Opinion



London Stock Exchange, October 2007 (Wikimedia Commons/Kaihsu Tai), October 2007 (Wikimedia Commons/Kaihsu Tai)



by Michael Sean Winters

View Author Profile

Follow on Twitter at @michaelswinters

Join the Conversation

Send your thoughts to *Letters to the Editor*. Learn more

May 18, 2018

Share on BlueskyShare on FacebookShare on TwitterEmail to a friendPrint

In 1881, the Wharton School of Business opened at the University of Pennsylvania. It was the first collegiate business school in the United States, and the date of its founding marks a high point in the evolution of economics from a subject that was studied for centuries as part of moral theology to a distinct discipline of its own.

Or a low point — in what now appears as a devolution. Untethered from the human subjects whose lives and decisions and values are what constitute economic activity, the modern study of economics has become an academic and policy Frankenstein's monster, coercing its subjects with its pretended laws, dehumanizing community and political life, leaving human lives by the wayside as collateral damage.

The new document from the Congregation for the Doctrine of the Faith and the Dicastery for Promoting Integral Human Development on modern finance, *Oeconomicae et pecuniariae quaestiones* ("Considerations for an Ethical Discernment Regarding Some Aspects of the Present Economic-Financial System") does not mention Wharton, but it denounces in the most forthright terms yet seen from the Holy See the idea that economics is a science no different from biology, a science the laws of which are as natural as the winds, that human and religious values may seek to comment, but they can make no claim to shape, still less dictate, economic outcomes that are the mere playing out of iron laws. We have come to believe that economics, like gravity, just is: Demand drives supply just as the apple falls to the ground.

Not so, say the authors. "Therefore, the proper orientation of reason can never be absent from any area of human activity. It follows that there can be no area of human action that legitimately claims to be either outside of or impermeable to ethical principles based on liberty, truth, justice and solidarity," the document states. "This is true for those areas in which the political and economic laws apply: 'Today, with a view towards the common good, there is urgent need for politics and economics to enter into a frank dialogue in the service of life, especially human life.'

" The quote within the text is from "*Laudato Si*': On Care for Our Common Home."

So far from economics being liberated from the inquisitorial eye of religion, the document insists that authentic liberation must always develop within ethical principles, not try and affix the ethics as an add-on. "In order to liberate every realm of human activity from the moral disorder that so often afflicts it, the Church recognizes among her primary duties the responsibility to call everyone, with humble certainty, to clear ethical principles," the document states.

Related: Vatican offices decry 'profoundly amoral culture' of global financial system

And the ethics needed are not the hyper-individualist, market-worshiping ethics of libertarianism. Not only does the text specifically call for market regulation, but in speaking about the 2008 financial meltdown, and the potential to have learned some ethical lessons therefrom, the document states, "On the contrary, the response seems at times like a return to the heights of myopic egoism, limited by an inadequate framework that, excluding the common good, also excludes from its horizons the concern to create and spread wealth, and to eliminate the inequality so pronounced today."

The issues are not merely ethical: They are anthropological. "In this sense, our contemporary age has shown itself to have a limited vision of the human person, as the person is understood individualistically and predominantly as a consumer whose profit consists above all in the optimization of his or her monetary income," the document states. "The human person, however, actually possesses a uniquely relational nature and has a sense for the perennial search for gains and well-being that may be more comprehensive, and not reducible either to a logic of consumption or to the economic aspects of life."

And later: "Such relational anthropology helps the human person to recognize the validity of economic strategies that aim above all to promote the *global* quality of life that, before the indiscriminate expansion of profits, leads the way toward the integral well-being of the entire person and of every person. No profit is in fact legitimate when it falls short of the objective of the integral promotion of the human person, the universal destination of goods, and the preferential option for the poor."

The view of the Congregation for the Doctrine of the Faith and the Dicastery for Promoting Integral Human Development is not the common view, and has not been for some time, outside Catholic circles. "Economics have become as completely

freed from the trammels of 'natural theology,' as has geology from the restraints of revealed religion," proclaimed Francis Walker in 1888, at the third annual meeting of the American Economic Association. (h/t to Elizabeth Hinson-Hasty for the citation. I am reading, and will soon be reviewing, her book, *The Problem of Wealth: A Christian Response to a Culture of Affluence*.) Who wants to put up with trammels? How passé "revealed religion" must have appeared to those first explorers in the brave new world of economic analysis!

I have long been suspicious of the claims of the social sciences to be science. Yes, statistical analysis is valuable, and it prevents us from mistaking an anecdote for reality. Yes, despite all the hoopla around tomorrow's wedding, some traditions really did need to be shed and new insights explored. But, almost a century before Walker celebrated the removal of religious restraints from academic inquiry, Thomas Malthus had penned "An Essay on the Principle of Population" and focused the nascent study of "political economy" on what he considered the problem of scarcity. We are still living with the ugly social Darwinism and indeed eugenicist thinking that Malthus began. His writings were a poisoned spring from which many unhealthy streams have flowed. His influence on the future of economics was profound and, indeed, we in America live at a time when the politics of scarcity is used to justify inhumane budget cuts to programs that help the needy.

Advertisement

We in the U.S. also live at a time when the political right remains organized fundamentally around a naive belief that pristine, unregulated markets yield the best results. The Republican Congress has not accomplished much, but it passed a huge tax cut, and the administration is deregulating whole sectors the economy as fast as it can. The Vatican's economic document instead insists that "it is clear that markets, as powerful propellers of the economy, are not capable of governing themselves. In fact, the markets know neither how to make the assumptions that allow their smooth running (social coexistence, honesty, trust, safety and security, laws, and so on) nor how to correct those effects and forces that are harmful to human society (inequality, asymmetries, environmental damage, social insecurity, and fraud)."

The intellectual, moral and cultural poverty of the world of the Mathusian-inspired dismal science reaches its culmination in the world of high finance, and here the

document really sings in almost Isaiah-like indictment:

> The speculative intention, often in today's economic-financial environment, risks supplanting all other principal intentions that ground human freedom. This factor is devouring the immense patrimony of values that renders our civil society a place of peaceful coexistence, encounter, solidarity, renewed reciprocity and of responsibility for the common good. In this context, words such as "efficiency", "competition", "leadership", and "merit" tend to occupy the entire space of our civil culture and assume a meaning that ends up in impoverishing the quality of exchanges, reducing them to mere numerical coefficients.

I can't wait to see what our friends at the Acton Institute and the Tim and Steph Busch School of Economics at the Catholic University of America make of that statement and, indeed, of the entire document!



"Interior Of New York Stock Exchange," November 1885 (New York Public Library Digital Collections, Art and Picture Collection)

As one expects from a document from the Congregation for the Doctrine of the Faith, the text frequently mentions truth, and I am sure the apologists for libertarian economic ideas will insist that their views merely state a scientifiic truth. How to respond? An analogy will help. This past week, there has been controversy after a White House aide, Kelly Sadler, said in a meeting that they should not worry too

much about the opposition of Sen. John McCain to the nomination of Gina Haspel to lead the CIA because "he's dying anyway." Technically, what Sadler said is true, but that is not exhaustive. It was also morally obscene. *Mutatis mutandi*, that is the answer to whatever objections to this document are raised by the high priests of economic "science."

Since this document comes in part from the Congregation for the Doctrine of the Faith, there is no more hiding behind the false right-wing talking point that some issues, like abortion or same-sex marriage, involve irreformable doctrine while economic matters are the stuff of prudential judgment and we can all pretty much think what we wish. No. Economic matters involve very core doctrines of the faith as well.

The document does not shy away from specific concerns, even distinguishing between types of derivatives at one point! But those specifics I will leave to those with expertise in the financial realm. What is significant for our purposes is how hugely different the vision of economic life set forth in this document is from the lived reality of economic life in this country. This goes way beyond Occupy Wall Street antics: This is a serious, intellectually hefty indictment, not a rant.

The separation of economics into a distinct discipline was, in retrospect, a catastrophe, akin to going over Niagara Falls: It may be thrilling at first, but the results have not been the exemplar of ratiocination that was promised. Not for the first time, and not for the last, in the name of emancipating the human mind, a self-inflicted slavery ensued. And, not for the first time, and not for the last, it is the church that points the way toward a genuine human emancipation.

[Michael Sean Winters covers the nexus of religion and politics for NCR.]

Editor's note: Don't miss out on Michael Sean Winters' latest: Sign up to receive free newsletters, and we'll notify you when he publishes new Distinctly Catholic columns.

Read this next: Vatican's financial critique failed to address structural flaws, systemic rewards
Read this next: Vatican's considerations on economic system call us to shape a new one