

Teaching Note A for  
The Contribution of Catholic Social Thought to  
a Macro Economic Principles Course  
**Introduction to the Economic Problem**

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Here I want to lay out a broad perspective that allows for ethical analysis, explicitly reject the rigid positive/normative dichotomy. Otherwise, CST is an artificial add-on, not something that gives deeper meaning.

The first job of any discipline is to first define itself and its parameters. How economics is defined at the outset will determine what gets included and what gets excluded from the discussion. Most textbooks use Lord Robbins's definition: "Economics is the allocation of scarce resources between competing wants", but that is really about economizing, what individuals do when they go shopping, not economics in total. It is part of economics, but economics is so much more. Neoclassical economics uses this definition partly because it is based on "methodological individualism," the idea that all explanations of economic activity have to be based solely on individual decision making. To bring in ethics, and particularly Catholic ethics, you cannot limit your purview to individual decision making, for Catholic ethics completely rejects moral relativism and individual ethics (what is right for me), which is what methodological individual would allow. Furthermore, CST recognizes the role of socialization and authority. If you want to include CST you need to take a broader, and older, definition of economics, such as: "The economic problem is about how societies provide for their material reproduction; which includes tradition, command and markets". You also need to emphasize that just about every economy has been a mixture of tradition, command and market, and that a pure market or pure tradition or pure command economy could not work. Tradition is where culture and values influence economic activity; command is where power (political and economic) play a role, and of course markets are when prices and individual decisions play a role. But individual decisions are influenced and shaped by tradition (what I value should shape my purchases) and command (rules and regulations that shape, limit and allow for individual economic actions to occur. We forget the business activity is greatly dependent on the Uniform Commercial Code and tax code). A broader definition of economics allows us to see that, as Benedict XVI notes in CV, all economic actions are moral actions. The article: Clark, C. "Catholic Social Thought and the Economic Problem" *OIKONOMIA*, No. 1, Feb., 2001, pp. 6-18, gives a broader definition of economics and how CST informs our understanding of the economic problem. This broader definition is used by Robert Heilbroner in *The Making of Economic Society* and is based on the Classical Economists. But even Alfred Marshall (greatest neoclassical economist, IMHO) defined economics as man going about making his living (not very politically correct today, but insightful none-the-less).