it can never be man’s own knowledge. It must be accepted or rejected *sola fide*; no scientific judgment can ever be made because it can never be science.

So the proper question is not whether economics is positive or normative; since it is a science, it is both. The question is, “To which of the higher sciences is it subject?” The physical sciences normally terminate in physics, but the humane sciences—the sciences of human relations—terminate in some view of man and particularly in some view of justice. It is justice that regulates human relationships, not “merely” in the moral sense, but in the practical sense as well. That is, an economics that has no sense of justice will make no sense at all; it simply will not work. Justice is not some arbitrary “value,” but a principle of practical reason that keeps things reasonable.

This brings us to the second claim, namely that we can describe economic phenomena in “value-neutral” terms. But Woods himself undercuts this claim when he quotes Mises to say, “History cannot be imagined without theory.... No explanations reveal themselves directly from the facts.... The ‘pure fact’—let us set aside the epistemological question whether there is such a thing—is open to different interpretations.” This is quite correct. There is no pure “facticity,” only human observations and interpretations, this is to say, theories. But what neither Mises nor Woods goes on to say is that all such theories are value-laden and culturally encoded.

For example, a statement like, “Unemployment stands at 8.2%,” certainly sounds “scientific” in the “value-neutral” sense. But as Charles M. A. Clark explains, in measuring unemployment, the economist must:

[F]irst start by making the decision that it needs theoretical explanation and second [he] must define what unemployment is, both of which are blatantly value-laden (and political) activities. Furthermore, the choice of what methods to use to investigate this phenomenon also involves value judgments, as does selection of the critical criteria about what will be accepted as the “final term” in the analysis, the bases of what arguments will or will not be accepted. However, values and value judgments enter into theory construction on the ground floor by giving the theorist the “vision” of the reality s(he) is attempting to explain. This “vision” is pre-analytical in the sense that it exists before theoretical activity takes place. (C. M. A. Clark, “Economic Insights from the Catholic Social Thought Tradition: Towards a More Just Economy.”)

In resolving the question of whether we can have “value-neutral” theories and descriptions, I would propose to Mr. Woods the same test he proposed to Mr. Storck: Describe the fractional-reserve banking system in terms which do not resolve themselves to some set of values. I do not think this can be done; I do not see how one can describe a credit system without some reference to *credo*, “I believe.” Indeed, credit systems are more matters of faith than are most religious doctrines.

If, then, there is neither a fact-value nor a normative-positive distinction, then Woods’ objections must fall away. Economics must indeed submit itself to the higher sciences, sciences concerned with human relations and hence with justice. And while there are many sciences that enter into this discussion, the final arbiter of justice (for readers of this journal, at least) is the Church and the Roman pontiff. Not indeed, as an expert in economics—or sociology or psychology—but as the final authority on the subject upon which economics depends. And the economist must feel no more embarrassment about this submission than the biologist feels when he must conform to chemistry. Those who depend only on their own axioms must remain outside the scientific hierarchy; the Austrian and the Astrologer may both speak truth, but neither can claim to speak “science.”

