The True Wealth of Nations in Recent Catholic Social Thought: A Review Essay

The True Wealth of Nations: Catholic Social Thought and Economic Life

A.M.C. Waterman
St. John’s College, Winnipeg

“The economic and cultural criteria identified in the tradition of Catholic social thought (CST) provide an effective path to sustainable prosperity for all” (p. 4). It is the purpose of the essays in this volume to investigate, explicate, and if possible justify that proposition. The project originated in a conference sponsored by the lay, independent Institute for Advanced Catholic Studies at the University of Southern California; the volume is edited by Daniel Finn, and several other contributors will be well known to ACE members.

What is CST, what does it recommend for the economy, and how should we know whether its proposals have been realized? Fr. Albino Barrera (ch. 1) argues that “unlike Marxism or libertarian capitalism CST pursues a … path of balancing two-fold objectives in a mixed economy” (p. 26). Therefore table I, “CST on the Economy As It Might Look in Practice” (pp. 29-30), lists all the predictable orthodoxies of the left wing of the Democratic party—progressive taxation, food stamps, health-care insurance, affirmative action, carbon tax, minimum wage, subsidized higher education, and the like—which, save in the USA, are now taken for granted by almost all in the civilized world (See Finn, p. 153, which specifically locates CST on the political spectrum, to the left of “neoconservative Christians”, libertarians, and co-religionists such as Michael Novak). These programs are believed to conduce to the “Common Good,” a central conception in CST though hard to identify with any clarity (see pp. 14-15, 42, 83, 89, 120, 219, 277, 329, which taken together leave the reader in much uncertainty). There are a few unexpected items in the table. Hard-nosed economists might wonder how “bankruptcy assistance and protection” or the “boycott of unethical firms” could serve the Common Good under any possible specification.

Just what is “Sustainable Prosperity for All” in the CST tradition? Andrew Yuengert (ch. 2) shows that “True Prosperity Is Not Identical to High Income”—an easy task; and goes on to argue that a truly prosperous
community is characterized by four resources: “goods of a personal character” (the virtues), “goods of personal initiative” (we are expected to bring about our own good), “social goods” (especially beneficial social relations), and “material goods” (p. 49). The last are necessary but not sufficient for true prosperity, and subsume “high income.” What of sustainability? It “requires that a society contain certain resources that renew the constituents of prosperity” (p. 54). The virtues (including a new one, “solidarity”) are important but there must be “physical capital and natural resources” (ibid.). CST may well foster “spiritual capital” but it is not explained how it could renew the supply of natural resources for the world as a whole. The four resources are described as “independent” (p. 57), but this is questionable. As the early modern history of Switzerland, Scotland, and Holland shows, a country initially poor in natural resources and capital can eventually acquire them (or acquire control in the case of off-shore natural resources) if it is blessed with a virtuous and enterprising population.

The next five essays address historical themes. Stefano Zamagni (ch. 3) identifies a “civil economy” in late-medieval Italy, and argues that many of the institutions of capitalism, such as banks and corporations, had their origin in a “new culture” created by the monasteries and informed by Franciscan thought, “which was the first true school of economics” (p. 68). Moreover, Weber was correct in seeing that Protestantism was cause rather than effect of “capitalism” (pp. 76-77). We here encounter a prime methodological question, crucial to any appraisal of these essays and indeed of CST as a whole. Are we Keynesians who assume that ideas are exogenous and determine real outcomes (Keynes, 1936, pp. 383-384). Or are we Marxians who believe that material conditions of production determine the cultural superstructure? It would seem that CST has to be committed to the Keynesian position else it is nugatory. Most of the essays in this book take it for granted. Yet some intellectual historians find that the “partial equilibrium” approach of both Keynes and Marx fails to describe the real world. It is more revealing to think of ideas and material circumstances as mutually determining each other, thus generating a dynamic process characteristic of systems of “circular causation” (Swan, 1962). There is some hint of this in one or two of the essays, notably Hirschfeld’s (ch. 7).

Vera Zamagni (ch. 4) considers “The Political and Economic Impact of CST since 1891” with special attention to the Christian Democratic parties and Christian Labor unions in France, Belgium, Holland, Denmark, Germany, Austria, Hungary, and Italy. Though the Vatican only accepted
democracy in 1944, Christian Democratic parties flourished everywhere except in France, and even formed or led governments in many countries down to the 1960s. They were instrumental in the formation of the European Union.

The next two essays, one by a lawyer (Vincent Rougeau, ch. 5), the other by a Christian ethicist (Daniel Finn, ch. 6) examine contracts, essential for impersonal economic cooperation in a free society. Rougeau shows that “when Anglo-American contract law is evaluated in light of the understanding of justice in Catholic social thought, it does not appear particularly just, and, in some cases, it may even be a tool for perpetuating certain types of injustice” (p. 117). Finn unpacks the usage of “justice” and “injustice” in early-Christian and medieval times. Human positive law “must be in accord with the natural law” else it is no law and may be disobeyed (p. 147). Though in ordinary usage the “justice” of a contract is simply commutative, Finn asserts that both distributive and “social” justice must now be involved. His chapter also touches on the crucial questions of the mutation and development of CST (pp. 154-59), and on whether “selfish action can … conduce to the well-being of society” (p. 159), to each of which we must return later.

The first of these two questions, phrased as “How Historical Context Shapes our Understanding of the Principles of Catholic Social Thought,” is carefully and lucidly examined by Mary Hirschfeld in a Thomistic context (ch. 7). St. Thomas lived before the great advances in human material welfare of the last six centuries, hence his “teachings about the economy are subject to the critique that they might impede efficiency. This is a trade-off—or at least a potential trade-off—that our project necessarily raises” (p. 185). Because Thomas believed that wants are satiable he did not see that “scarcity is an inescapable fact of life” (ibid.). We might add here what no contributor to this volume mentions and which Thomas could not have realized: that even with bounded wants scarcity is a necessary consequence of human fecundity in a finite world. Thomas died several decades before the Black Death (ca. 1348-1350) when Europe’s population was stationary. Its aftermath inaugurated a population explosion that is still with us.

The next set of essays deals with various economic issues related to the fundamental hypothesis. Fr. John Coleman’s (ch. 8) deals with the relatively new concept of “social capital”: “the connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them” (p. 207). These are necessary for the viability of any society whatsoever (Waterman, 2003), and the concept has lately appeared in Papal
social doctrine (see Benedict XVI, 2009, para. 32). A more problematic treatment of “capital,” departing widely from ordinary usage, is provided by Jon Gunnemann (ch. 11), one of the two Protestant contributors to this collection. Writing as a theologian, Gunnemann sees capital as “energy organized in relation to specific ends” (p. 298), and thus as an abstraction from the underlying reality of the Spirit of God (pp. 298-301).

Another related pair of essays, those by Simona Berretta (ch. 9) and the other Protestant author, Maylin Biggadike (ch. 12), consider “the economic situation of women today,” which is a “critical test of the efficiency and justice of our economic system” (p. 227), and which has been virtually ignored in Papal social doctrine. (However, see the single paragraph 33 in John Paul II, 1991). Berretta returns to the “social capital” theme in her emphasis on the “generational” character of the family (pp. 242-244). Biggadike, writing from an “ecofeminist” point of view (the prefix “eco-” could be amputated painlessly by Ockham’s Razor), takes up “the perspective of poor women in the two-thirds of the world, out of the conviction that we will not understand prosperity without addressing the ethics and economics of poverty” (p. 319). Like Berretta she reminds us that “the most important measure of a healthy society, of the true wealth of nations, lies in the predicament of its most vulnerable group” (ibid.).

The remaining essay in this group, by Fr. Paulinus Odozor from Nigeria (ch. 10), invites us to imagine “an Africa that is self-sufficient, an Africa that can educate its young, feed its people, look after its health and other needs without assistance from the international community” (p. 267). He believes this is possible; and also that “Catholic social teaching contains important insights that can help Africa address many of [its] challenges” (ibid.). “Instilling the sense of the common good in African leaders and people could be the greatest contribution anyone can make to sustainable economic progress in Africa” (p. 278). But many African “leaders” are ruthless, self-serving dictators. And many African “peoples” are riven by ancient tribalism that the much-maligned “colonialism” briefly contained but which is now returned, equipped with AK47s. Preaching may not work. We need incentives, of which, more below.

The final essay in this book, in a section by itself, is a statesmanlike reflection by “a Catholic social ministry bureaucrat,” John Carr (ch. 13), on “Moving from Research to Action.” Perhaps he is unfair in blaming most of the papers for being “abstract” (p. 344): what else could or should they be? The “Catholic Framework for Economic Life” that he recommends (p. 345) is at least as “abstract” as any of the essays. But he puts his finger on the central truth: any good that might be realized through CST is going to
happen not by preaching but through “institutional and individual forms of service and public action” (p. 343). The Church does its redemptive work in this world not by grandiloquent pronouncements of the hierarchy but silently and mysteriously, in a myriad of invisible and unpredictable acts by the people of God: guided by the Holy Spirit, living out their Christian commitment in their daily lives, serving as a leaven in the social lump.

What does all this add up to? First we should acknowledge the importance of this project for serious Christian thinking about economic and political life, our gratitude to the organizers, and our appreciation of the excellence of many of the contributions. Behind this we must acknowledge the exemplary witness of the papacy since 1891 to the duty of the Christian Church (or churches) to engage with the secular powers in the discussion and determination of public policy. No other authoritative ecclesial body has continuously kept Christian principles on the political agenda for so long and in so many parts of the world. Papal social doctrine, despite many a twist and turn, despite occasional nonsense and error, has been a beacon to the world.

For that very reason it is important enough to be worth criticizing. One of the great merits of the True Wealth project is that it opens up CST to critical scrutiny by intelligent and expert scholars, very few of whom are clerics. The following comments are intended to continue that conversation.

To begin with, what about Original Sin? “It is the presence of sin and its effects that make the True Wealth project necessary” (p. 44). Correct! But Yuengert is the one contributor to address sin seriously, and only three others (S. Zamagni, Hirschfeld, Gunnemann) even so much as mention it. Because many of the contributors avert their gaze from this basic fact of the human condition, their analyses and recommendations sometimes have an unreality that is Romantic at best, Pelagian or Liberal-Protestant at worst. We are told (pp. 41, 43, 55, 175, 176, 189, 252, 344) that we are created in the image of God and that this implies “the dignity of each human person” (p. 42). But on the evidence of this collection CST seems to be comfortably ensconced in the first two chapters of Genesis, with an overwhelming reluctance to move on to the universal human tragedy in chapter 3. Yet unless we believe that the *imago dei* is utterly defaced by sin, then Christ died in vain. And if we believe that our salvation in Christ is a process seldom perfected in this life, we shall acknowledge that our private and public morality depend on more than pious rhetoric and good intentions. We shall need *incentives* to harness our self-interest to the common good. We shall recognize *scarcity* as a pervasive consequence of the Fall. And we shall see that human *knowledge* is very limited and
human reason corrupt.

In Africa, we are told, “people must think on a much broader canvass than the one provided by ethnicity and tribal affiliation” (p. 277). But what is in it for me if I am a Somali pirate, a henchman of Robert Mugabe, or a state bureaucrat in Nigeria? The only way to get me to work for the Common Good is to guarantee me an income for good behavior significantly higher than I can get from crime, oppression, or corrupt practices. These are only extreme examples of the need of incentives in a fallen world. Would courts of justice in Canada and the USA work as well if our judges were not so paid as to place them beyond the temptation of bribery? Suppose, as CST is said to recommend (p. 29), that we afford “bankruptcy assistance and protection” to private businesses that have failed to meet the test of the market: may we not expect that business will become more reckless and bankruptcy more common? How eager would people be to get back to work if a “preferential option for the poor” taught by CST induces government “to provide vibrant assistance to the unemployed” (p. 158)? Whether we like it or not, we are stuck with self-interest, and this applies as much to rulers, legislators, and bureaucrats as to managers and workers in the private sector. At least in the private sector well-functioning markets may harness self-interest to the Common Good. But in the public sector we have to create the appropriate incentives: for

in contriving any system of government and fixing the several checks and controul of the constitution, every man ought to be supposed a knave and to have no other end, in all his actions, than private interest (Hume, 1994 [1752], p. 21).

There is unfinished business here for CST.

CST, we are told, affirms that “all the people of the earth have the right to have their needs met” (p. 159). Yet it is an axiom of moral philosophy that there can be no “right” to that which is unfeasible. Can we meet everybody’s needs? It depends in part on what we mean by “needs;” but even more upon how many people there are. The latest social encyclical asserts that “on this earth there is room for everyone” (Benedict XVI, 2009, para. 50). Does that make sense? World population has grown from one billion in 1810 to 6.5 billion today; it is projected to reach 10 billion by 2050. Therefore Pope Benedict is literally right. But in the two most populous nations, China and India, which together account for forty percent of total population, average daily incomes are $13 and $7 respectively. The figures are even lower for 60 other countries including
most of sub-Saharan Africa: as low as 55 cents in Zimbabwe (one of the richest and most prosperous African countries under British rule). If incomes were exactly equalized we should all get $29 per day. Perhaps that would be enough to meet everybody’s needs. But even if it were, there are other evils of a large and growing world population. Depletion of fossil fuels, growing reliance on nuclear energy with its unlimited hazards, deforestation, the loss or destruction of fisheries, poisonous pollution of the atmosphere and of oceans, lakes, and waterways, tribal and national territorial disputes, the slums of Mexico City and Calcutta, pandemics, increasing vulnerability to natural disaster—all are a direct consequence of what some would regard as too many humans for comfort. Viewed theologically they are ramifications of the curse of Adam (Gen. 3:17-19). Until CST grasps the Malthusian nettle it will fail to convince. And until the papacy abandons its hostility to artificial contraception (e.g., Paul VI, 1968, para. 14) it will be seen, fairly or unfairly, as actually standing in the way of “sustainable prosperity for all.”

The third consequence of the Fall which it seems to me is relevant to CST is the very ungodlike limitation of human knowledge. Our minds are too small and too weak to know the remote consequences of our actions, to know whether they conduce to distributive justice, and to know how to run the world—or even the national economy—for the Common Good.

Since the pioneering work of Pierre de Boisguilbert (1646-1714), economists have come to see that the competitive market brings about socially benign outcomes, which no individual could have planned or known, as unintended consequences of private, self-regarding actions (Faccarello, 1999). Individuals who try to govern their market transactions in conformity with some ethical or religious criterion may do more harm than good. As Adam Smith put it, “I have never known much good done by those who affect to trade for the publick good” (Smith, 1976 [1776], I, p. 456). It is now generally accepted that the collapse of socialist economies in the Soviet empire came about because even with the best will in the world it is impossible for planners and bureaucrats to have the knowledge and information necessary to see a national economy with the eye of God. We are told by Fr. Odozor that “African economic planners” ought to read the texts of CST “to aid them in their appreciation of the human person who is the subject of all economic planning” (p. 284). But unless CST sternly rebukes all such “planners” for their monstrous presumption it will neglect an important task. Recent papal pronouncements are hardly reassuring. Benedict XVI (2009) speaks of “constructing a new order of economic productivity” (para. 41); of the need to “replan our journey”
(para. 21) and for “comprehensive new plans for development (para. 23); and contemplates a “reason” that is capable of “knowing and directing” globalization (para. 33) so as to achieve “distributive justice and social justice for the market economy” (para. 35). Hume and Adam Smith are quite wrong, Benedict implies. Those in political authority do indeed have the knowledge and the power to determine the structure and operation of the economy; and they have the wisdom and goodness to do so in a way that may achieve the Common Good. It is hard not to read this as Pelagian.

Fortunately there is at least one other papal document which presents a more Augustinian (and therefore a more realistic) view of the world. John Paul II (1991), perhaps the most important social encyclical since Rerum Novarum, warned us of “the wound of original sin” and of its consequences for social order:

Man tends towards good, but he is also capable of evil. He can transcend his immediate interest and still remain bound to it. The social order will be all the more stable, the more it takes this fact into account and does not place in opposition personal interest and the interests of society as a whole, but rather seeks ways to bring them into fruitful harmony. In fact, where self-interest is violently suppressed, it is replaced by a burdensome system of bureaucratic control which dries up the wellsprings of initiative and creativity (para. 25, my italics).

This is an isolated passage, and it is superimposed upon a body of other material that is clearly at variance with it (Waterman, 2004, ch. 12). And though cited by Benedict (2009, para. 34, note 85) its implications for CST are ignored.

Nevertheless it is an important beginning, and a line of thought that the True Wealth project, if it follows up, will undoubtedly find very fruitful.

References


Cambridge: Cambridge University Press.


