

Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought

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For the last four decades, a number of “neoconservative” Christian scholars have worked to great benefit in articulating the moral foundations of capitalism and its positive moral effects in socializing market participants. This has been much-needed work, as the Christian churches still have not grappled adequately with the systematic moral defense of self-interest in market relationships that has been employed in secular thought for three hundred years.¹ At the same time, however, many involved in this affirmation of capitalism have too easily found common cause with others on the political right, in particular libertarians, whose fundamental view of the human person and morality is at odds with a Christian and, in particular, a Catholic view of life.

There is no doubt that we need markets and economic freedom, individual ownership of property (including businesses), personal economic initiative, individual creativity, and a host of other things advocated by the people I will be criticizing in this essay. The point is that we cannot adequately sort out issues we face as people of faith unless we have a careful and self-critical understanding of religious social thought, something that neoconservative Catholics too often do not exhibit. For many, the tendency is to cultivate a sense of fidelity to the Catholic tradition by employing the parts of it they like while ignoring what they do not. Following the publication of Pope John Paul II’s *Centesimus Annus*, Michael Novak claimed the pope was a capitalist² even though the pope said in that encyclical that after the fall of the Soviet Union it was an error to claim capitalism as “the only model of economic organization.”³

However, the focus of this essay is not simply the selectivity of neoconservatives but on how unacknowledged libertarian presumptions in their work distort Catholic thinking. It is out of a need for a balanced affirmation of markets that I criticize those who advocate markets most energetically.

I would add a clarification about my use of the word *heresy* in this essay. On the one hand, I use that word informally, not intending it to refer only to errors formally condemned by church authorities. By heresy, I mean a conviction about humanity or morality conflicting with standard Catholic assumptions, particularly as articulated in official papal teaching. On the other hand, I neither claim that all libertarians hold every heresy identified here nor that all libertarians who hold any one of these heresies employ the same rationale for it. Nor do I claim that any particular neoconservative Catholic scholar is tempted by all of these heresies or holds any one of them in its pure libertarian form. The heresies operate more as lures that pull such scholars away from their Catholic roots. Furthermore, I do not claim that all neoconservative Catholic scholars are equally susceptible to going astray in this manner. It is very difficult to provide an accurate general critique of a group when it comprises considerable diversity, as is the case for neoconservative Catholics. The argument here, however, is that there has developed too close an intellectual relationship between a number of Catholic scholars and libertarianism. Much of what is wrong about libertarianism from the Catholic perspective has been integrated into purportedly Catholic ethical reflection on the economy.

Nine Heresies

Freedom

Heresy #1: *Governments violate people's freedom when they force people to act in particular ways (beyond forbidding theft, force, and fraud).* For libertarians, any government prohibitions beyond preventing theft, force, and fraud violate the freedom of citizens. The libertarian notion of freedom is that I act freely if I am the source of the decision to act. It is for this reason that some libertarians such as Robert Nozick have even argued that voluntary slavery (that is, a choice to enter into a contract to be a slave) should be made legal.⁴

The Catholic view of freedom is not this sort of “self-initiation” but rather the choice for self-fulfillment. To put it simply from the Catholic point of view, one cannot freely choose to be a drug addict or a slave. The fact that we end up shriveled, unfulfilled, and enslaved means that the choice was not free.

Neoconservative Catholics do not endorse all of the dimensions of freedom that libertarians endorse. However, one finds echoes of the libertarian view of freedom in their defense of right-wing economic policies. One of the key arguments of scholars on the political right has been against the use of government to legislate certain kinds of morality or to raise taxes to fund assistance for others. For example, in his book, *Catholic Social Teaching and the Market Economy*, Philip Booth has argued that “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.”⁵ Of course, too much tinkering is both inefficient and immoral, and no law can ever force a change in disposition. Law can, however, encourage it and support cultural changes already underway due to other causes. Booth’s statement would seem to indicate that laws against slavery, wife beating, and racial discrimination at lunch counters (to name but three laws that have contributed to an altered moral ecology in the United States) would somehow violate the proper role of government.

In contrast to Booth, Pope John Paul II has referred to the exercise of “true freedom,” constrained by the truth in part through a “juridical framework” for the market.⁶ As Thomas Aquinas argued, some people “must be restrained from evil by force and fear,” and “by being habituated in this way, might be brought to do willingly what hitherto they did from fear and thus became virtuous.”⁷

Neoconservatives often take a different approach. Father Robert Sirico demeans the moral significance of paying taxes:

If we are required to do anything by law, and thereby forced by public authority to undertake some action, we comply because we must. That we go along with the demand is no great credit to our sense of humanitarianism or charity. The impulse here is essentially one of fear: we know that if we fail to give, we will find ourselves on the wrong side of the state.⁸

Such a position would imply that the manager who virtuously avoids sexually harassing his female workers can no longer do so out of virtue the day after the state government makes sexual harassment illegal, surely a misunderstanding of the moral life.

A typical neoconservative claim is that “if solidarity is a virtue, it cannot be coerced,” so forced solidarity is “morally empty.”⁹ It is true that someone who avoids evil only because it is illegal is not virtuous, but the presence of a law does not of itself eviscerate the morality of action.

The Character of Justice, Part 1

Heresy #2: *Justice is commutative justice*. For libertarians, justice is no more than commutative justice, that standard of justice that should prevail in one-to-one voluntary transactions. For libertarians, distributive justice is wrong-headed and immoral. For the government to raise taxes to pay for goods or services provided to the needy violates the ownership rights of taxpayers. Many libertarians see taxation as theft.

In the Catholic view, there are three dimensions to justice. Commutative justice requires fair treatment in one-to-one relationships. Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met. General justice (sometimes called legal or even social justice) refers to the obligation that every person has to contribute to society and to the obligation that societies have to enable all persons to so contribute.¹⁰

As a part of distributive justice, Catholic social thought defends the notion of economic rights. However, these have never been understood simply as claims on the public that individuals can exercise without making an effort to provide for themselves because both effort and contribution to society are required by general justice. Yet, papal teaching has long insisted that those who cannot provide for themselves do indeed have a right to basic necessities.¹¹ Pope Benedict XVI explains the importance of “political action, conceived as a means for pursuing justice through distribution.”¹²

Michael Novak has long criticized the Catholic notion of such “economic” rights,¹³ but perhaps a more instructive place where some neoconservative Catholics have adopted libertarian views of economic life has to do with the justice of prices and wages (the price of labor). Libertarians believe that the voluntary character of exchange generates justice because it ensures that both parties to an agreement will improve their situation, otherwise one or the other would have refused to participate.

However, as Albino Barrera, OP, has argued, in some circumstances markets generate “economic compulsion.”¹⁴ In *Rerum Novarum*, Pope Leo XIII taught that

there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support the wage earner in reasonable and frugal comfort. If through necessity or fear of a worse evil, the workman accepts harder conditions because an employer or contractor will give him no better, he is the victim of force and injustice.¹⁵

From the Catholic point of view, neither mutual consent nor mutual gain is enough to guarantee commutative justice.

In contrast, many neoconservative Catholics reject the idea of the unjust wage—and reject the minimum-wage laws designed to prevent such “force and injustice.” Sirico objects on the grounds that minimum-wage laws “require the coercive hand of government to interrupt the voluntary actions of people acting in the free market,” telling a person without a job “that he or she cannot voluntarily negotiate a salary or wage with anyone he or she wants to.”¹⁶ Sirico makes no reference to Pope Leo’s arguments and instead sounds close to those of Robert Nozick, whose views have been described as elevating “the unimpeded exercise of the will into the supreme principle of morality.”¹⁷ Catholic neoconservative economist Antony Davies resists such arguments and instead claims that markets do indeed pay just wages.¹⁸

More frequently, neoconservatives simply ignore or marginalize concerns for justice. In *The Spirit of Democratic Capitalism*, Michael Novak cites six theological themes important for a moral assessment of the economy—incongruously, justice does not make the list but competition does.¹⁹ Rodger Charles, SJ, in his two-volume work *Christian Social Witness in Teaching*,²⁰ purports to treat Thomas Aquinas’s perspective on the just price, yet inexplicably fails to report its central claims. For Aquinas, it was legitimate for a seller to charge a higher than normal price if he had an unusual need for the object at the time of sale, but it was immoral for the seller to raise the price simply because a buyer was willing to pay more.²¹

A number of neoconservatives have argued that premodern teaching on the just price actually endorsed the market price as the just price. However, if medieval scholars thought the market price in all circumstances was just, they would not have needed to include a special section on the just price in so many theological treatises. How to apply the just-price doctrine in markets is perhaps the greatest intellectual challenge facing Catholic economic ethics today. To respond properly, however, we must face the challenge directly.

Methodological Individualism

Heresy #3: *There is no such thing as society.* Friedrich Hayek argued that there is no such thing as war or society because these are simply shorthand ways of referring to interactions of individuals in large groups.²² Under methodological individualism, social scientists were supposed to explain an event by tracing it back to the thoughts and motivations of the individuals involved in the situation,

never to any social realities because these cannot have any causal effect independent of the individuals active at the time.

The inadequacy of this individualistic interpretation of the world is amply demonstrated by the sociologist's analysis of the interplay of individual agency and social structure. Margaret Archer helpfully describes this interaction by identifying the mutual causal influence and relative autonomy of these two dimensions to social life.²³ Archer resists the extremes of individualism, like Hayek's, that denies causal effect to structures, and of collectivism that envisions individuals as pawns simply pushed around by the social system.

In Archer's view, individuals are indeed the agents, but their agency is both restricted and facilitated by preexisting structures. Enablements make it easier for some people to do things; restrictions make it harder. Thus I, who was born in the United States, benefit greatly from the preexisting social fact that a very large number of scholars around the world can read English, while other scholars who grew up in Italy, Brazil, or Sri Lanka either have a much smaller potential audience or must pay an additional price (having to write in a second language).

Such restrictions and enablements are "emergent properties" that arise from the long-term interaction of human beings. They are created (often unintentionally) by humans, and, once in existence, they provide the structural framework that raises or lowers the price of certain actions for actors, typically in different ways depending on the actor's social location, with the poor facing more restrictions and fewer enablements. This does not mean the individual is determined to do this or that, but there is indeed a kind of structured causality, a causal force among others impinging on the individual, that occurs independent of the individual.

Official Catholic teaching reflects this dual analysis of structure and agency. Various popes have spoken of the influence of social structures in the lives of individuals, particularly the poor. Pope John Paul II identified what he called "the subjectivity" of society in recognition of the fact that, beyond the ideas and actions of individuals, structures arise out of the actions of persons in the past and subsequently have an independent influence.²⁴

Neoconservative Catholics rarely adopt the extreme version of methodological individualism, but many nonetheless ally themselves with some of the most individualistically inclined thinkers in the realm of economics, particularly the Austrian school of economics. In *Beyond Self-interest: A Personalist Approach to Human Action*, Gregory R. Beabout et al. endorse the individualistic method of Ludwig von Mises that "to understand a group is only to understand the meaning that individual members attach to their activities."²⁵

No one wants to be known as extremist, and in defending the use of an individualistic anthropology in *The Free Person and the Free Economy*, Anthony

Santelli and coauthors argue that their position (largely shared with von Mises) is not extremist because they are not “atomistic individualists”: they understand human action as embedded in social life.²⁶ The real extremists, they argue, endorse “moral individualism” in which individuals “tend to avoid marriage and family life, as well as various forms of intimacy.”²⁷ In *Human Nature and the Discipline of Economics*, Patricia Donahue-White et al. describe moral individualism as entailing “living life completely for one’s own sake, blind to the needs of others, and failing to maintain lasting social relationships.”²⁸

This self-perception of avoiding right-wing positions falls short. There seems to be no one, not even Ayn Rand, that most extreme of individualists, who holds so extreme a moral individualism. In truth, there is no school of economics to the right of the Austrians. Neoconservatives who adopt the Austrian view stand on the extreme right of social anthropology, far from the more centrist view of the human person in Catholic social thought.

The Character of Justice, Part 2

Heresy #4: *Justice is a virtue of individuals, never a character of systems.* Friedrich Hayek famously argued that there is no such thing as social justice.²⁹ As he puts it, “the concept of ‘social justice’ is necessarily empty and meaningless ... because nobody’s will can determine the relative incomes of the different people.”³⁰ Hayek’s view of justice here is clearly dependent on his earlier methodological individualism. Because all causality must be traced to individual decisions, there is no systemic causality and, thus, no way to judge such causality just or unjust in its treatment of people.

However, in Catholic social thought, there is indeed a social causality along the sociological lines described earlier and, thus, there is social justice. The term *social justice* was first employed in papal teaching by Pope Pius XI in *Quadragesimo Anno* (1931), where Pius associated social justice with the attainment of the common good and obligations of the wealthy as a class to care for the poor.³¹

In spite of this papal teaching, some Catholic theologians have largely endorsed Hayek’s point of view. Michael Novak, for example, wants to restrict the notion of social justice to individual virtue. “Social justice is a virtue, an attribute of individuals, or it is a fraud.”³² The notion should not be applied to an economy, a polity, or a social system as a whole.

Contrary to papal teaching, Novak claims that “the minute one begins to define social justice, one runs into embarrassing intellectual difficulties.... In other words, it becomes an instrument of ideological intimidation, for the purpose of gaining the power of legal coercion.” Novak claims that “the birth of the

concept of social justice coincided with two other shifts in human consciousness: the ‘death of God’ and the rise of the ideal of a command economy.”³³ Because every pope since Pius XI has endorsed the notion of social justice but none of them has endorsed either the death of God or a command economy, it would seem that Novak has not attended to the intellectual origins of the *Catholic* idea of social justice, perhaps because on this issue he holds a position closer to libertarianism than to Catholicism.

This restriction of justice to persons is shared by a number of other neoconservatives who argue that “structures in themselves cannot be good or bad.”³⁴ However, Pope John Paul II argued that nations need to reform certain “unjust structures.”³⁵ Catholic social thought rejects individualistic construals of justice.

Property

Heresy #5: *Property is a natural right, giving the owner complete control over the thing owned.* For libertarians, property tends to be a univocal concept. Persons own property, whether land or other things, material or intellectual. Once a person rightfully owns something, having either produced it or rightfully obtained it in exchange, no other person or group has any right to force the owner to use it in one way or another. What property is and what property rights entail are by no means simple matters, as scores of laws are necessary to define property rights (e.g., does your next door neighbor have the right to turn his garage into a convenience store?) and to specify how the inevitable conflicts over property rights should be adjudicated.

The Catholic notion of property has its roots in the Scriptures, the early church, and medieval teaching. In the Hebrew Scriptures, because the earth is a gift of God, there is a pervasive sense that the well-to-do have an obligation to care for the poor, both by choice and by means of legal requirements, such as harvest rules and the sabbatical and jubilee years. The classic Catholic argument in understanding property ownership is provided by Thomas Aquinas, who endorses personal ownership because it is efficient but, at the same time, insists on the “common use” of property, because in creation God intends that the material goods of the earth meet everyone’s needs. This teaching has been reaffirmed and extended institutionally by all of the modern papal social encyclicals. Pope John Paul II clearly advocated governments raising taxes to ensure, for example, “in every case the necessary minimum support of the unemployed worker.”³⁶

Neoconservative Catholics have generally avoided or downplayed the notions of common use and economic rights and instead call for a narrower definition of property. In *Economic Thinking for the Theologically Minded*,³⁷ Samuel Gregg

cites the three reasons Aquinas gives in defending the ownership of property by individuals but fails to mention the next two sentences where Thomas explains the obligation of common use: that “man ought to possess external things, not as his own, but as common, so he is ready to share them with others in their need.”³⁸

A typical example of neoconservative overstatement of property rights occurs when Santelli et al. argue that “in a free market people are permitted to buy, sell, own, exchange, and consume anything to which they have a rightful claim.”³⁹ The authors would seem to imply here that it is illegitimate for government to block particular exchanges, such as insider trading or the sale of cocaine or votes on election day. Philip Booth says quite openly that “taxation, of course, violates private property.”⁴⁰

Personal ownership is valued highly in the Catholic tradition, but as Pope John II put it, “private property, in fact, is under a social mortgage,”⁴¹ something the legal institutionalization of property must respect. It is telling that neoconservatives have generally ignored John Paul II’s claim that the ownership of capital is illegitimate if profits come not from creating employment in society but from curbing it.⁴²

The Market

Heresy #6: *The market is natural and morally neutral.* One of the fundamental convictions of most libertarians is that the market, where individuals encounter each other in voluntary exchange, is simply a natural interchange and as such is morally neutral in the sense that the individuals who voluntarily contract with each other in the market provide any and all meaning attached to economic exchanges. Hayek goes so far as to claim that this neutrality of the market is a great moral advance in human history, overcoming traditional “tribal” cultures that have stressed fellow-feeling within the group, a sentiment behind wars of all kinds.⁴³

The Catholic view is that markets are indeed human constructs—and that they should serve the human person in subsidiarity and solidarity. Pope John Paul II made this very clear when he spoke of the need for a proper “juridical framework” for the market, in large part to prevent too great an imbalance of power between market participants.⁴⁴

Neoconservative Catholics rarely go as far as Hayek, but Santelli et al. argue that “markets arise naturally and spontaneously from the logic of choice.”⁴⁵ Their endorsement of methodological individualism and the view of human action of the Austrian school of economics lead most to agree that to understand the meaning of market interactions “is only to understand the meaning that individual members attach to their activities.”⁴⁶

Catholic neoconservative William McGurn deals in part with the issue of morality and market neutrality by attempting to draw a bright line between two areas of life, one where the market appropriately holds sway and another where it should not (where fundamental Christian moral values call for prohibitions in economic life against slavery, abortion, opiates, and so forth). However, this artificial bifurcation of life is doomed to failure. Everything that happens in markets includes a moral dimension, whether employee-employer relationships, market transactions that impact the environment, or consumers purchasing goods in hopes of achieving a better life. In each of these areas, market forces encourage certain strategies and actions and discourage others. We need a moral evaluation of them all.

Markets are neither natural nor morally neutral; they are constructed, and the choice of rules and regulations for markets (their juridical framework) has a deep impact on human fulfillment.

Our Options Politically

Heresy #7: *Our policy choice today is between free markets and central planning.* Once they presume that the market or “the market economy” is a univocal entity having only one meaning (and not dependent on a myriad of decisions about the juridical framework), it is then quite easy for libertarians to presume that our policy choice today is between free markets and central planning. This has been a part of the libertarian argument for many years.

There is a great rhetorical advantage to pretending this is the choice we face. However, long before the fall of the Soviet Union, the debates that occurred in the legislative assemblies of Western democracies had nothing to do with that choice but rather with a choice among alternative ways of structuring markets.

Here again, Pope John Paul II has articulated this insight far better than the neoconservatives who claim to endorse his views. The pope’s talk about juridical framework for markets and his providing both a yes and a no in evaluating capitalism stands as a reminder that there are varieties of markets and important moral choices are involved therein.⁴⁷

Neoconservative Catholics, however, have taken up the false choice of “markets or central planning.”⁴⁸ Quite typical is the claim that there ought to be “few, if any restrictions” on markets.⁴⁹

A sizable portion of this extremism concerning markets and government is attributable to the phrase “the free market” because no one, including the most radical of libertarians, actually recommends a truly unrestricted market where there would be no laws about what would be allowed. Even libertarians want government to enforce laws against theft, force, and fraud, and other political

perspectives to the left of libertarianism have a longer list of prohibitions considered essential for basic justice to occur.

Thus a rhetorically advantageous invisibility of much necessary government activity is a central part of the libertarian and neoconservative defense of free markets. This prevailing inclination to ignore the beneficial role of government appears, for example, in neoconservative praise of more open trade: “History has shown that free trade is the best guarantor of human rights.”⁵⁰ However, to think that economic exchange plays a greater role in human rights than the democratically chosen legal prohibitions against violations of human rights (i.e., laws against murder, torture, rape, and so forth) would seem to seriously misunderstand social causality.

Catholic social thought allows for a range of options in structuring the economy. Here is where our real choices lie—not in a fictitious pitting of free markets against central planning.

Government and the Economy

Heresy #8: *Governments intervene in markets, which is a bad thing.* Our earlier descriptions of libertarian political philosophy indicates that libertarians aim for a minimal government that will enforce rules against theft, force, and fraud but will not otherwise intervene in people’s lives. Thus any government attempts to make the market more just are not only doomed to failure but are also violations of individuals’ rights to interact with one another as they see fit.

The Catholic view of markets, as we have seen, requires that governments establish a juridical framework to structure markets for the common good; thus it is not a bad thing that governments have a strong role in defining markets as long as it is done properly.

Neoconservative Catholics side quite strongly with libertarians on this issue. While they acknowledge a larger role for government in the economy than libertarians do (e.g., to forbid a number of morally objectionable activities such as prostitution, abortion, and so forth), their general discussion of government action in markets employs the noninterventionist paradigm. Thus Samuel Gregg defines intervention as “interference with natural market processes,”⁵¹ and objects to such intervention as founded on the false notion that “the market cannot regulate itself.”⁵² He opposes “interventionists,” who “do not believe that trade within a free market will produce benefit for everyone involved.”⁵³ Modern Catholic social thought has consistently argued that markets cannot regulate themselves and that they frequently leave vast numbers of people outside the benefits they generate for many.

Gregg also argues for a clear distinction between what he calls “the rule of law” (a good idea) and regulation of the economy (a bad one).⁵⁴ However, there is no bright line between the two. Nearly all forms of law and regulation concerning the economy are prohibitions against doing something or against doing it in some abusive way. The reality is that in setting rules for the economy (both laws and regulations) governments do not intervene in markets; they structure markets, aiming to prevent the worst abuses. The libertarian arguments against intervention are rhetorically helpful to them because such language implies a bright line like the one Gregg attempts to draw. In reality, of course, the debate is over which actions or which particular ways of doing something are sufficiently abusive that government ought to forbid them.⁵⁵

In Catholic social thought, governments must not replace markets but must structure them in service to justice and the common good.

Convenient Causal Asymmetry

Heresy #9: *Government-related failures constitute definitive evidence against reliance on government, but market-related failures do not count as evidence against reliance on markets.* Libertarians have for many years employed a double standard in evaluating markets and government: they exhibit *a priori* aversion to relying on government and an *a priori* inclination to relying on markets. Thus, for example, in the debate over education policy, a student’s underachievement is often attributed to badly run public schools (a government system) and not to family, culture, or an inner-city environment. On the other hand, in the debates over the welfare system, an unskilled worker’s unemployment is attributed to family and environment—the culture of poverty—and not to a market system that provides too few jobs for the number of people seeking them.

Government failure is often attributed to the unintended consequences of shortsighted legislators. Since no legislator is omniscient, the libertarian solution is to stop the government from making so many decisions. However, unintended negative consequences of market transactions—such as atmospheric pollution, economic recessions, or consumerism—are rarely blamed on markets and are instead described as unfortunate consequences of free individual initiative.

Neoconservatives have quite frequently employed the double standard approach libertarians have found popular. William McGurn analyzes the Enron and other corporate corruption schemes and sees them not as the result of markets where competitive pressures encourage the cutting of moral corners but rather as the result of a flawed culture and immoral individuals.⁵⁶ Robert Sirico similarly described the corruption and failure of Long-Term Capital Management as

“not institutional failure but human failure.” Sirico goes so far as to say, “What does any of this have to do with corporate greed or the failures of the capitalist system? Nothing. Critics who say that it does have confused human error with a social structure of sin itself.”⁵⁷ 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.”⁵⁸

Similarly, consumerism (which neoconservative Catholics have rightly criticized) is understood not as an unfortunate result of large firms convincing people through advertising to buy things they ought not but instead as the result of a defective culture, weak individual choice, and misplaced values.⁵⁹

Underneath this set of arguments is the question of whether markets encourage virtuous activity. A wide variety of neoconservatives have argued that markets encourage such virtues as cooperation, perseverance, and honesty because with these things you are more likely to succeed in the market.⁶⁰ However, it is far more accurate to say that the market will encourage anything that will lead you to be more successful in the market. Markets encourage not just virtues but also some very nasty behaviors, including corruption, murder of one’s competitors (as is currently happening in Russia), and a host of other morally disruptive behaviors. Most of these are less obvious to us in the United States because they are infrequent: we have already passed laws against them—a critical contribution of government to morality that neoconservatives tend to ignore.

Conclusion

The nine libertarian heresies just identified are provided here not as a theological treatise but simply to encourage clearer thinking about the relation of morality and economic life in Christian ethics. As mentioned earlier, the argument here has been that too many neoconservative Catholics have found such libertarian ways of thinking attractive and have integrated “un-Catholic” elements of libertarian thought and rhetoric into their moral arguments while claiming simultaneously that they stand within the Roman Catholic tradition.

I do not claim that any neoconservative Catholic endorses any one of these libertarian heresies exactly the way libertarians define them (though some come close) or that any is tempted by all nine of these. However, there is sufficient evidence that the discrepancy between neoconservative Catholics and church positions on the economy is large. Neoconservatives have done much selective reading of official church teaching in recent decades and employ a more individualistic

orientation than Catholic moral theology can warrant. (I should add here that many liberationist Catholics on the left engage in an analogous picking and choosing from Catholic social thought in defense of their position as well.)

My hope here is not to raise hackles and even less to insult colleagues striving to relate economic life and Christian morality. Rather, this is a call for more careful and self-critical articulation of the view of Catholic social thought and an avoidance of the temptation to hold free markets and individual freedom as first principles and then to employ only those portions of Catholic social thought that would provide warrants for this starting point. Our globalized world needs the insights of the full depth and complexity of the Catholic tradition.

Notes

1. We might mark the start of this defense of self-interest in markets from 1705, with the publication of Bernard Mandeville's *The Fable of the Bees* (Oxford: Clarendon Press, 1924).
2. Michael Novak, *The Catholic Ethic and the Spirit of Capitalism* (New York: Free Press, 1993), 101.
3. Pope John Paul II, Encyclical Letter *Centesimus Annus* (May 15, 1991), 35. For a fuller treatment of the many ways Novak strays from the work of John Paul II, see Todd David Whitmore, "John Paul II, Michael Novak, and the Difference Between Them," *Annual of the Society of Christian Ethics*, 21 (2001): 215–32.
4. Robert Nozick, *Anarchy, State, and Utopia* (Oxford: Blackwell, 1974), 331.
5. Philip Booth, *Catholic Social Teaching and the Market Economy* (Great Britain: Institute of Economic Affairs, 2007), 269.
6. John Paul II, *Centesimus Annus*, 42.
7. Thomas Aquinas, *Summa Theologica*, I-II q.95, a.1.
8. Robert Sirico, *Religion and Liberty* 17, no. 4 (Fall 2007).
9. Samuel Gregg, *Economic Thinking for the Theologically Minded* (Lanham, MD: University Press of America, 2001), 5–6.
10. For a standard Catholic treatment of the three dimensions of justice, see Josef Pieper, *Justice* (New York: Pantheon Books, 1955).
11. See, for example, Pope John XIII, Encyclical Letter *Pacem in Terris* (April 11, 1963), 18–22.
12. Pope Benedict XVI, *Caritas in Veritate* (June 29, 2009), 36.

13. Michael Novak, "The Rights and Wrongs of 'Economic Rights': A Debate Continued," *This World* (Spring 1987): 43–52.
14. Albino Barrera, *Economic Compulsion and Christian Ethics* (Cambridge: Cambridge University Press, 2005).
15. Pope Leo XIII, Encyclical Letter *Rerum Novarum* (May 15, 1891), 34.
16. Robert Sirico, "How Much Impact from Higher Minimums?" *Washington Times* (February 3, 1995), 21.
17. Thomas Nagel, "Libertarianism without Foundations," *Yale Law Journal* 85, no. 1 (November 1975): 144.
18. A. Davies, "The Role of Religion in the Economy," *International Journal on World Peace* 21, no. 2 (June 2004): 37–42.
19. Michael Novak, *The Spirit of Democratic Capitalism* (New York: American Enterprise Institute/Simon & Schuster, 1982), 344–46.
20. Rodger Charles, *Christian Social Witness in Teaching: Catholic Tradition from Genesis to Centesimus Annus*, vol. 1, *From Biblical Times of the Late Nineteenth Century* (Herefordshire: Gracewing, 1998), 198–99.
21. Thomas Aquinas, *Summa Theologica*, II-II, q.77, a.1.
22. F. A. Hayek, "The Facts of the Social Sciences," in *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948), chap. 3, 69–75.
23. See Margaret S. Archer, *Realist Social Theory: The Morphogenetic Approach* (Cambridge: Cambridge University Press, 1995).
24. Pope John Paul II, Encyclical Letter *Sollicitudo Rei Socialis* (December 30, 1987), 15.
25. Gregory R. Beabout, Ricardo F. Crespo, Stephen J. Grabill, Kim Paffenroth, and Kyle Swan, *Beyond Self-Interest: A Personalist Approach to Human Action* (Lanham, MD: Lexington Books, 2002), 25.
26. Anthony J. Santelli Jr., Jeffrey Sikkenga, Robert A. Sirico, Steven Yates, and Gloria Zúñiga, *The Free Person and the Free Economy* (Lanham, MD: Lexington Books, 2002), 14.
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30. Friedrich A. Hayek, *The Mirage of Social Justice*, vol. 2, *Law, Legislation and Liberty* (Chicago: University of Chicago Press, 1976), 69.
31. Pope Pius XI, Encyclical Letter *Quadragesimo Anno* (May 15, 1931), 57.
32. Michael Novak, "Defining Social Justice," *First Things* 108 (December 2000): 13, 11–13.
33. *Ibid.*, 11, 11–13.
34. Gregg, *Economic Thinking*, 197.
35. See, for example, John Paul II, *Sollicitudo Rei Socialis*, 44.
36. John Paul II, *Centesimus Annus*, 15.
37. Samuel Gregg, *Economic Thinking*, 71–72.
38. Thomas Aquinas, *Summa Theologica* II-II, q.66, a.2.
39. Anthony E. Santelli Jr. et al., *The Free Person and the Free Economy*, 75.
40. Philip Booth, *Catholic Social Teaching and the Market Economy*, 112.
41. John Paul II, *Sollicitudo Rei Socialis*, 42.
42. John Paul II, *Centesimus Annus*, 43.
43. Frederich Hayek, *The Mirage of Social Justice*, 147.
44. John Paul II, *Centesimus Annus*, 15.
45. Anthony E. Santelli Jr. et al., *The Free Person and the Free Economy*, 69.
46. Gregory R. Beabout et al, *Beyond Self-Interest*, 25.
47. John Paul II, *Centesimus Annus*, 42.
48. Patricia Donohue-White et al., *Human Nature and the Discipline of Economics*, 56.
49. Gregg, *Economic Thinking*, 77.
50. Robert Sirico, "The Bishops' Big Economic Tent," *Wall Street Journal Europe* (Brussels) (December 11, 1996), 6.
51. Gregg, *Economic Thinking*, 101.
52. *Ibid.*
53. *Ibid.*, 17.

54. Ibid., 42.
55. For another argument that there are two separable realms, one for market relations and one that operates on other principles, see Donohue-White, *Human Nature*, 73.
56. Rebecca Blank and William McGurn, *Is the Market Moral? A Dialogue on Religion, Economics and Justice* (Washington, DC: Brookings Institution Press, 2004).
57. Robert Sirico, "Human Failure Isn't Market Failure," *Wall Street Journal Europe*. (Brussels) (November 20, 1998), 6.
58. Philip Booth, *Catholic Social Teaching and the Market Economy*, 35.
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“Nine Libertarian Heresies”— A Response to Daniel K. Finn

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Daniel K. Finn’s article is a profound piece that makes arguments that are long overdue. Being one libertarian Catholic whom he critiques (I would not call myself a neoconservative), I recognize that not all his criticisms are meant for me. Further, I find myself in complete agreement with some of his points. He is correct in his view that many Catholic thinkers on the right have “unacknowledged libertarian presumptions in their work” that are not always in congruence with Catholic teaching.

That being said, however, there are nonlibertarian Catholic thinkers who have unacknowledged socialist principles in their work that are not always in congruence with Catholic social teaching either. Furthermore, I would argue that some of Finn’s own thoughts fall into that category. This reply attempts to develop a coherent Catholic position on these nine heresies, revealing where libertarianism and Catholicism are in accord and in discord.

Heresy #1: *Different understandings of freedom*. The Catholic definition of freedom is not the same as the libertarian one. To the Church, freedom is having the ability to do what you should.¹ To a libertarian, freedom is having the right to do what you want, provided it does not harm someone else. Both agree that you need freedom to flourish. A non-Catholic libertarian thinks that having the right to do what you want enables you to flourish; a Catholic thinks that having the ability to do what you should enables you to flourish.

The difference is due to different understandings of the word *you* in the paragraph above: The Catholic “human person” is not the same as the libertarian/Austrian “individual.”

The individual gets to completely define himself and what is right and wrong for him.² This is why a libertarian defines freedom as having the right to do what you want. What one *wants* to do is what is important because it is, by definition (to a libertarian), what makes him flourish. If one chooses something, it must be right for him because he chose it. This, of course, denies the reality of errors, or sin, as applicable to oneself.

The human person is defined by his essence and his relationships. Therefore it is his essence and relationships that define what actions are right and wrong for him, and consequently, what he should do to flourish. In other words, he is not only made by God—who has predefined what is good and bad for him by what is in accord and what is in discord with his nature, respectively—but is born into a particular reality of time and place and is affected by the real events of life as he lives, and it is those relationships and events that (1) place bounds on the realm of his possible choices and (2) place obligations on what it is that he should do in order to flourish. This is why a Catholic focuses on the importance of *discovering* what one should do because doing what one should enables him to flourish. Choosing otherwise would be a mistake or a sin.

This difference in ontology lies at the root of all differences between Catholicism and libertarianism. For example, you are your father's child. You did not decide this, but it is a part of who you are and you cannot change it even if you wanted to. This relationship places certain obligations on what you must do in order to flourish. For another example, a woman may not have wanted to get pregnant when she chose to engage in sex, but she can neither change the fact that she is pregnant nor the moral obligations that come with that state. An *individual* may think it acceptable to have an abortion, but a *human person* most certainly cannot.

An added complication is that there is serious disagreement amongst libertarians as to what constitutes harm to another. Some libertarians want to define harm as only physical harm (theft, bodily injury, or fraud that leads to loss of wealth or bodily injury). Other libertarians recognize that contract/covenant violations constitute harm as well (adultery). Some few recognize psychological harm—such as verbal abuse, loud music, or publicly displayed pornography (and hence believe in nuisance laws and restrictions on pornography).

A Catholic would say that a social order that denies someone the ability to do what they should is harming them. Thus a Catholic could reply to the libertarian within the libertarian's own framework and say that as long as the rights structure—the laws, rules, rights, and regulations of society—enables everyone to have the ability to do what they should (which a Catholic would define to include at least the minimum of meeting their basic needs—physical, social, and spiritual), then a Catholic could also agree to allowing people the right to do

what they want within that rights structure, that is, using a Catholic definition of harm. In other words, if a libertarian is willing to accept a Catholic definition of harm (as this libertarian Catholic does) and agrees to the rights and social order derived from harm as so defined, then there would be no conflict between the Catholic and the libertarian in terms of the social order they agree to live within.

Granted, few libertarians would agree to that definition of harm. Therefore this is where I part ways with those libertarians and where I believe their definition of freedom runs against the Catholic faith. It all stems from their understanding of harm that is rooted in the concept of the individual as opposed to a human person.³

At the same time, not every Catholic would accept leaving the laws to only those that ensure the ability to do what one should. Some want laws that deny people the right to do what they want (e.g., laws banning the consumption of narcotics) even though this has nothing to do with enabling everyone with the ability to do what they should. That would put those Catholic thinkers in an irreconcilable conflict with a libertarian even if they have agreed to the definition of harm to another.

There are Catholics, myself included, who do not think it wise to ban such behavior even while we agree that it is immoral. The distinction is that laws should ensure that people have the *ability* to do what they should; they should not *force* people to do what they should.⁴ Having the ability to do what one should does not mean that people will always choose to do so.

Even if we agree that a legal system should not make self-harm against the law, we still must answer this question: What social order enables people to do what they should? For example, a man should work to meet the needs of his family. If he cannot find a job at a wage sufficient to meet their needs within the given social order, then there is something wrong with the current social order—at least with respect to that man. Something about that order needs to change because it is harming that family. All Catholics should agree on that. This libertarian Catholic agrees with that.

However, here is where Catholics differ. Some then jump to the conclusion that *government* should either (1) impose a minimum wage high enough for this poor man to meet the needs of his family, or (2) tax the income of others and provide this poor man with a subsidy (welfare). Those conclusions are not deductively derived from the fault at hand. They are socialist and violate Catholic social thought.

A Catholic methodology of doing political economy would insist that no laws provide anyone with any incentive to do evil. To be more specific, God is good, true, beauty, and one. Hence, it is self-evident that any tax on goodness, truth, beauty, or unity is *ipso facto* contrary to the will of God because it is a

tax on God. As Catholics, we must hold firm to this principle in our attempt at discovering what the laws of our society should be, that is, what laws are just.

Consequently, as Catholics we must conclude that an income tax is immoral. We are called to be cocreators with God. We are called to work. Because work is good, a tax on work is a tax on goodness. It is a tax on our attempt at being like God, which is what we were made to do—it is what we should do. Such a tax lessens our ability to do what we should. It reduces our freedom, as Catholics define that term. If we take our religion seriously, we must conclude that an income tax is immoral—no matter how uneasy that makes us feel.

Finn is correct in saying that laws can encourage virtue even if they cannot impose it. Finn argues that some neoconservative libertarian Catholics argue “against the use of government to legislate certain kinds of morality.” However, it is not against the nature of God to tax or regulate things that are bad, ugly, untrue, or disunifying. A tax on sin provides a disincentive against sinning, and increases the likelihood that people will do what they should. A sales tax on cigarettes or junk food would not be in contradiction to the principles of a just social order. Even an outright ban on something sinful is not against God’s nature (after all he banned a number of things in the Ten Commandments). Even libertarians agree to a ban on theft and, therefore, that laws can encourage virtuous behavior even if not virtue itself.

It is against God’s nature to impose an income tax to support such bans, such as paying for DEA troops to enforce a ban against narcotics. Therefore a Catholic should not conclude that a government cannot legislate morality; but if it does, it must tread carefully on how it seeks to obtain the funds to enforce such legislation. Perhaps the best way to reduce drug use is for every father to impose a ban within his jurisdiction—his family. Libertarians could agree to that too.

Heresies #2 and #4: *Justice is commutative justice. Justice is a virtue of individuals, never a characteristic of systems.* By definition, from a libertarian perspective, the social order is just with respect to person P if it does not prevent P from doing X, nor punish P for having done X, as long as X does no harm to another. Furthermore, the social order may be just with respect to P’s doing X but not P’s doing Y. Further, the social order may be just to a greater or lesser degree to different people depending on what they want to do and what the social order is preventing from being done (or punishing for having been done). Using this definition of social justice, it is clear that the order itself—the rights, rules, regulations, and institutions that make up that order—can be judged to be just or unjust with respect to a person. It can also be done from a libertarian perspective. Therefore no libertarian in his right mind could deny the existence of social justice in this sense. Finally, we take the summation of those judgments over all people

in society to arrive at an aggregation of the degree to which the social order as a whole is just. At this level, some libertarians may object to such aggregating. However, it is equivalent to making a statement about the GDP per capita; that, too, is an aggregation. As a generality, these terms can still have meaning.

A Catholic would define social justice differently. By definition, from a Catholic perspective, the social order is just with respect to person P if P is able to meet his basic needs and those of his family within that rights structure. Of course, as we mentioned above, nothing prevents a libertarian from accepting a Catholic definition of harm. In that case, these two definitions could become one.

The critical point to understand here is that *social justice is a judgment of the rights structure and a judgment from the perspective of a particular person*. A rigorous definition of terms should eliminate any supposed heresy on the meanings of social justice and distributive justice.

By definition, distributive justice exists for person P if the social order is just with respect to P. Both Catholics and libertarians can agree to this definition. Of course, because they disagree on what constitutes harm, they disagree on what rights structure guarantees distributive justice. (At least they agree on the existence of the concept.)

A Catholic understanding of justice⁵ begins with human needs and the ability to do what one should as the root and develops the just property order—the just rights structure⁶—from a determination of what rights structure best enables humans to meet their needs and flourish. Property is not an absolute to Catholics: The current ownership structure is not automatically assumed to be just. Private property is legitimate because it is essential in enabling people to meet their needs and flourish, that is, to do what they should. Catholics *derive* the just property order from this understanding of human nature and what it takes to flourish.

Non-Catholic libertarians do not begin with human flourishing. These libertarians take property to be an absolute and assume that the current ownership structure is just, that is, who owns what at this very moment—except, of course, they say that taxes and regulations are not. Thus libertarians also conclude that the just rights structure is derived from what does no harm and can say that the current rights structure is unjust because it is harming person P with its taxes and regulations. Therefore libertarians of all stripes *do* believe in a concept of justice for systems even if they do not explicitly say so.

Finn himself confuses distributive justice with *redistribution* when he seeks to raise taxes to insure the minimum support for people. Distributive justice has everything to do with the initial distribution of goods, but if the initial distribution is just, it is then immoral (from both a Catholic and a libertarian perspective) to continue to have a system of redistribution, provided, of course, that justice can

be maintained. Therefore it can be. From a Catholic perspective, distributive justice, properly defined, requires that the ownership structure of the fruits of God's creation be such that each family has the ability to meet its needs. At a minimum, every family should have stewardship over a piece of land, and there should be no property tax on this "promised land."⁷ This promised land cannot be sold in order to prevent one's children from being impoverished.⁸ Modify the current system to get to that end,⁹ ban usury,¹⁰ convert the penal system to a justice system,¹¹ and add a few other changes to the legal system that are outside the scope of this article, and we would have a just social order that is also stable; that is, a wide distribution of wealth sufficient for virtually everyone to be able to meet their needs within that order that could be maintained from generation to generation. Everyone would have a place to live. All they would have to do is work a little to be able to pay for food. Because they have use rights over land, they can grow it themselves if no one offers them a job. No redistribution would be necessary.¹² The entire welfare state could be disassembled; income, profit, capital gains, inheritance, and property taxes¹³ can all be abolished;¹⁴ power could be decentralized in accord with subsidiarity; and the government that remains would be sufficiently small to please most libertarians.

Although Finn and most liberal Catholics properly understand that moral ownership is derived from justice, they think that a system of redistribution does not itself have to comply with the same rules of justice. They see the government as a metainstitution that is not itself judged by the same standards. However, it must be. Only God is "beyond" in this sense. Consequently, they need to be able to justify the injustice of redistributive taxes.

With respect to just wages and just prices, libertarians take a pragmatic approach. They ignore these issues because they correctly perceive that a minimum wage will not accomplish what its advocates desire, and they argue that no one has a solution.¹⁵

Heresy #3: *Methodological individualism: There is no such thing as society.* Finn's critique is purely semantic and irrelevant. All he is saying is that incentives matter—even incentives that are imposed by existing institutions created by people who died long ago. No Austrian economist or libertarian disagrees with this. They are simply saying that individuals choose, not groups. When Hayek says, "There is no such thing as society; only individuals act," he in no way meant to say that laws or regulations do not influence people's actions. Of course they do.

Abstract aggregations such as "America" do not act; President Obama may declare war on Libya and send Mr. X and Mr. Y to bomb Libya. However, America is not bombing Libya except symbolically speaking. This is important

for moral culpability. I am not culpable as an American if America engages in an unjust war. Only the particular Americans who made choices toward that end are morally culpable. We create words for aggregations because it would take too long to speak or write using exact micro precision. However, in the creation of those words we do not create entities that act.

Heresy #5: *Property is a natural right giving the owner complete control over the thing owned.* By definition, property is just a bundle of rights. To say that when you buy X (say, a tennis racket) that you have acquired the right to swing it anywhere and everywhere is obviously contrary to the nature of reality. Even a libertarian would agree that you do not have the right to swing it at someone's face. Therefore a libertarian is just disagreeing about what right was in the bundle that he purchased. Again, this gets back to the understanding of what constitutes harm.

As Finn pointed out, I have said, "In a free market people are permitted to buy, sell, own, exchange, and consume anything to which they have a rightful claim," to which Finn says Santelli "would seem to imply here that it is illegitimate for government to block particular exchanges, such as insider trading or the sale of cocaine or votes on election day." He does not seem to understand *rightful claim*. If it is against the moral law to engage in insider trading then one does not have a rightful claim to sell stock with insider information. One may own the stock and ultimately have the right to sell it, but the right to sell it under condition X (with insider info) is not the same as the right to sell it under condition Y (without insider information). Insider trading rules, although currently written by government, can just as easily be written by the companies themselves as part of all management contracts. No libertarian worthy of being called by that name would deny that such a contract could be made and enforced.

Heresy #6: *The market is natural and morally neutral.* We can again avoid confusion by rigorously defining terms. A free-market exchange is any exchange where the *price* is freely negotiated between buyer and seller *and* where both buyer and seller can voluntarily opt out of the exchange. Only if both parties voluntarily engage in the exchange is it a free-market exchange where the definition of "voluntary" means that if P does not do X (the exchange), he still has an alternative way of meeting his needs. Otherwise, choosing X is not voluntary for P even if P is still free from coercion of all others—including government. When using that definition, it becomes clear that a free-market exchange is morally neutral.

However, the framework within which market exchanges take place—that is, the rights structure—is not morally neutral. That rights structure is what places bounds on what can be bought and sold on the market, what is banned, and what incurs a sales tax. It is that rights structure that we can judge as being good

(because humans flourish within it) or bad (because they do not.) For example, it should be illegal to sell oneself into slavery. We want to make such a transaction off limits to the free market because, as Catholics, we know that no one in his or her right mind would freely sell himself for herself into slavery; such a person must be stuck in a very bad situation to even consider doing it.

Heresies #7 and #8: *Our policy choice today is between free markets and central planning. Governments intervene in markets, which is a bad thing.* Finn is right that this dichotomy between free markets and central planning is a fallacy. Libertarians agree with Finn that our policy choices are about what rights people should have and what rights they should not have. However, non-Catholic libertarians define harm differently from Catholics. Consequently, their banned set is different. Some libertarians (the anarcho-capitalists) insist that the banning itself be done through market exchanges.

There are two ways in which a libertarian can claim that governments are intervening in markets. First, if the legislative branch of government is changing the rights structure at will and with no grounding in what is just,¹⁶ then the government is arbitrarily changing the boundaries of the market. It is banning what should not be banned, taxing what should not be taxed, or regulating what should not be regulated. It is intervening in the market. No Catholic should dispute the existence of this possibility. It is only when the legislature's laws are rooted in justice that they create proper bounds on the realm of market activity. In such cases, it is not intervention. Again, because libertarians define harm differently, they would see different laws as intervening.¹⁷

Second, the anarcho-capitalists define the market as both the exchanges and the rights structure within which the exchanges take place because they believe that the rights structure itself should be developed through contracts and not by a legislative branch of government. To them, the just social order is developed through market exchanges where people agree to limit their own behavior in exchange for other people limiting theirs. To the anarcho-capitalists, all government action is intervention in markets because there should only be markets and no government.

Nevertheless, this leaves the Catholic and the anarcho-capitalist in agreement: the current social order is unjust, and we ask the same question: How can we make it just?

There are only three ways to deal with people who do not have the ability to meet their own needs: (1) create a government with a welfare state, (2) spend a lot of money on private protection and enforcement to keep these people down, or (3) seek to bind the realm of exchanges so that justice (as a Catholic defines it) can exist for all and be maintained without the need for a welfare state or a

concentration of power in a centralized government. The paradox is this: one must give up the freedom to create whatever social order one thinks one wants in exchange for a social order that is just (as a Catholic defines justice) in order to maintain the vast majority of freedoms that one needs to flourish. When a libertarian understands this, he will recognize that the only way to obtain a *stable* social order with a limited government is if the social order is structured based on a Catholic understanding of harm that begins with human nature and human needs.

Furthermore, the explicit rights structure would always be incomplete and can never cover all aspects of all relationships.¹⁸ Consequently, one person's actions often conflict with those of another, and it is the purpose of the judicial system to settle these disputes. How they settle them is what defines the legal rights structure. To a Catholic, for the legal rights structure to be a morally just rights structure, judges need to settle these disputes with an eye to what meets human needs and best enables people to flourish. To a libertarian, the judge should favor the actor unless the other can prove harm. In a dispute between someone wanting to blast music at 3:00 a.m. and their neighbors' desire to sleep, a Catholic judge would rule in favor of the neighbors because it better enables people to flourish. A non-Catholic libertarian judge would rule in favor of the music blaster, leaving the neighbor with the option of paying him to not do it. Prevailing culture, as well as human nature itself, has norms that govern proper behavior. Libertarians who do not start with the human person but with an individual, do not accept this.

Heresy #9: Government failures are evidence against reliance on governments, but market failures do not count as evidence against reliance on markets. To understand this point clearly, we need to define terms again. Government failures are caused by disorderly incentives imbedded in the laws made by government, and market failures are caused by disorderly incentives in the rules made by any other entity, such as a business or a contract between persons. Note how we are not defining a market failure as a failure in the exchange process; we are redefining "market" to include the system of rules that are organically built through contracts and by businesses. Otherwise, the concept of a market failure would be meaningless. The issue here is one of incentives.

Libertarians argue that government-run education does not provide a proper incentive for schools to teach. The schools are funded through forced taxation, and no matter how bad they are they still receive the same funds. If schools competed for funds—either through a voucher system or through direct payment by parents or some combo in between—they would have the incentive to structure teacher pay to incentivize the teachers to improve how they teach. They would also have the incentive to alter what they teach to conform to the preferences of the parents. Every Catholic should agree with this. Furthermore, a libertarian

would argue against government taxation funding of education. Catholics agree. Why should Catholics be taxed for a public school and then pay a second time to put their children in a Catholic school?

Finn argues that atmospheric pollution and economic recessions are market failures. Atmospheric pollution exists because governments were pressured by big businesses to stop the courts from issuing injunctions against it back in the nineteenth century.¹⁹ In effect, the government granted businesses a free right to pollute a certain amount without compensating breathers for the bad air they were forced to breathe. Governments failed to enforce justice in the rights structure; this was not a market failure.

Economic recessions—business cycles—are credit cycles. Austrians are right in saying that they are seriously exacerbated by a government's manipulating interest rates down, thereby increasing the amount of credit and the size of the bubble. Hence, when it bursts, it causes a far worse recession than what would have existed without government intervention. It is a failure in the system of rules made by government that business cycles occur.

That being said, however, Finn is correct in saying that market failures occur too. I agree with Finn in his critique of some neoconservatives who think that Enron and other corporate corruption is just the work of immoral individuals. The rules that big businesses operate within—rules that those businesses themselves made—allow CEOs to earn huge sums of money from short-term options packages rather than have their pay vested over their lifetime, even after they have left the company. A longer-term payout would lead managers to focus on the long term and not the quick buck. The board of directors of any company can easily alter compensation schemes to meet this standard. This is a market failure.

Finn is also right that businesses that seek to maximize profits are the core cause of a consumerist society through their marketing and advertising.²⁰ Nevertheless, any particular business is powerless to make changes to the system of rules to alter this. Altering the rights structure such that businesses are not solely focused on profit maximization can only be done through the curtailment of competition; in other words, converting the entire capitalist system to something different by building an alternative rights structure—one within which humans can more easily flourish. (Socialism is not the only alternative.) Finn is correct in saying markets encourage whatever virtues or vices lead to maximizing profits.²¹

Incentives matter, whether they come from the rights structure established by government or from the internal rules of a particular business or from the cultural influence of the media or from the moral approval of one's family.

Summary

The fundamental difference between a libertarian and a Catholic stems from their different understandings about human nature—the difference between an individual and a human person. Because of this, they may disagree on what constitutes harm and thus disagree on which rights structure is just. Proper definitions of terms eliminate other apparent heresies. Only individuals act, but institutions influence their behavior; the market is morally neutral, but the rights structure that defines its legal bounds is not; whether they be made by government or through the market, laws and rules that contain perverse incentives always fail and are not a part of the just social order no matter how justice is defined; and all legitimate laws are a part of a just rights structure and policy decisions are simply debates about what rights people should have. Disagreements about what rights structure is just stem from disagreements about what leads to human flourishing. If we agree on what constitutes harm and what leads to human flourishing, then we can reach an agreement on what the just social order is and work together to achieve it.

Notes

1. For example, see the homily given by John Paul II in Baltimore (October 8, 1995).
2. This is what is known as radical subjectivism. It is also known as “eating the fruit of the tree of the knowledge of good and evil”; determining for yourself what is good and bad for you. This is original sin, from which all other sins flow (see Genesis 3).
3. A libertarian who begins with an individual and not a human person will never agree with a Catholic on what constitutes harm to another, let alone believing that one can harm oneself. A Catholic would say that if you hurt my son you are hurting me, because I am partly defined by my relationships. My love for my son is a part of who I am. Human persons are all related through the love they have for each other. Individuals are not. Hurting the son of an individual does not hurt the individual. However, humans are not that way. A libertarian would say that if someone stole your TV they did harm to you by stealing your property. However, some libertarians would say that kidnapping your son is not doing harm to you because he is not your property. It harms your son but not you. This is self-evidently false.
4. Catholic tradition recognizes that there is a difference between what is immoral and what should be illegal.

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5. *Justice* is to give each what they are due, where one is due the ability to do what he should, which consists in at least the ability to meet his needs and the needs of his family: physical, social, and spiritual.
6. The only things that there are to distribute are rights. Property is just a bundle of rights.
7. See Leviticus 25 for details.
8. See Leviticus 25 again. How to achieve a just distribution of rights beginning with the status quo is beyond the scope of this article to address. It would require a one-time redistribution. Nevertheless, the perverse incentives associated with ongoing redistributions of income would not exist under the case of a one-time massive redistribution of wealth followed by the complete abolition of the redistribution of income. It is this latter scenario that I am arguing is the only one consistent with Catholic social thought no matter how radical or politically unfeasible it may seem.
9. The author hopes to describe how to accomplish this in a future article.
10. Usury insures the ever-increasing concentration of wealth. See my talk given on May 4, 2011, at the Catholic Finance Association's *Debate on the Morality of Public Debt*, which can be viewed at http://cathfin.com/events/index.php?option=com_content&view=article&id=5&Itemid=9. Justice requires a wide distribution of wealth, but it is not egalitarian. Justice is rooted in human needs. If one person owns half the world yet everyone else has the ability to meet their needs with the other half, then it is not an injustice for him to own half.
11. Justice, by definition, restores to the victim what was rightfully his. Or, if that is impossible, it seeks monetary compensation from the criminal to at least make some recompense for harm.
12. Incidentally, although many interpret papal encyclicals as favoring redistribution, the Holy Spirit has guided them in such a manner that they all can be more clearly understood as supporting a just distribution of property but not a continual redistribution.
13. No property tax on people's promised land. Not all land would be promised land. A Georgist tax on other property would not be contrary to the nature of God.
14. Sales taxes and tariffs were purposely left off that list. Fundamentally, it is not immoral to tax sales, although I would argue that a rent (or insurance fee) is more efficient. The role of government is to provide peace. Only where there is peace can exchanges take place. Therefore the government is playing a role in affecting exchanges by keeping the peace where the goods are being exchanged. This is its justification in taxing sales or in charging a rent or insurance fee against theft of property. Back in the middle ages, towns often taxed merchants who came to their town markets to

exchange goods. These taxes were used to police against those goods being stolen. It is only fair that governments are paid for their services. There are two logical ways to pay them: (1) a tax on the transactions that they are facilitating by providing peace, that is, a sales tax, or (2) a rent (or insurance fee) on the property within which these transactions are taking place. A rent would be simpler, accounting-wise, than a sales tax. Although it is not proportional to the revenue, it is proportional to the size of the land that needs to be protected, and so it is proportional to the amount of policing power and the cost that the government is incurring. Retailers with particularly valuable commodities should pay a higher insurance fee (or rent) to insure their protection because it would cost more to do so.

15. It is outside the scope of this article to provide a solution to this problem, that is, to present a social order within which all wages and prices will always be just. Such an order can exist, however, and it does not entail any laws with any perverse incentives. The author has been working on this issue for quite some time and hopes to present this solution in the future.
16. To a libertarian, a libertarian definition of justice; to a Catholic, a Catholic definition of justice. Nevertheless, both can agree to the concept of government intervention in the market as being a bad thing.
17. Even among Catholics there is disagreement about what rights people should have—such as whether an old person has a claim on the income of others either through social security or Medicare. End-of-life decisions are not unanimously agreed to by Catholics; some argue the sick are only entitled to food and water; others think they are entitled to bankrupt society to keep them alive; and many fall somewhere in between. What constitutes justice? What is necessary for humans to flourish? There is room for Catholics to disagree, but I would probably argue that the range of disagreement that conforms with Catholic social thought is narrower than what Finn thinks.
18. This is the concept of “bounded rationality” in the economics literature.
19. United States courts first did issue injunctions but then government regulations came about granting businesses the right to pollute a certain amount without having to pay for it.
20. See Amintore Fanfani, *Capitalism, Protestantism, and Catholicism* (1934; repr., Norfolk, VA: IHS Press, 2003).
21. Fanfani explained this well.



Finn's “Nine Libertarian Heresies” and Mueller's First Lemma

Economists Complain Exactly Insofar as They Are Unable to Explain

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Mark Twain remarked in his autobiography that “Wagner’s music is better than it sounds.” Similarly, Daniel K. Finn’s “Nine Libertarian Heresies Tempting Neoconservative Catholics to Stray from Catholic Social Thought” is better than it reads, which is like a draft introduction to *The Catholic Economist’s Guide to How to Make Enemies and Fail to Influence People*.

When Jordan Ballor, editor of the *Journal of Markets & Morality*, invited me to respond, I temporized. Being neither libertarian, neoconservative, nor heretical, I was not sure that I had a dog in this interesting but time-consuming fight. I replied:

Regarding the controversy, I would have to read Dan Finn’s submission before agreeing to participate. Though I am a Catholic and an economist, and think I have a pretty firm grasp of Catholic social doctrine, I treat economic theory (as in my recent book) primarily in terms of the natural law, which I regard as what we can know based on reasoning from commonly accessible human experience. I have differences with the libertarian view, but mostly in the terms just described, and prefer to avoid passing judgment on other economists’ religious orthodoxy (having no authority to do so and sometimes difficulty discerning the ecclesiastical authority of those who make such pronouncements).

My last-mentioned difficulty evaporated on contact with the article. I *strongly* urge(d) Professor Finn to heed George and Ira Gerschwin, and “Let’s Call the Whole Thing Off.” I am fully prepared to publish what I write. However, my chief object in responding was to persuade Finn that it is in his own interest to

withdraw “Nine Libertarian Heresies,” arrange with Jordan Ballor to fill the hole some other way, and accept my invitation to have lunch at our earliest convenience.

On its face, Finn’s essay omits two engaging features that I found in his earlier books *Just Trading* and *The Moral Ecology of Markets*: evenhanded fairness and charity.¹ In the first, Finn surveyed the debate over international trade, attempted to inject a few facts into the emotive discussion, and along the way undertook the delicate task of informing those on his side of the political aisle that they are, on the whole, every bit as clueless as their libertarian opponents. The second book was politically more one-sided, but in compensation, it reflected a genuine effort missing from his earlier work—and now as rare as hens’ teeth—to outline a comprehensive analytical framework for discussing any economic issues with some objectivity.

“Nine Libertarian Heresies” indicates that Finn adequately understands neither what he is ostensibly attacking—neoconservatism in supposed cahoots with libertarianism—nor what he is ostensibly defending—Catholic social thought. That he does not understand neoconservatism is clear from the fact that he makes the same mistake that Irving Kristol, the “godfather” of neoconservatism, initially made but recanted before concluding that rather than a coherent body of doctrine such as Scholastic economics or Catholic social thought, neoconservatism is a much looser “persuasion” shared mostly by former liberal Democrats who were “mugged by reality.”²

Insofar as neoconservatives agree on any doctrine, it is the so-called law of unintended consequences, for which Finn has insufficient regard. Rhetorically, his article is worse than a crime—it is a blunder. The most likely outcome is to provoke sympathy for, rather than outrage at, those he has attacked, to divert attention from the issues, and because he is the aggressor, to damage his own reputation first of all among his own students.

Although tempting, it is useless to say that the time devoted to drafting “Nine Libertarian Heresies” would have been better occupied rereading G. K. Chesterton’s *Heretics*. Chesterton modeled how to call an honest-to-God heretic such as George Bernard Shaw a heretic, while making him a lifelong friend rather than an enemy. (Or after-lifelong friend, ironically: Shaw cannily advised Chesterton’s widow about handling his estate.)

That is useless because it does not move the ball. I estimate that Finn’s essay shed at least ten times as much heat as light. Therefore I will make it my modest ambition to reverse that proportion. The most urgent task facing Finn is to narrow the divergence between his own secular economic theory and the Scholastic economic theory that Catholic social doctrine presupposes. (See more on this

below.) However, this is highly unlikely to occur in a public controversy (hence, my invitation to lunch).

The best way to approach the substance of Finn's controversy is to raise and answer two questions that seem at first oblique.

First, before discussing disputes among Catholic economists, what accounts for the extraordinary asperity among economists adhering to certain schools but not others?

Second, why did Finn detect exactly *nine* libertarian heresies—rather than one, four, seven, or ninety-five (the number of theses that Martin Luther nailed to Wittenberg's thereby famous church door)?

The Asperity among Some Schools of Economists but Not Others

One of my most interesting activities of this past year has been helping compose panels of economists to discuss their respective theories' presuppositions about human nature. Easily the most entertaining title was coined by philosopher Glenn Moots of Northwood University (who chaired the panel): "Do Economists Understand Human Beings?" These four or five panels tried to include one economist each from as many schools as possible, typically the Chicago school, the Austrian school, the Distributist school, and the Neoscholastic school (which I represented, although I am not the only one; Jennifer Roback Morse is a better-known example).

The hardest part was not preparing my remarks but bringing the panels off at all. The protracted and delicate negotiations often seemed to qualify the organizers for the Nobel Peace Prize. Economists from different schools—although many considered themselves orthodox Catholics—not infrequently refused to appear on the same panel, or even attend the same conference. The most volatile combinations seemed to involve the Austrian and Distributist schools, whose proponents seemed to mix not so much like oil and water as matter and antimatter.

To explain how these theories differ without inordinately lengthening my presentation, I insert here a summary table from my book.³

The Origins and Historical Structure of Economic Theory

Commonsense Meaning	<i>Gifts (or Crimes) and Distributive Justice</i>	<i>Consumption</i>	<i>Production</i>	<i>Justice in Exchange</i>
Generic Meaning	1. Preference for persons as ends	2. Preference for scarce means	3. Actualization of means: a	4. Actualization of means: b
Element of Economic Theory	Final Distribution (social unit described)	Utility (type)	Production (factors typically assumed to vary)	Equilibrium (type)
Source	Augustine, <i>On Christian Doctrine</i> I, 26 (person); Aristotle, <i>Ethics</i> V, 3 (household, business, government)	Augustine, <i>City of God</i> XI, 16 (ordinal: 1 st , 2 nd , 3 rd , ...)	Aristotle, <i>Politics</i> 1, 4 (none)	Aristotle, <i>Ethics</i> V, 5 (partial)
Period Scholastic (1250–1776)	Yes (all: personal, domestic, and political)	Yes (ordinal)	Yes (none)	Yes (partial)
Classical (1776–1871)	No	No	Yes (tangible human)	Yes (partial)
Neoclassical (1871–c. 2000)	No	Yes	Yes	Mixed
School:				
<i>British</i> (Jevons)	"	" (cardinal: ... -1, 0, 1, 2, ...)	" (tangible nonhuman)	Yes (partial)
<i>Austrian</i> (Menger)	"	" (ordinal)	" (" ")	No (e.g., Mises)
<i>Lausanne</i> (Walras)	"	" (cardinal)	" (" ")	Yes (general)
<i>Chicago</i> (1920–1960: like British)	"	" (cardinal)	" (" ")	Yes (partial)
(1960–) Schultz, [Mueller 1996]	"	" (cardinal)	" (all: tangible and intangible, human and nonhuman)	Yes (partial)
Neo-Thomist <i>Solidarist</i> (Pesch: 1900–)	Mixed: (domestic and political only)	Mixed: (cardinal)	Yes (all: tangible and intangible, human and nonhuman)	Yes (partial)
<i>Distributist</i> (Belloc: 1910–) (Chesterton)	Political only Yes/Yes	No Yes (ordinal)	Tangibles only ("labor theory") Yes (all)	Yes (partial) " ("")
Neoscholastic (c. 2000–) [Morse 2001; Mueller 2002, 2010]	Yes (all: personal, domestic, and political)	Yes (ordinal)	Yes (all: tangible and intangible, human and nonhuman)	Yes (general)

The table reveals a simple but widely overlooked fact: the logical and mathematical structures of Scholastic, classical, and neoclassical economics differ fundamentally. Few economists today are aware of the differences because American university economics departments, led by the University of Chicago in 1972, abolished the previous requirement that students of economics master its history before being granted a degree. This calls for a brief structural history of economics.

What is economics about? Jesus once noted—I interpret this as an astute empirical observation, not divine revelation—that since the days of Noah and Lot people have been doing, and until the end of the world presumably will be doing, four kinds of things. He gave these examples: “eating and drinking,” “marrying and being given in marriage,” “buying and selling,” and “planting and building” (Luke 17:27–28 ESV). In other words, we *produce*, *exchange*, *give*, and *use* (or *consume*) our human and nonhuman goods.

That is the usual order in our *action*. However, as Saint Augustine first explained, the order is different in our *planning*. First, we choose *for whom* we intend to provide; next *what* to provide as means for those persons. Finally, Thomas Aquinas later added, we choose *how* to provide the chosen means, through production (always) and exchange (almost always), both of which Aristotle had described.

Therefore economics is essentially a theory of providence: it describes how we provide for ourselves and the other persons we love, using scarce means that have alternate uses. Human providence is a synonym for the cardinal virtue of prudence. Aristotle had divided moral philosophy into ethics and politics. However, he also aptly described humans as “rational,” “conjugal,” and “political animals.” Thus Aquinas redivided moral philosophy into three, distinguishing personal, domestic, and political prudence—or equivalently, “economy”—according to the social unit described.

Scholastic “AAA” economics (c.1250–1776) began when Thomas Aquinas first integrated these four elements of production, exchange, distribution, and consumption, all drawn from Aristotle and Augustine, into an outline of personal, domestic, and political economy, both positive and normative, within the natural law. It was taught at the highest university level for more than five centuries by every major Catholic and (after the Reformation) Protestant economic thinker—notably the Lutheran Samuel von Pufendorf, whose work was used by Adam Smith’s own teacher to teach Smith economics and was also recommended by Alexander Hamilton, who penned two-thirds of the *Federalist Papers*.

Classical economics (1776–1871) began when Adam Smith cut the four elements to two, trying to explain specialized production (which he memorably

but inaccurately called “division of labor”) by production and exchange alone. But Smith and his classical followers undoubtedly advanced those two elements. Smith also dropped Augustine’s theory of utility (which describes consumption) and replaced Augustine’s theory of personal distribution (gifts and their opposite, crimes) and Aristotle’s theory of domestic and political distributive justice with the mere (often false) assumption that “every individual . . . intends only his own gain.”⁴

Neoclassical economics (1871–c. 2000) began when three economists dissatisfied with the practical failure of Smith’s classical outline (W. S. Jevons in England, Carl Menger in Austria, and Leon Walras in Switzerland) independently but almost simultaneously reinvented Augustine’s theory of utility, starting its reintegration with the theories of production and exchange.⁵ They abandoned Smith’s revised outline mostly for three related reasons: (1) without the theory of utility, classical economists were unable to answer some important questions (e.g., why goods that cannot be reproduced with labor have value); (2) they made predictions about others that turned out to be spectacularly wrong (notably the “iron law of wages,” which predicted that rising population would prevent rising living standards); and (3) it directly fostered Karl Marx’s disastrously erroneous economic analysis. Although schools of neoclassical economics have since multiplied, all are derived from these three schools.

Neoscholastic economics (c. 2000–). Neoscholastic economics is already starting to revolutionize economics once again and will continue to do so in coming decades by replacing its lost cornerstone: the theory of distribution, simply because, as with the theory of utility, including the element does a far better job of empirical description.

Thus Adam Smith’s chief significance lay not in what he *added to*, but rather *subtracted from* economics. As Joseph Schumpeter demonstrated, “The fact is that the *Wealth of Nations* does not contain a single *analytic* idea, principle or method that was entirely new in 1776.”⁶ The facts about the development of economics seem to indicate that a reevaluation is overdue and quite likely for both Augustine and Adam Smith, particularly because Smith essentially “de-Augustinized” economic theory to its detriment. Although far from exhaustive, this brief structural history of economics explains why Scholastic economics contained four, classical only two, and neoclassical economics three basic elements.

This historical overview also offers a framework for analyzing today’s various schools of economics. It shows not only what one should appreciate—but also the shortcomings—in each school, whether the British, Chicago, Austrian, Walrasian, Distributist, or Solidarist schools.

Yet there are also significant differences within each school, which can be appreciated by comparing the following pairs: Wilhelm Röpke and Ludwig von

Mises in the Austrian School; Jacob Viner and Frank Knight (or Knight's student George Stigler) in the Chicago school; and G. K. Chesterton and Hilaire Belloc in the Distributist school. In each pair, the former filled gaps in the latter's more technical treatment through incisive verbal presentations, bringing it analytically closer to the (neo)scholastic theory.

It is also an important clue that the sharpest clashes were usually between representatives of the Distributist school who followed Hilaire Belloc and members of the Austrian school who followed Ludwig von Mises. Generally speaking, followers of Chesterton and Röpke argue with nuance and humor, while Bellocians and Misesians pick dogmatic, humorless quarrels. Studying the table suggests the reason. Despite their strengths, these last two have the biggest analytical gaps relative to Scholastic economic theory and therefore are hardest to verify empirically. Belloc attempted to meld the "labor theory of value" that Adam Smith bequeathed to classical economics in place of Augustine's theory of utility. Mises' modern followers disparage the whole notion of "equilibrium" and measurement altogether (a bee that did not buzz in Friedrich Hayek's bonnet).

As luck would have it, while preparing this initial response, I received a review of my book in the *Journal of Economic Literature*.⁷ Although mostly positive, David C. Colander's review contained this troubling passage: "While there are no theorems, proofs or lemmas, there is a connected argument that goes far beyond the pabulum found in most wide-ranging popular books."

I believe that my decision to expunge "theorems, proofs, or lemmas" is still defensible. My publisher's rule of thumb was that readership would be cut in half by every economic equation in the text. I did tether several tame equations involving high school algebra in the endnotes. However, the message I took from Dr. Colander's review is that to start pulling my own weight in peer-reviewed journals: it is time for my own lemma. Therefore I will now oblige with my first.

As every reader of the *Journal of Markets & Morality* knows far better than I, "in mathematics, a lemma (plural lemmata or lemmas from the Greek λήμμα, meaning 'anything which is received, such as a gift, profit, or a bribe') is a proven proposition which is used as a stepping-stone to a larger result rather than as a statement in-and-of-itself." Troublingly, "There is no formal distinction between a lemma and a theorem, only one of usage and convention."⁸ (We note in passing that what was once common knowledge to those merest children, the ancient Greeks and Romans, is now hidden from today's learned and clever neoclassical economists: although every transaction involves giving and taking, these transactions occur in at least three different ways: "as a gift, profit, or bribe"; more generally, as a gift, an exchange, or a crime.)

I therefore summarize this section by putting forward Mueller's First Lemma: "Of all economic theories so far, the most logically complete and empirically verifiable is the Scholastic economic theory." Put another way, all other economic theories fall short of Scholastic economic theory as both a logical and an empirical matter.

Being only a lemma, of course, Mueller's First Lemma is chiefly useful not in itself but as a stepping-stone to uncover many other true theorems.

The first application of Mueller's First Lemma is to answer our first question: What accounts for the extraordinary asperity among economists adhering to certain schools but not others? More simply, economists complain exactly insofar as they are unable to explain.

Finn ended his essay with "a call for a more careful and self-critical articulation of the view of Catholic social thought ... and ... the full depth and complexity of the Catholic tradition." The fact that he forgot to provide such a self-critical articulation himself neither diminishes the value of his suggestion nor absolves me from supplying one.

Therefore I modified the table from my book to include myself, twice: the first placing an essay I wrote in 1996, within Theodore Schultz's version of the later Chicago School, and the second placing both an essay published in 2002 and my book, published in 2010. I place the latter two within the "Neoscholastic school of economics." I buried this observation regarding my 1996 essay in an endnote in the book, which I now wish to highlight and expand upon.

The purpose of the note was to acknowledge works by several other living economists, nearly all Catholics, inspired by Scholastic economic theory. I included myself at the end, commenting, "Yet each (including me) found something important in Scholastic natural law that failed to fit into neoclassical economic theory." Furthermore, "My own 1996 essay, though inspired by Scholastic theory, was still formally neoclassical."⁹

Although showing much promise, my 1996 essay was simply not ready for prime time. While vigorously, though respectfully, criticizing Gary Becker's (and George J. Stigler's) "economic approach to human behavior," my actual *adherence* to Scholastic economic theory amounted to a purely verbal gloss—more a lacquer than a veneer—with which I talked a great deal *about* Scholastic economic theory and quoted Thomas Aquinas liberally, while leaving the *structure* of the theories that I was criticizing *and using*, essentially unchanged. In doing so, I merely joined the throng of ankle-biters who are the bane of every Nobel laureate's existence. (All the more ridiculous because I am nearly 6'5".)

In making this public confession, I realize what a blessing it is that there was no one at the time who actually understood Scholastic economics and engaged me

in a public controversy like this one to explain that, though many of my negative criticisms were valid, in the end I had not actually achieved any corresponding reformulation of the neoclassical theory that I was using.

Why was there no such person? Because when the University of Chicago's economics department on that fateful day in 1972 adopted Stigler's motion (supported by Gary Becker) to abolish the "history of thought" requirement, most secular economics departments quickly followed suit. Furthermore, no Catholic or other religious universities' economics departments said "boo" because they were not equipped to teach a technically sound version of Scholastic economic theory. One of my chief goals (also in this response) is to shame economics departments of both secular and religious universities into reinstating the requirement of history of thought.

The Reason for Exactly Nine Libertarian Heresies

Mueller's First Lemma also contains a Catholic Corollary: "The readiness of Catholic economists to accuse one another of heresy is proportional to the logical insufficiency of and, thus, lack of empirical support for their economic theories." In reduced form, combining Mueller's Lemma and both corollaries I deduce that "the asperity among economists, up to heresy charges, is proportional to their theories' incongruence with Scholastic economic theory and, thus, unverifiability."

Finn framed the issues essentially as an argument from authority. However, this treats both Scholastic economic theory and Catholic social doctrine as if they were inaccessible to reason alone, or even unreasonable—as if Catholic social doctrine were one big game of "Simon Peter Says." Non-Catholics need not apply.

I did not ask, "Why did Professor Finn detect exactly nine libertarian heresies (and name some eighteen Catholic libertarian economist heretics) but exactly zero specific Catholic liberal heresies (and zero heretical Catholic liberal economists)?" By my running count, Finn named some eighteen heretics (I collated multiple charges)¹⁰ plus three baleful influences.¹¹

If Mueller's First Lemma and its secular and Catholic corollaries are true, the answer cannot be that Finn was being *unfair* in applying but rather *unable* accurately to apply his economic theory to the issues at hand.

The number nine is not quite as mystifying as in John Lennon's "Revolution #9."¹² However, it is needlessly obfuscatory. Anyone who rereads the nine heresies carefully will discover that rather than nine different errors, they are essentially the same error repeated nine times with varying degrees of imprecision. All boil down to adopting Adam Smith's assumption that "every individual ... intends only his own gain."¹³ However, as we have already seen, the error lies, first of all,

at the level of inaccuracy in economic theory before it is a question of adhering to Catholic social doctrine. All other economic theories fall short of Scholastic economic theory as both a logical and an empirical matter.

Therefore let us zero in on the two paragraphs that contain the nub, beginning with:

Heresy #2: *Justice is commutative justice.* For libertarians, justice is no more than commutative justice, that standard of justice that should prevail in one-to-one voluntary transactions. For libertarians, distributive justice is wrong-headed and immoral. For the government to raise taxes to pay for goods or services provided to the needy violates the ownership rights of taxpayers. Many libertarians see taxation as theft.

In the Catholic view, there are three dimensions to justice. Commutative justice requires fair treatment in one-to-one relationships. Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met. General justice (sometimes called legal or even social justice) refers to the obligation that every person has to contribute to society and to the obligation that societies have to enable all persons to so contribute.

As we saw in the preceding section, there *is* something deeply problematic in the libertarian understanding of justice: its tendency to collapse all justice—in fact, all economic transactions—to commutative justice alone.

However, the same passage reveals that Finn does not understand each form of justice either. To see the confusion, compare Finn’s two paragraphs with two corresponding paragraphs from the *Catechism of the Catholic Church*.

Contracts are subject to commutative justice which regulates exchanges between persons in accordance with a strict respect for their rights. Commutative justice obliges strictly; it requires safeguarding property rights, paying debts, and fulfilling obligations freely contracted. Without commutative justice, no other form of justice is possible.

One distinguishes commutative justice from legal justice which concerns what the citizen owed in fairness to the community, and from distributive justice which regulates what the community owes its citizens in proportion to their contributions and needs. (2411)¹⁴

As the comparison reveals, Finn has misstated both commutative and distributive justice.

Finn described commutative justice as “that standard of justice that should prevail in one-to-one voluntary transactions,” and as “fair treatment in one-to-one relationships.” The *Catechism* corrects this by describing “commutative

justice which regulates *exchanges* between persons.” What is the difference? Finn’s formulation ignores personal *gifts*—which are (in his words) “one-to-one voluntary transactions” and “one-to-one relationships”—but *not* “exchanges between persons” (as the *Catechism* correctly describes them). Gifts always satisfy, but never exemplify commutative justice—precisely because a gift always goes *beyond* the approximate equality of values that characterizes exchange in a competitive market.

Similarly, Finn misstated distributive justice, writing, “Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met.” Again, the *Catechism* corrects this: Distributive justice “regulates what the community owes its citizens in proportion to their contributions and needs.”

In other words, distributive justice applies to *common*, that is, jointly owned goods, not *all* goods. Distributive justice can never override commutative justice because, as the *Catechism* clearly states, “Without commutative justice, no other form of justice is possible.” If, rather than being the formula for sharing any common good, distributive justice were some overarching principle that “owning and using the goods of the earth must ensure that the needs of all are met,” it would logically require, not that God intended all mankind to enjoy the earth’s goods but rather that *all goods be common goods*, in which everyone shared ownership indiscriminately—a sort of global communism extending Karl Marx’s economic theory to the world. In such a system, neither gifts nor exchanges would exist, because no one would have any *right* to dispose of anything by either kind of transaction. To presume this state of affairs is simply factually false.

Thus, just as libertarians tend to collapse justice to commutative justice, Finn’s prose tends to collapse justice to distributive justice. As we will also see, his technical economic theory depends on the very same error for which he charges others with heresy. In both cases, there is much confusion, but no heresy.

In “Nine Libertarian Heresies,” Finn did not present his own outline of economic theory. However, it is presupposed throughout the essay, and he did present this outline at some length in the second book that I mentioned above, *The Moral Ecology of Markets*. I beg his (or his publisher’s) leave to reproduce its core here.

In chapter 5, Finn explains that he adapted his broader conceptual framework from “a classic essay from the 1920s, [by] Frank H. Knight,” the cofounder (with Jacob Viner) of the Chicago school of economics. Knight was inspired by Max Weber, who originally identified himself as an economist of the Austrian school, but later as a sociologist, who went on to revise the theory of Auguste Comte, sociology’s inventor. After translating one of Weber’s works, Knight

gave up his project to translate them all upon discovering that Talcott Parsons had already begun to do so.

After noting that Knight claimed that there are “five problems that any economy must address,” Finn revised this to four problems, which he described in the following key passage:

Thus, in our description of the problems of economic life that markets must address, we will identify four separate issues. Following the vast majority of mainstream economists, the first will be the *allocation* of scarce resources to alternative uses, and the *distribution* of the goods and services to the various persons in society. A third issue will be that of the scale of the economy, a shorthand way of acknowledging that a continually growing economy must eventually bump up against the limits of a planetary biosphere of fixed size, causing the macro-level problems that individual, self-interested economic actors have little incentive to address. The fourth problem is the *quality of human relations*. The smooth functioning of economic life, even on a high-tech factory floor, is possible only if there is a pattern of predictable, and largely moral, relationships among the persons involved. In economic jargon, this has been analyzed as an issue of “social capital.” This chapter briefly examines each of the four problems.

A fifth problem needs to be identified, but its character is different from that of the others: it cuts across all four problems as a dimension of each. The problem is *reproduction*, the necessity of investing resources simply to maintain the capacity one already possesses.¹⁵ Businesses know well the need to replace machines and other physical capital as they wear out with use, and for this reason, they regularly set aside funds for depreciation. Without this ongoing reinvestment, existing capital equipment would continue to reproduce until it was worn out, at which point the business would be at a great loss if it had not made plans for its replacement. Thus, reproduction is an essential element of the problem of allocation just identified. But it is an equally important dimension of the other three problems, as we shall see.¹⁶

In chapter 4, Finn had already explained that

this book employs the terms “self-interest” and “self-interested” in the generic manner that economic science does. That is, self-interest is here understood as the interest of the self, which could include either narrowly selfish or broadly altruistic goals held by the actor. The phrase “narrow self-interest” refers to actions in which the self (perhaps a few loved ones near the self) is the intended beneficiary of the action. Thus, when actions are taken in the interests of others but the intention is to serve the well-being of the actor, that action is described as narrowly self-interested, even if it also redounds to the benefit of others.¹⁷

Two things are apparent from both of Finn's passages. First, as I mentioned at the beginning, Finn thinks comprehensively, to a degree that is extremely rare. Second, Finn, though comprehensive, is not yet a fully systematic thinker. Both Aristotle and Augustine were extraordinarily comprehensive thinkers, but neither was a fully systematic thinker. The lasting power of Scholastic economics is due to Thomas Aquinas who dovetailed Aristotle and Augustine's elements systematically.

What is obvious to the most casual reader is that each element of Scholastic economic theory can be traced directly to the "AAA's," Aristotle, Augustine, and Aquinas. However, Finn's outline of economics has no relationship to any of the AAA's or their Scholastic economic theory, and he traced it back only to the early Chicago school. By saying that he "employs the terms *self-interest* and *self-interested* in the generic manner that economic science does," Finn punts the ball instead of carrying it by using Scholastic economic theory, because such sharing can be described only with the Scholastic theory of final distribution (gifts/crimes and distributive justice), which no neoclassical theory contains.

Second, it is obvious to me that Finn has never actually used his framework for any empirical work. However, this may not be obvious to those who do little empirical analysis. Therefore my challenge to Professor Finn is not to *apply* but simply to *state* his theory by describing his four (or five) categories in a way that, like the Scholastic method, is both logically complete and empirically testable.

For example, describe one or more transactions involving (1) a gift, (2) distributive justice, (3) a choice of product(s), (4) production, and (5) exchange.

In my earlier confession, I admitted that until starting my recent book, while inspired by Scholastic philosophy and Catholic social doctrine, what I had actually been doing for years was to use these as a purely verbal gloss on a version of neoclassical economic theory that significantly diverged from the Scholastic economic theory that Catholic social doctrine employs.

By proposing Mueller's Lemma, I have argued that accusations of heresy among Catholic economists, such as Professor Finn's, begin precisely at the point at which the anathematizer can no longer describe reality accurately. In one sense, my response strengthens Finn's critique by making it possible to state exactly what he cannot: what is wrong with the theories of each of those he criticizes.



I suggest that the worst that can be charged to any of the "Catholic libertarian heretics" that Finn targeted is not heresy but involuntary doubt as described in the *Catholic Catechism*: "hesitation in believing, difficulty in overcoming objections connected with the faith, or also anxiety aroused by its obscurity."¹⁸ It consists simply in doing exactly what I did until ten years ago and what Professor Finn is patently doing now—using an inferior theory because we do not yet know


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a better one, meanwhile putting a purely verbal lacquer of prose to gussy up a theory that is fundamentally at odds with both Scholastic economics and Catholic social doctrine.

The operative Gospel passage, therefore, is not “let him who is without sin among you be the first to throw a stone” (John 8:7 ESV), but “the harvest is plentiful, but the laborers are few” (Matt. 9:37 ESV). Under the circumstances, the first priority is not to organize a circular firing squad among the most promising Catholic economists, but rather for everyone to drill in better marksmanship—and as we have seen, Finn’s own aim has been none too accurate.

I argued at the beginning that rather than pursuing this controversy to its bitter end, Professor Finn was better advised to withdraw the essay, in which case almost no one, particularly his students, would be aware of it. Because Finn failed to withdraw the essay, he will, in the judgment of most who read it, likely lose the controversy. I do not particularly want to win because doing so would likely remove a powerful, potential future ally. If Finn digs in his heels to defend an indefensible thesis, he will be trapped in the box he now inhabits. By withdrawing the article, Finn would have been liberated to choose, at his own pace and in his own manner, to exchange an inferior theory for a better one and hand it on: the updated version of Scholastic economic theory. So please, follow the Gerschwins’ advice and “Let’s Call the Whole Thing Off.” Except for lunch.




Notes

1. Daniel Finn, *Just Trading: On the Ethics and Economics of International Trade*, The Churches' Center for Theology and Public Policy (Nashville, TN: Abingdon Press, 1996); Daniel K. Finn, *The Moral Ecology of Markets: Assessing Claims about Markets and Justice* (New York: Cambridge University Press, 2006).
2. Irving Kristol, "The Neoconservative Persuasion," *The Weekly Standard* 8, no. 47 (August 25, 2003), <http://www.weeklystandard.com/Content/Public/Articles/000/000/003/000tzmlw.asp>.
3. John D. Mueller, *Redeeming Economics: Rediscovering the Missing Element* (Wilmington, DE: ISI Books, 2010), table 5-1 (modified), 130.
4. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Edwin Cannan (1776; repr., London: Methuen & Co., 1904), IV.ii.9.
5. W. S. Jevons, *The Theory of Political Economy* (London: Macmillan, 1871); Carl Menger, *Principles of Economics [Grundsätze der Volkswirtschaftslehre]* (New York: New York University, 1976 [1871]); Leon Walras, *Elements of Pure Economics, or the Theory of Social Wealth [Éléments d'économie politique pure, ou théorie de la richesse sociale]*, trans. W. Jaffe (Homewood, IL: Richard D. Irwin, 1954 [1874]).
6. Joseph Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), 184.
7. David C. Colander, review of John D. Mueller, "Redeeming Economics," in *Journal of Economic Literature* 49 (September 2011): 9–10.
8. Nicholas J. Higham, *Handbook of Writing for the Mathematical Sciences* (Society for Industrial and Applied Mathematics, 1998), 16; cribbed from [http://en.wikipedia.org/wiki/Lemma_\(mathematics\)](http://en.wikipedia.org/wiki/Lemma_(mathematics)).
9. In my book, I have shown how it can be stated and used in empirical work at every level, ranging from a single person to a married couple to a family to a business firm, charitable foundation, and political community under a single government, right up to the whole world economy.
10. Michael Novak, Philip Booth, Fr. Robert Sirico, Samuel Gregg, Antony Davies, Rodger Charles, SJ, Gregory Beabout et al. (Ricardo F. Crespo, Stephen J. Grabill, Kim Paffenroth, and Kyle Swann), Anthony Santelli Jr. et al (Jeffrey Sikkenga, Robert A. Sirico, Stephen Yates, and Gloria Zúñiga), Patricia Donohue-White et al. (Stephen J. Grabill, Christopher Westley, and Gloria Zúñiga), William McGurn.
11. Friedrich Hayek, Robert Nozick, and Ayn Rand.



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12. As even youngsters may know, this song ended with a tape loop of the constantly repeated words “number nine, number nine,” leading a large number of Beatles fans to proclaim that it was the announcement of Paul McCartney’s death, because when spun backward on a record turntable, its message was “turn me on, dead man.” What more proof was needed?
 13. Smith, *Wealth of Nations*.
 14. *Catechism of the Catholic Church* for the United States of America, United States Catholic Conference, Libreria Editrice Vaticana (Ligouri, MO: Ligouri Publications, 1994).
 15. [Finn’s note:] I am indebted to Barbara Hilkert Andolson for suggesting this line of analysis.
 16. Finn, *The Moral Ecology of Markets*, 77.
 17. *Ibid.*, 58.
 18. “Involuntary doubt refers to hesitation in believing, difficulty in overcoming objections connected with the faith, or also anxiety aroused by its obscurity” (2088). “Heresy is the obstinate post-baptismal denial of some truth that must be believed with divine and catholic faith, or it is likewise an obstinate doubt concerning the same” (2089), *Catechism of the Catholic Church*, 506.
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A Response to Santelli and Mueller

Daniel K. Finn

I am honored by and grateful for the responses of Anthony Santelli and John D. Mueller. In each case, we agree on a number of issues, but due to the constraints of space, I will focus my comments on our differences.

Santelli often indicates his agreement with portions of my article, but he rarely disagrees with statements there about how a number of neoconservative Catholic scholars claim that their positions are Catholic in spite of their being founded on libertarian principles that conflict with the Catholic tradition. Thus, for example, I criticize Michael Novak for relying on Friedrich Hayek's view of social justice: Novak's reducing it to a virtue of individuals, Hayek's taking it as an assertion about social life and calling it "empty and meaningless" and "a fraud." Santelli simply explains his own position, concluding that "no libertarian in his right mind could deny the existence of social justice in this sense." In this he ignores Hayek's claims, Novak's defense, and my argument that Novak's use of Hayek allows him to defend a view of social justice in conflict with Catholic social thought.

Santelli also sidesteps my arguments about the Catholic rejection of methodological individualism. He says that my critique is "purely semantic and irrelevant," and that entities (institutions, social structures) do not act. However, my article explicitly stated that only persons are actors. Institutions nonetheless have causal effects—enablements and restrictions—originally emergent from human action but, once established, operating independently of the actions of the individuals. It would seem that he himself may so thoroughly embody methodological individualism that he cannot imagine the alternative, embodied

in the Catholic tradition and often referred to as a more “organic” understanding of society than libertarians can endorse.

Similarly, he says that “I am not culpable as an American if America engages in an unjust war.” This is too individualistic for Catholic social thought. We have a joint responsibility for the institutions we participate in, benefit from, and sustain. Thus Catholic social thought recognizes that we are to some degree culpable if our democratically elected leaders start an unjust war. Libertarians may think they are off the moral hook, but the Catholic tradition says we all are to some extent responsible (with those supporting the war more responsible than others, of course) and that we have an obligation to try to change the situation. Recall that many German Christians denied their own culpability for actions of the Third Reich.

Santelli asserts that “laws should ensure that people have the *ability* to do what they should; they should not *force* people to do what they should.” This leads him to reject, for example, the traditional Catholic endorsement of government’s role in collecting taxes to help meet the needs of those who cannot meet their own. However, human institutions are more complicated than his assertion implies. No one can literally force you to *do* anything. Force can only restrict you physically; the rest is the coercive power of a threat. Even the mugger whose gun is pointed at your chest is not forcing you, but he is threatening to use force: he will kill you if you do not decide to turn over your money. Although laws cannot force people to act in certain ways, the Catholic tradition has always seen government as appropriately using threats (and force as a penalty, if necessary) to collect taxes or to prevent speeding and corporate fraud, or to preclude the sale of votes, children, and ground-to-air missiles.

Essential to Santelli’s position—that the law must enable people to meet their needs—is the proposal in note 8: a one-time grand redistribution of wealth (the Catholic part), after which no further redistributions would be allowed (the libertarian part). The key here is that each person would be given some amount of “promised land” on which they could depend to support themselves if they cannot find a job. Santelli seems aware that this redistribution is politically impossible in the United States, and so he seems to view Catholic social thought as far more abstract and sectarian than the very practical-yet-principled approach that characterizes the tradition. Many people working in large cities would have to own their piece of promised land far beyond commuting distance. Unemployed managers, computer programmers, and hairdressers would be presumed to also have agricultural skills and somehow possess the wherewithal to build a home and buy seed and farm tools. During lengthy periods of unemployment, they would

have to shift from an urban middle-class lifestyle to the poverty of subsistence farmers, waiting to find a job to return to middle-class life again back in the city.

Santelli often uses the very Catholic term *human flourishing*, and he talks of “the minimum of meeting their basic needs—physical, social, and spiritual,” but his fallback position—urban workers becoming subsistence farmers during unemployment—seems to define the minimum of human flourishing as having some food to eat, perhaps without shelter, education, or medical care (none of which a plot of land can guarantee). Furthermore, what of the elderly, orphans, or the mentally handicapped who have no one to care for them? It is a right-wing illusion that private charity would step in for government; currently Catholic Charities and Lutheran Social Services in the United States receive more than half of their annual income from government sources. Santelli’s system would seem to leave many groups of people with unmet needs.

It certainly seems that Santelli fails in his effort to erect a position that is both Catholic and libertarian. He hopes to squeeze the expansive Catholic notion of human flourishing into the pigeonhole of the libertarian prohibition against harm to others. Life’s dynamism (both market dynamics and natural chance) will continually generate conditions of extreme need for some, and this has led all modern popes and national bishops’ conferences and the vast majority of Catholic scholars to call for some degree of ongoing governmental redistribution to meet human needs. Santelli rejects this fundamental building block of Catholic social thought.

John D. Mueller declares that his aim is to deal with “the substance of Finn’s controversy” but spends only about one quarter of his essay directly engaging my work. Nearly half of that deals not with the article at hand but with a book I wrote several years ago. Apparently out of his own intense interest in economic theory, he mistakes a subordinate element in that book (its treatment of “the four problems of economic life”) as “its core,” and he inexplicably asserts that “Finn explains that he adapted his broader conceptual framework” from Frank Knight, even though I referred to Knight’s list of the problems of economic life only to reject it as inadequate.

Mueller says three things directly about my article. First, he dismissively claims that there are not nine heresies, but only one, because they “all boil down to adopting Adam Smith’s assumption that ‘every individual . . . intends only his own gain.’” This is a mysterious assertion. He does not explain how complex moral arguments among philosophers and theologians about methodological individualism, the character of justice, the extent of property rights, and the proper role of governments in markets can be properly subsumed under a single

empirical generalization about individual intentions. His lack of interest in ethical questions would not seem to be sufficient warrant for calling them “needlessly obfuscatory.”

Second, Mueller takes me to task for my description of commutative justice as not encompassing the giving of gifts. As evidence, he quotes from the *Catechism of the Catholic Church*: “Contracts are subject to commutative justice which regulates exchanges between persons in accordance with a strict respect for their rights.” However, in this he assumes that gift-giving is “an exchange,” while a pure gift is given with no expectation of anything in return.

Third, Mueller also asserts that I misunderstand distributive justice because I identify it with the traditional Christian principle that owning and using the goods of the earth must ensure that the needs of all are met. He objects that this “would logically require that God did not intend all mankind to enjoy the earth’s goods but rather that *all goods be common goods*.” He offers no evidence for this deductive leap and implicitly ignores the views of his most respected authority, Thomas Aquinas, who taught (ST II-II, q. 66) that God “ordained material things to meet human needs” and so a legal system of personal ownership must be structured so everyone’s needs are met, a test Santelli hopes to pass with his grand redistribution followed by a libertarian refusal to redistribute further. Thomas needed no such grand redistribution, and yet he rejected common property—because he relied on both individual sharing and a civil government that collected taxes. The Catholic tradition since has continuously endorsed a role for government in this meeting of needs. For example, Pope Benedict XVI, following his predecessors, warns against “abandoning mechanisms of wealth redistribution” that governments currently have at their disposal (*Caritas in Veritate*, 32). Mueller seems unaware of such official teaching, or else he is actively practicing the sort of cafeteria Catholicism that I criticize in the article.

I have great appreciation for the economic insights of Thomas Aquinas, but that is not what my article addressed. It criticized arguments by many neoconservative Catholic scholars who often describe their moral positions as Catholic in spite of their dependence on libertarian assumptions that are in basic conflict with Catholic modes of analysis. For some reason, Mueller interprets my article as a discussion about economic theory. The conversation he wants to have is a good one. It is just not the one to which he was asked to respond. Perhaps he and I can have that conversation over lunch some day.

In sum, I see two basic problems in our interchange. First, while there is no shame in holding positions that are not Catholic, both Santelli and Mueller claim their positions are Catholic when some of them are not. Santelli does not provide references to official Catholic statements to justify his claim, and Mueller’s



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limited use of them would seem to be faulty. In my article, I frequently referred to papal statements, but not because only popes can speak for this tradition and not because I think the principles involved “are inaccessible to reason alone.” Testing controversial views against authorities in a tradition may not tell you whether the views are true but will tell whether the views fit in that tradition. The modern popes are, in the Catholic intellectual world, the most authoritative voices on what that tradition means for economic life today.

Second, I regret that neither scholar said much about whether I was right or wrong in applying this same critique to several Catholic scholars, explicitly named in the article. Perhaps others can engage that question in future issues of the *Journal of Markets & Morality*.



“Nine Libertarian Heresies”— A Surrresponse

Anthony E. Santelli II

Finn says that my arguments fail to erect a position that is both Catholic and libertarian. I disagree and will expound on them here further, showing how justice for all is possible within such an order. In addition, I will show that Finn’s belief in the redistribution of income is contrary to Catholic social thought. It is he who fails to erect a position that is both Catholic and liberal.

Finn is misguided in focusing on a “one-time grand redistribution of wealth after which no further redistributions would be allowed” (a proposal I describe briefly in a footnote) as being an essential part of my position. The core of my thesis is the Christian methodology of doing political economy that I explained. This methodology says that any law, tax, right, rule, regulation, or cultural imperative that provides an incentive to act contrary to the nature of God or a disincentive to act in accord with the nature of God is, by its nature, contrary to God’s Order (capital O) and, as such, can be judged to be wrong and, hence, should be changed or abolished. God is all Good, Beauty, Truth, and One. Therefore any tax on or regulation of goodness, beauty, truth, or unity inhibits or provides a disincentive against humans acting like God and so cannot be a part of a just social order. I take the position that this is the only valid methodology by which a Christian can do political economy, that is, by which a Christian can seek to develop a just social order. All laws must conform to this principle, and I challenge Finn to find a fault in this methodology.

The social order that I described is deductively derived through a consistent application of this methodology along with a basic understanding of human nature, from which justice with respect to that nature is derived. It is from this premise

that I derived the conclusion that an income tax must be contrary to God's Order: it is a tax on work, a tax on something good. It is from this methodology that I concluded that laws containing perverse incentives, including income redistribution, must be contrary to God's Order. Then, from there, I sought out a just solution to existing injustices such as poverty and unemployment. My proposal for a one-time redistribution of wealth is not where I begin; it is a conclusion derived from this methodology in developing a just social order. I humbly admit that there may be other solutions; I simply have not found any that do not contain perverse incentives, and so I hold to this one-time restitution.

Although I called it a redistribution in my original response, it is really a restitution rather than a redistribution because it is restitution for past usury.¹ Finn is incorrect in thinking that I think that this restitution is politically impossible in the United States. It is politically impossible today. However, when the full brunt of this sovereign debt crisis is unleashed on the people of the Western world, such a solution will be very politically feasible, especially when it is revealed that the concentration of wealth is largely a result of usury—something that the Church has always taught is wrong²—and that justice requires its restitution.³ Each family would then buy outright or pay off the mortgage on their own home/promised land with those funds.

Finn has it wrong in thinking that I take a “go back to the land” solution. Quite the contrary. In essence, what this promised-land idea leads to is absolute ownership of one's home without any mortgage and property taxes. The average American pays 35 percent of his income toward housing expense. This would now be zero. The cost of living is substantially reduced. Further, no one would ever lose their home to the bank. Everyone would always have a place to live. Furthermore, to the extent that they own farmland, they could lease it out to some farmer and use that money to buy food. (I never advocated that the unemployed go back and farm their own land, but they would have that option if they so choose.)

With a massive cut in the cost of living and housing owned by everyone, there is far less need for redistribution. Finn is right that it is a right-wing illusion that private charities would step in for government *and do all that government is now doing for the poor*. I am saying that in a just social order after the one-time restitution of wealth,⁴ charities need not do anything close to that much. Finn claims that my system leaves many groups of people with unmet needs. That is pure speculation. On the contrary, the current system leaves over 9 percent unemployed, 5 percent underemployed, and millions not even counted—along with a bankrupt government. What solution does Finn have for that? I, at least, am providing one.

My point was to provide a methodology that enables us to discover a just, peaceful, and sustainably prosperous social order that completely conforms to the Word of God. As I discussed in some detail, this methodology demonstrates the immorality of income taxes for redistribution, as well as a variety of other taxes including corporate profits taxes, capital gains taxes, and inheritance taxes. In essence, it renders most of the welfare state as it is now conceived to be illegitimate. The methodology does not condemn all taxes—sales taxes, sin taxes, tariffs, or a value-added tax—that are not fundamentally immoral.⁵ Also legitimate would be a Georgist-style property tax on nonpromised land.⁶

Finn thinks that I reject “the traditional Catholic endorsement of government’s role in collecting taxes to help meet the needs of those who cannot meet their own.” What I opposed—and I tried to be sufficiently precise about this—was not taxes *per se*, but *specific kinds of taxes* that were effectively taxes on the nature of God. Also, I did not oppose government welfare *per se*, but *certain kinds of welfare* that provide a disincentive against work, an incentive to bear children out of wedlock, or a sense of entitlement—things that are contrary to goodness and unity; that is, contrary to the nature of God. As such, although Catholic social thought does allow for government intervention in cases of extreme need,⁷ there are right ways and wrong ways to intervene. I do not oppose this teaching of the popes. *I was narrowing its legitimate forms to exclude those that are contrary to love and the nature of God.*

Finn claims that government redistribution is a “fundamental building block of Catholic social thought.” It is not. Finn ignores the non-Catholic part of redistribution: the fact that it causes the breakdown of families, creates class warfare, is a massive disincentive to produce, leads to people feeling entitled, and in the long run, bankrupts and destroys the social order.⁸ Finn completely ignores this and falls into heresy as a result. Pope John Paul II said that unbridled capitalism is inconsistent with Catholic principles of justice.⁹ He also says that unbridled taxation and redistribution is also outside the legitimate realm of Catholic social thought.¹⁰ It has turned what used to be a relationship of charity between giver and receiver into a relationship of hate between those who feel entitled and those who feel swindled. As Pope Benedict XVI says in *Caritas in Veritate*, “We should seek to restore a kingdom of loving relationships.” This means a social order that is neither unbridled capitalism nor unbridled welfarism. What I am providing is a methodology by which one can determine which forms of taxation, redistribution, and regulation are illegitimate. Furthermore, after making the one-time restitution and various other institutional changes, they *may* not be needed at all.

I proposed a solution as to how to get to that social order from the current one: the one-time restitution of wealth followed by the abolition of the forced

redistribution of income in combination with various other changes too numerous to list here. This would result in a social order where a far larger percentage of the population would be able to meet their own needs. In this new order, charities could probably provide for all the needs of those who cannot meet their own. I did not have the space to provide a complete exposition of this alternative social order. Nevertheless, the methodology should give the reader a vision as to how to do this and the hope that it can be done.

According to the principle of subsidiarity, helping the poor and needy is only a governmental function if other institutions are unable to meet their needs. The liberal establishment has been intentionally destroying intermediary institutions since 1789.¹¹ Within the social order that the popes and the Church have espoused—a guild system of job security without usury where each family owns their abode, and so forth—government is probably not needed to perform this function. Modern popes have argued for governmental intervention and redistribution as a *prudential* and *provisional* solution to meeting the needs of the poor. If someone reads *Rerum Novarum*, *Quadragesimo Anno*, and other social encyclicals, it is clear that their preference is for an alternative social order¹² to the current unbridled capitalism, one that would alleviate these injustices and, at the same time, relieve the need to engage in forced redistribution and the perverse incentives that it causes.

On a different point, Finn confuses my statement opposing government's forcing people to do what they should—which was referencing harm done to oneself, like taking drugs—and assumes that I meant it for actions that harm others. That is a cheap shot. Every libertarian desires laws against harming others, and he knows it. Yes, Catholic tradition has always seen government as using threats and punishments to prevent harm to others. Finn seems to think that it also applies to using threats and punishments to prevent harm to oneself, and this is where I disagreed with him. The tradition is much more nuanced; not everything that is immoral should be illegal.¹³

Another specific point that Finn mentions in his response is the Catholic rejection of methodological individualism, and he claims that I sidestepped this. There are two aspects of methodological individualism: one that is to be contrasted with the human person, and the other that simply states that only individuals act. I specifically mention the incompatibility of the libertarian notion of the individual with the Catholic notion of the human person. It is this aspect of methodological individualism that is rejected by Catholic tradition. Finn agrees; however, he insists on the latter as also being contrary to Catholic teaching. It is here that I say his critique is semantic.

No libertarian that I have ever read or spoken to denies that “institutions have causal effects—enablers and restrictions—originally emergent from human action, but once established, operate independently of the actions of individuals.” If Austrian economics says anything, it says that *incentives matter!* All Finns describing are the incentives that are caused by existing institutions. No libertarian would deny—rather they would emphasize to liberals who seem to deny—that taxes and regulations affect human behavior! No libertarian would deny that institutions, such as the media, affect people’s behavior through what they teach (whether it be truth or lies) and through the carrots and sticks that they put out there. Methodological individualism does not deny these effects of institutions.

Finn then uses an example that I provided to get to the heart of the difference between methodological individualism and his view of Catholic social thought. I said, “I am not culpable as an American if America engages in an unjust war.” Finn says, “This is too individualistic for Catholic social thought.” He also says, “We have a joint responsibility for the institutions we participate in, benefit from, and sustain. Thus Catholic social thought recognizes that we are to some degree culpable if our democratically elected leaders start an unjust war.” In reality, one’s moral culpability depends on his own particular circumstances. To properly judge one’s moral culpability of an action of a government, we must ask:

1. To what extent is he a government actor who played a part in the decision by the government to do the immoral act X (the sin of commission)?
2. If he was not one of those government workers, to what extent did he spend time seeking to persuade the decision makers (i.e., by way of his position in the media or as a lobbyist) to make this decision (the sin of tempting others to commit sin)?
3. If he is not in the media and does not have a blog where he posts his opinions on these things, to what extent did he have free time or power (through money or media) to talk or to organize against the immoral action but failed to do so (the sin of omission)?

If a person did not play any part in committing a sin, did not seek to influence others to commit the sin, and when possible, sought to stop others from either committing the sin or influencing others to commit it, then he has no moral culpability. Simply living within the geographical boundary of a sovereign’s authority does not make one morally culpable for its actions.¹⁴ In other words, a Russian who ended up in the gulag was not partially responsible for his ending up there. Even if one is free to emigrate or secede¹⁵ and chooses not to, one is

not therefore morally culpable for all the actions of his sovereign, even a little.¹⁶ Jews were not partially responsible for their own deaths at the hands of the Nazis (who were democratically elected). Furthermore, a Christian who hid Jews from the Nazis was not responsible for the Nazis' actions either. Not even partially. Nor were Christians who spoke out against it and, in some cases, found themselves rounded up into a concentration camp. They did not need to spend time in a concentration camp in order to be devoid of responsibility. Finn recognizes a gradient to the degree of responsibility among citizens when he says that those supporting the war are more responsible than others. However, for some reason, he is unwilling to take that gradient to its logical conclusion that at least some people may have no responsibility for government actions. Does the gradient start at zero or something above zero?


One final point, Finn says, is that I seek to “squeeze the expansive Catholic notion of human flourishing into the pigeonhole of the libertarian prohibition against ‘harm’ to others.” I think that Finn misunderstood my point. I was showing how a very specific way of understanding “harm”—a way that, I grant, probably few libertarians besides myself take—would render libertarian philosophy compatible with Catholic social thought as it pertains to social justice and that *no other* way of understanding harm would have this result. In other words, I was specifically avoiding the typical pigeonhole understanding of “harm” that most libertarians take and providing a much broader Catholic definition of that term. Semantic game? Maybe, but this is the only way out for libertarians. Finn regrets that I did not say much about whether his critique applies to several Catholic scholars explicitly named in his article. I do not believe it is my job to defend or critique the positions of every neoconservative Catholic or libertarian Catholic. I agreed with Finn that the view of harm taken by most libertarians is incompatible with Catholic social thought. I am offering my libertarian Catholic friends a way out of heresy while still maintaining what they know to be right about free markets and a limited government. I am also offering Finn a way out of the heresy of advocating institutions that contain perverse incentives and attack the nature of God—a way out that enables him to maintain what he knows to be true about a just social order: that the needs of all can be met within its institutions.

Notes

1. It is outside the scope of this article to expound on this point at great length. Let us just say, as an example, that since 1950 the US federal government alone has paid over \$6 trillion in usury. The sum of the usury that is in need of restitution in the United States—from interest payments made by federal, state, and local governments as well as individuals on credit cards and other loans—is a very large number. It is so large that a one-time restitution of this would be sufficient to allow most people to buy their own homes outright, thereby significantly reducing the cost of living.
2. See Aquinas, *Summa Theologica*, II-II, 78.
3. See Pope Benedict XIV, Encyclical Letter *Vix Pervenit* (November 1, 1745).
4. The reader needs to note the difference between wealth and income. I am most assuredly not advocating a one-time grand redistribution of income followed by the future abolition of the redistribution of income. However, I am advocating a one-time restitution of past stolen wealth followed by the abolition of the redistribution of income because it will no longer be necessary for justice.
5. These taxes are imposed at the time that an exchange takes place. Governments provide peace and a justice system that settles disputes. This peace enables these exchanges to take place in the marketplace without massive thefts, and the justice system helps enforce these exchanges against fraud. Therefore the government can legitimately tax these exchanges because it is helping to enable them in the first place. These are not taxes on goodness, beauty, or truth. Although an exchange is unifying, it is not clear that the alternative uses of people's time would be any less unifying. Hence, these forms of taxation are not taxes on the nature of God. An argument can be made that other forms of legitimate taxation might be more efficient (like a Georgist tax), but that kind of reasoning argues against these taxes for efficiency reasons, not fundamental, absolute reasons. The most efficient form of taxation may vary as available technology changes, so an argument based on efficiency does not necessarily hold for all times.
6. A property tax that increases with the value of the buildings on that land is a tax on beauty because more beautiful buildings—assuming equal functionality—would cost more. A tax on beauty is a tax on the nature of God. The United States has such a property-tax system. That is why most homes and buildings are built largely for function. They are economizing and lack the beauty of many older structures built when such beauty was not taxed.
7. “[T]he more that individuals are defenseless within a given society, the more they require the care and concern of others, and in particular the intervention of governmental authority.” Pope John Paul II, Encyclical Letter *Centesimus Annus* (January 5, 1991), 10.

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8. It is clearly the welfare systems of Europe and the United States that have bankrupted them.
9. *Centesimus Annus*, 42.
10. “[There should be] necessary limits to the State’s intervention and on its instrumental character, inasmuch as the individual, the family and society are prior to the State, and inasmuch as the State exists in order to protect their rights and not stifle them.” *Centesimus Annus*, 11. Finn seems to fail to understand that certain forms of taxation and redistribution stifle people’s rights. I am seeking to explain how a social order can be developed that does not contain these inherent injustices—a system where the family (through promised land ownership) and society (through guilds and the lack of usury) meets the needs of the vast majority of people—and, as such, does not need any redistribution by government.
11. It was a principal tenet of the French Revolution. See Hippolyte Taine, *The French Revolution*, trans. John Durand, 3 vols. (New York: Henry Holt, 1878–1885).
12. The popes specifically mention some version of a guild system as being a part of a truly Catholic social order. See Pope Leo XIII, Encyclical Letter *Rerum Novarum* (May 15, 1891), 2; Pope Pius XI, Encyclical Letter *Quadragesimo Anno* (May 15, 1931), 83–87. They oppose usury: *Rerum Novarum* (RN), 2; *Vix Pervenit*. They advocate for a wider distribution of wealth: *Rerum Novarum*, 2. When they discuss redistribution by the state it is only when “they must chiefly depend on the assistance of the state”: *Centesimus Annus*, 10. The popes seek to protect private property and oppose its redistribution through excessive taxation: RN, 69; QA, 49. These views can only be internally consistent if one understands that the redistribution advocated is advocated within the social systems that exist today because of their inherent injustices. In other words, advocating redistribution is the result of *prudence* and is needed today as a measure of *practicality*; it is not argued for as something fundamentally necessary at all times and in all social systems.
13. Aquinas made this point, among many others.
14. Having voted for the current president does not guarantee culpability either because one may have voted for him for other aspects of his platform not knowing he would engage in an unjust war.
15. The decision to emigrate or secede is not an absolute decision but a relative one. One must compare the alternative that people will be fleeing to (or creating for the case of secession) the one that they are currently a part of. There are great costs associated with emigrating (and greater associated with secession). History has shown that people do not leave except under extreme hardship or a clear advantage already established in the place they are emigrating to. One may not really have a viable option to emigrate or secede. Therefore the decision to stay within the sovereign authority in question is not sufficient to make one morally culpable for its actions.



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16. If one has the capacity to nullify the action of government over oneself and/or a smaller jurisdictional area and chooses not to, then, yes, one is morally culpable. How one can nullify an act of war is an interesting question. Perhaps if one is allowed to retain the taxes from the local citizens so that they are not financing the war one could say that they have nullified their responsibility. Catholic social thought emphasizes the principle of subsidiarity. If subsidiarity is impossible—as is the case currently with respect to the direct taxation of individuals by the federal government in Washington, DC—then, one cannot be morally culpable for not doing it.



“Nine Libertarian Heresies”—A Final Surrresponse

John D. Mueller

In beginning my final response in the controversy, my feelings are mixed. On the one hand, from the fact that I failed to persuade him to withdraw “Nine Libertarian Heresies” or meet before the sweet by and by, it is obvious that I overestimated Finn’s good sense. Yet, I think it right to have erred in that direction. Hope springs eternal. On the other hand, it is gratifying to have the Catholic Corollary of Mueller’s First Lemma confirmed so decisively: “The readiness of Catholic economists to accuse one another of heresy is proportional to the logical insufficiency of and, thus, lack of empirical support for their economic theories.”

Finn has answered not only my initial reply, but also one by Santelli, alphabetically the first of Santelli et al., coauthors of *The Free Person and the Free Economy: A Personalist View of Market Economics*. I had the pleasure to meet and vigorously but agreeably disagree with Santelli at the Catholic University of America’s 2011 summer institute on Catholic social thought.¹

It is significant that Finn starts his initial response by bracketing what he will henceforth discuss (points of disagreement with Mueller and Santelli) and will not discuss (points of agreement). As I suggested in my initial response, the cause of this asymmetry is that Finn’s theoretical framework does not permit him to explain simply the similarities and differences among various economic theories or moral philosophies. In my initial response, I outlined the framework by which to identify areas of both agreement and disagreement among any economists whatsoever, including Finn, those he has attacked, and myself. Furthermore, Finn is silent about the “more careful and self-critical articulation” that he enjoined on everyone but himself. Finally, he failed to respond to my challenge “simply to

state his theory, by describing his four (or five) categories in a way that, like the scholastic method, is both logically complete and empirically testable.” Applying Mueller’s First Lemma, I still contend that Finn did not because he cannot.

Finn regards my effort accurately to classify economic theories, including his own, as (1) idiosyncratic (“intense”) and (2) superfluous, including, “for some reason, Mueller interprets my article as a discussion about economic theory,” (3) classifying my claim that “rather than nine different errors, they are essentially the same error repeated nine times with varying degrees of imprecision” as “a mysterious assertion,” which (4) ignores “complex moral arguments among philosophers and theologians,” and finally, (5) he declares that my method is a distraction from the way he conceives this controversy should have been conducted: namely, all of it “directly engaging my [Professor Finn’s] work” and specifically “the article at hand.”

To this I respond:

First, from the beginning, this controversy has fundamentally concerned the adequacy of economic theory of those involved and its conformity with Catholic social doctrine. Finn eagerly initiated the discussion but wishes suddenly to curtail it because I focused attention on the inadequacy of his own economic theory and understanding of Catholic social doctrine.

Second, the categorization of economic theories I have laid out is basic and unavoidable for anyone who claims like Finn to teach economics and Catholic social doctrine. *He cannot possibly describe heresy when he cannot describe orthodoxy.*

Third, I will trace the origin of Finn’s mystification to his borrowing from modern sociology in my discussion of “methodological individualism” below. It is not unlike anyone’s mystification that he cannot play the piano despite once having studied it, thanks to shirking basic piano exercises while young or thinking it too late to renew the discipline as a grownup.

Fourth, Finn’s insistence that the spotlight be trained always on himself rather than the subject of our discussion necessarily blinds him while overshadowing the subject—the “needless obfuscation” that I noted in my earlier reply. Saint Jerome wrote, “I do not want the person who wishes to understand the Apostle through me to have such a difficult time making sense of my writings that he has to find someone to interpret the interpreter.”²² By contrast, Finn treats economic theory and Catholic social doctrine as too “complex” to explain or grasp clearly and wants the whole controversy to be absorbed by interpreting his own muddied interpretation.

Finally, it was obvious from the first paragraph of “Nine Libertarian Heresies” that Finn’s preferred approach would have been utterly impracticable, for the same reason he cites in his first response: “the constraints of space.”

That paragraph contained two significant errors. First, Finn introduced and continued to use the term *capitalism* without definition, against John Paul II’s emphatic advice in *Centesimus Annus* (40). *Capitalism* has no analytical content apart from Adam Smith’s erroneous “labor theory of value”—actually, a theory of production claiming that all value is derived from labor alone—which Karl Marx took to its thoroughly logical but absurd conclusion. For this reason, no discussion of *capitalism* can be anything but a pillow fight in the dark. Second, by dating “the systematic moral defense of self-interest in market relationships that has been employed in secular thought” to Bernard Mandeville in 1705, Finn was off by centuries if not millennia, depending on whether “secular economic thought” is confined to modern thinkers or construed to include Greco-Roman economic thought. (The Stoic and Epicurean philosophies were little else but systematic moral defenses of self-interest.)

Extrapolating from this sample, I estimated that there must be some 135 such errors in Finn’s initial article. This is why, rather than adopting Finn’s advice to battle the cancer of his errors cell by cell by cell, I focused on two different and more productive tasks. First, I outlined the scholastic economic theory that is the key to interpreting every other economic idea, as well as comprising the economic toolkit of Catholic social thought, and subsequent deviations from it. Second, I isolated within Finn’s “Nine Libertarian Heresies” its “sentinel errors” (by analogy with the “sentinel lymph nodes” that cancer cells require to metastasize in the human body): Those basic misunderstandings from which Finn’s many lesser errors metastasize. Remove the sentinel node or sentinel error, and the metastasis of cancer or error ceases.

As I pointed out in my initial response, Finn incorrectly understands both justice in exchange (commutative justice) and distributive justice (which he erroneously identified with the universal destination of goods). Prolix citations of papal encyclicals were superfluous. All that was necessary was to compare Finn’s mischaracterization with two corresponding paragraphs from the *Catholic Catechism*.

Finn’s *modus operandi* in answering me is characteristic of his treatment of nearly everyone else he mentions: first, failure to quote those he is criticizing accurately or at all; second, misattributions of opinion through paraphrasing; third, failure to use terms consistently; finally (and inevitably), logical *non sequiturs*.

Finn seems to have assumed that no one had read or would look up any of his citations, but such misattribution is self-defeating here because it assumes that every reader of the *Journal of Markets & Morality* will be too lazy to flip back a couple of pages to compare what I wrote with Finn's mischaracterization. For example: "Mueller takes me to task for my description of commutative justice as not encompassing the giving of gifts," and "he assumes that gift-giving is 'an exchange,' while a pure gift is given with no expectation of anything in return." No, I took Finn to task for erroneously describing commutative justice as "that standard of justice that should prevail in one-to-one voluntary transactions" and as "fair treatment in one-to-one relationships," whereas (as I pointed out), following Aristotle and Aquinas, "The *Catechism* corrects this by describing 'commutative justice which regulates *exchanges* between persons.'" Finn mentioned gifts here only *after* I pointed out that they are absent from his own economic theory (as well as from every other branch of neoclassical theory).

Hence, I wrote,

Similarly, Professor Finn misstated distributive justice, writing: "Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met." Again the *Catechism* corrects this: distributive justice "regulates what the community owes its citizens in proportion to their contributions and needs." In other words, distributive justice applies to *common*, i.e., jointly owned goods, not *all* goods.

Although Finn calls this statement a "deductive leap," the fact that distributive justice applies only to common goods is self-evident to anyone who grasps the nature of distributive justice. As Aristotle put it, distributive justice is "the justice which distributes *common* possessions ... always in accordance with the kind of [geometrical] proportion mentioned above."³ Aquinas similarly described "distributive justice, which distributes *common* goods proportionately."⁴ It follows necessarily that distributive justice could be applied to all "the goods of the earth," as Finn claimed, only if all goods were common goods.

However, this raises the question: Where does the authority for accepting the nature of distributive justice and justice in exchange come from? The *loci classici* are the ones I cited in the table incorporated in my initial reply, namely, Aristotle's *Nicomachean Ethics*, V, 3 and V, 5. I chose instead to cite their statement in the *Catholic Catechism*, which John Paul II described when promulgating it as "a statement of the Church's faith and of Catholic doctrine, attested to or illuminated by Sacred Scripture, the Apostolic Tradition, and the Church's Magisterium."⁵

Why? Does this part of Catholic social doctrine depend on the authority of the pagan Aristotle? Or does it derive instead from what Finn calls "his [that

is, my: Mueller’s] most respected authority, Thomas Aquinas”? Neither. Since becoming tolerably acquainted with Aquinas, I have never once cited him as an authority for anything. The authority comes from the reality of human nature described, not from those who describe it. Those who apprehend this reality accept it immediately without reference to Aristotle, Aquinas, or Catholic social doctrine; or, if it concerns divine revelation, the authority is God. As Aquinas observed,

the existence of God and other like truths about God, which can be known by natural reason, are not articles of faith, but are preambles to the articles; for faith presupposes natural knowledge, even as grace presupposes nature, and perfection supposes something that can be perfected. Nevertheless, there is nothing to prevent a man, who cannot grasp a proof, accepting, as a matter of faith, something which in itself is capable of being scientifically known and demonstrated.⁶

Such is most of Catholic social doctrine. Those such as Finn who do not understand the nature of justice in exchange and distributive justice by reasoning from commonly accessible human experience must accept it on an authority such as the *Catholic Catechism*. This is why the proper way for me to correct Finn’s errors about distributive justice and justice in exchange was to cite the *Catholic Catechism*, not Aristotle’s *Nicomachean Ethics* or Aquinas’ *Summa Theologiae*.

Finn revealed another sentinel error in his exchange with Santelli about “methodological individualism”: namely, the “‘organic’ understanding of society” that Finn claims is “embodied in the Catholic tradition.” I must state as emphatically and sharply as possible: *Catholic social thought does not have an “organic” understanding of human society*. There is a very simple reason: such an understanding is incoherent.

As Thomas Aquinas carefully explained, for any individual human to lead a good life “two things are required. The first and most important is to act in a virtuous manner (for virtue is that by which one lives well); the second, which is secondary and instrumental, is a sufficiency of those bodily goods whose use is necessary for virtuous life.”⁷ Both are true of community life as well, Aquinas added, but every community also has a third vital concern—its own unity, that unlike an individual’s, is *not* naturally organic.

The flaw in the “organic” analogy, Aquinas pointed out, is that while every animal (rational or irrational) has an inherent and literally organic natural unity—which is why we do not worry, for example, that we will lose an arm or leg if we run—“the whole which the political group or the family constitutes has only a unity of order, for it is not something absolutely one.”⁸ Treating purely human communities as “organic unities” or “organisms” is erroneous because, as “unities

of order,” such communities are constantly threatened by dissolution *precisely through loss of members*.

The only society that can properly be called organically united *without* its members losing individual identity and freedom is the mystical body of Christ. As Augustine summarized the theologies of John and Paul, “What the soul is to the human body, the Holy Spirit is to the Body of Christ, the church.”⁹ However, Finn cannot apply this legitimately “organic” concept to purely human society unless he identifies the Earthly City with the body of Christ.¹⁰ As John Paul II noted, “no political society—which possesses its own autonomy—can ever be confused with the kingdom of God.”¹¹

Finn has given little notice to the main positive aspect of Santelli et al.: their effort to articulate what the authors call “a personalist view of market economics.” Finn criticizes them and most of the others he attacks for employing “methodological individualism.” What are the relative merits of these two views?

Finn’s end of the exchange proves again that his concept of economics derives neither from scholastic economics nor the younger body of Catholic social doctrine but rather, according to Finn, “the sociologist’s analysis of the interplay of individual agency and social structure”—specifically, from Margaret S. Archer’s *Realist Social Theory: The Morphogenetic Approach*.¹² As Archer correctly noted in that book, there is a contradiction at the heart of modern sociology that goes back to what she calls its “founding fathers”: Auguste Comte, Emile Durkheim, J. S. Mill, and Max Weber.¹³ Although failing to resolve that contradiction herself, Archer uses the flawed analysis to claim that Christianity rests on an irreconcilable contradiction. *Realist Social Theory* recounts approvingly what Archer calls “one of Durkheim’s best and most neglected studies *The Evolution of Educational Thought*¹⁴ [that] provides a superb gist of the contradiction in which Christianity was embroiled because of its inescapable interpenetration with classicism.”¹⁵ According to Archer, citing Durkheim, “This, in turn, confronted the Church with ‘a contradiction against which it has fought for centuries without ever achieving a resolution.’”¹⁶

It is, therefore, simply preposterous for Finn to claim that “[o]fficial Catholic teaching reflects this [Archer’s] dual analysis of structure and agency” and to identify it with John Paul II’s “subjectivism.” There is nothing remotely connecting John Paul II’s subjectivism with Margaret Archer’s “dual analysis of structure and agency” in the passage Finn cites.¹⁷ It is equally wrong for Finn to identify social justice as described in Catholic social doctrine with “social causality along the sociological lines [of Archer] described earlier.”¹⁸

It is important to understand the reason for Archer's failure to resolve the contradiction at the root of modern sociology, as well as for the contradictions into which Finn has stumbled by following Weber, Knight, and Archer, rather than scholastic philosophy and economics. The "founders" of modern sociology incorporated a view of human nature derived by Comte from David Hume. This essentially Epicurean view is fundamentally at odds with the one articulated in scholastic philosophy and economics for eight centuries as well as the Catholic social doctrine of the past 120 years. These two views are contrasted in a table in my book.¹⁹ As the table indicates, Aquinas's "map" of human nature and the corresponding disciplines depends on the reality of human virtues, each of which forms the basis of a separate discipline or subdiscipline. By contrast, Comte's view of human nature and human knowledge eliminated all immaterial realities, including God and the human soul, thus replacing the four cardinal human virtues and three theological virtues with numerous irrational emotions. This eliminated the disciplines of metaphysics (including natural theology) and revealed theology among others. These two views of human nature are mutually contradictory. The remedy I have recommended is to build on the updated scholastic philosophy and economics rather than substituting versions of neoclassical economics informed by modern sociology, as Finn attempted to do in *The Moral Ecology of Markets* and in the current controversy over his article, "Nine Libertarian Heresies."

What is to be said meanwhile about the "personalism" advocated by Santelli et al. who seek to identify such personalism with the Austrian branch of neoclassical economics? The error in "methodological individualism," I suggest, lies not as Finn believes in the fact that only individual human persons, not systems, can act, or in acknowledging that to act well, as Aquinas says, those persons must act virtuously. Rather, it arises from forgetting that the essential difference between an *individual* and a *person* is *relation to other persons*. Starting with Adam Smith, the error of "methodological individualism" in economics is expressed by conflating rationality with selfishness. Libertarians tend to collapse all justice to commutative justice, as if all goods were private and only exchanged but never shared. Rational interpersonal relations among human beings are indeed expressed partly by exchanges but more fundamentally by personal gifts (and their opposite, crimes) and by distributive justice in the family, business firm, charitable foundation, and government. All of these elements are required in any economic theory that employs "methodological personalism" as opposed to "methodological individualism" or "methodological collectivism." Thus Finn is certainly right to insist on the importance of distributive justice. However, he erred in describing it. As we have seen, distributive justice is simply the formula

that any community necessarily uses to distribute the use of its common goods. As I noted in my initial reply, Finn’s rhetoric tends to collapse all justice to political, distributive justice, as if no goods were private and given as personal gifts or jointly shared in any way except through government, while his technical economic theory contains no transactions except exchanges—exactly like those he has criticized in this controversy.

The most salient fact in the field of economics is the abandonment, starting in 1972 at the University of Chicago, of the previous requirement that degree candidates master the history of economic theory. The most salient fact among Catholic economists is their having followed suit, thus failing to preserve and master scholastic economics. This is exemplified partly by some of those Finn attacked but equally by Finn himself. An article formulated with the lack of precision of “Nine Libertarian Heresies” and argued as untidily as Finn’s subsequent response required the external correction that I have tried to provide. This controversy has uncovered much confusion, and may serve as a wake-up call for many, but Finn has not conclusively identified a single heretic, let alone eighteen.

Notes

1. See Anthony J. Santelli, Jeffrey Sikkenga, Robert A. Sirico, Stephen Yates, and Gloria Zúñiga, *The Free Person and the Free Economy: A Personalist View of Market Economics* (Lanham, MD: Lexington, 2002). At the summer institute, we debated (Santelli affirmed while I refuted) the notion that Catholic social doctrine rejects any payment of pure interest as immoral “usury,” as well as the sweeping reform, arising from the same misunderstanding, to which Santelli alluded in his response to Finn.
2. Jerome, *Commentary on Galatians*, trans. Andrew Cain, vol. 121, *The Fathers of the Church* (Washington, DC: Catholic University of America Press, 2010).
3. Aristotle, *Nicomachean Ethics*, trans., W. D. Ross (Oxford: Clarendon Press, 1908; Institute for Learning Technologies, 1995), V, 4.
4. Thomas Aquinas, *Summa Theologiae*, II–II, q.61 a.1.
5. *Catholic Catechism*, 5
6. Thomas Aquinas, *Summa Theologiae*, I, q.2 a.2, ad.2.
7. Thomas Aquinas, *On Kingship: To the King of Cyprus*, trans. Gerald B. Phelan, revised with introduction and notes by I. T. Eschmann (1949; repr., Toronto: Pontifical Institute of Medieval Studies, 1982), II, 3; 65.

8. Thomas Aquinas, *Commentary on the Nicomachean Ethics*, trans., C. I. Litzinger (Chicago: Henry Regnery, 1964), introduction, 2.
9. Augustine, *Sermo 267*, 4: PL 38, 1231D; cited in *Catechism of the Catholic Church*, 797, p. 211.
10. As Christendom abandoned this self-concept, J. E. S. Hayward perceptively commented (in an unpublished 1958 dissertation discovered recently by Thomas C. Kohler) that “[t]he vacuum left by the retreat of religion was provisionally occupied by the laic dogma of ‘Solidarity.’” See Thomas C. Kohler, “The Notion of Solidarity and the Secret History of American Labor Law,” Boston College Law School Research Paper no. 92, *Buffalo Law Review* 53, no. 3 (2005): 883–924.
11. John Paul II, Encyclical Letter *Centesimus Annus* (May 15, 1991), 25.
12. Margaret S. Archer, *Realist Social Theory: The Morphogenetic Approach* (Cambridge: Cambridge University Press, 1995).
13. Archer, *Realist Social Theory*, 3, 219.
14. Archer’s footnote: Routledge and Kegan Paul, 1977.
15. Archer, *Realist Social Theory*, 231.
16. Archer, *Realist Social Theory*, 232.
17. Professor Finn’s citation, without quotation, is “Pope John Paul II, Encyclical Letter *Sollicitudo Rei Socialis* (December 30, 1987), 15.” Pope John Paul II’s actual paragraph 15 may be found at http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_30121987_sollicitudo-rei-socialis_en.html.
18. Daniel K. Finn, “Nine Libertarian Heresies,” “Heresy #4.”
19. “How Comte Revised Aquinas’s ‘Map’ of the Human Person (and Knowledge),” in John D. Mueller, *Redeeming Economics: Rediscovering the Missing Element* (Wilmington, DE: ISI Books, 2010), table 4-1.