

MISSION DRIVEN BUSINESS EDUCATION: EXAMINING THE UNIQUELY CATHOLIC DIMENSIONS OF UNDERGRADUATE BUSINESS EDUCATION

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RESPONSE TO MACROECONOMIC PANELISTS CLARK & MARTINEZ

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First Thoughts

When I received the two excellent papers, I vowed that contrary to my usual custom of sitting down with a handful of colored highlighters and pencils I would simply read, *completely* read each paper with nary a thought to noting significant passages, salient observations, or seminal insights. After all, my task as assigned by Ms O'Rourke was to "respond to both Charley and Gabriel's presentations and if possible make connections between the two." So that there might not be any misunderstanding, Ms O'Rourke set forth the following guidelines for Dr. Pakaluk and me:

- The role of the respondent is not to give another paper, but to "start the conversation."
- This entails crafting comments to generate a conversation.

Since my primary role it to "start the conversation," I thought the best approach is to begin as one who simply has come to read and not to explicate, extend, or even endorse one point of view over the other.

So, having read the two, my first three thoughts were:

1. One paper was written by an Austrian Economist who is a Catholic, the other was written by a Catholic who studies economics.
2. Starting a “conversation” will not be difficult.
3. Making “connections between the two” might be more difficult than starting a “conversation.”

Second Thoughts

Who's on First?

Upon reflection, it seems that a part of the difficulty of integrating Catholic Social Teaching (CST) into the business curriculum is often captured by the seeming dichotomy of my first, first thought. Behind the observation of an Austrian Economist who is a Catholic and a Catholic who studies economics are the questions of what is science, is economics a science, and is there a difference between a social science and a natural science? CST aside, this question regarding the nature of economics has been disputed for quite some time.

On the now dominant side of the argument are the descendants of Lionel Robbins who, in his 1932 work *An Essay on the Nature and Significance of Economic Science*, wrote the now well-known definition of the *science* of economics: “Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” Two things (among many) to note from the profession’s acceptance of Robbins’s definition: first, the emphasis shifts from the nature and causes of wealth and the abundance generated by market activity noted in Adam Smith to that of dealing with scarcity; and second, the complete removal of any teleological basis for economic activity. As to the first, I would refer the reader to Dugger & Peach’s 2009 work, *Economic Abundance, An Introduction*. Regarding the second, a look at what Robbins himself had to say is instructive:

. . . discussing ‘economic satisfactions’ is alien to the central intention of economic analysis. A satisfaction is to be conceived as an end-product of activity. It is not itself part of that activity which we study. . . . The economist is not concerned with ends as such. He is concerned with the way in which the attainment of ends is limited. The ends may be noble or they may be base. They may be ‘material’ or ‘immaterial’ – if ends can be so described.¹

The result of this view, one which has gained pride of place in the profession since its publication, is that economics is a science which is studied in and of itself. It is a science which deals with observable, repeatable, consistent relationships and actions between economic agents. As has been noted more than once, economics could be considered akin to physics. To study physics involves no moral judgments or ethical considerations for it is simply a science of finding out what is. Value judgments enter in only with the application of physics, should fission be used for bombs or energy? Likewise, value judgments ought never to be a part of economics but rather limited only to the application of economic science in concrete application. Knowledge of the quantity theory of money, $MV = PQ$, ranks on par with knowledge of Boyle’s Law of Gas; the scientist is simply dealing with a universal law upon which no value judgment is relevant. CST enters not with knowledge of the law but rather with its application. Hence, my first reaction to Dr. Martinez’s work was that of reading the work of an Austrian economist who is also a committed Catholic. The committed Catholic brings CST to the table around which economic scientists sit and forces them to consider the questions they are taught in graduate school never to ask.

On the other side is a continuance of L.M. Fraser’s critical review of Robbins’ *Essay*. Fraser strongly criticized both Robbins’ definition of economics and Robbins’ entire defense and justification of the definition. Fraser wrote:

¹ Robbins, L. (1932) 1984. *An Essay on the Nature and Significance of Economic Science*. 3rd edition. New York: New York University Press: 25.

Economists, on the other hand, are faced continually with practical questions. Their theoretical work is important not so much because it yields truth as because it provides a technique whereby practical and social problems may be solved. Knowledge in economics is valuable as being “fruit-bearing” rather than “light-bringing” – as assisting human well-being rather than as providing knowledge of ultimate reality.² (Fraser 1932, 566)

My first thoughts about Dr. Clark’s work is that he approaches economics not so much as a science with laws that must be discovered and within which society must adapt, but more as though economics was one of many tools society could use to achieve the ends it considers worth reaching. As a tool, economic knowledge can be used to achieve a goal; in such a situation, the goal becomes determinative. There are many different types of hammers: claw hammers, ball peen hammers, finish hammers, roofing hammers, sledge hammers, rubber mallets, and rawhide mallets to name a few. To work leather, one chooses a rawhide mallet not a sledge hammer. To frame the walls of a new house, one chooses a claw hammer rather than a finish hammer. The selection of the end is the primary consideration for such decision calls forth the appropriate tool. CST guides society in both the selection of the end and, arguably, even in the selection of the tool to be used. This approach presupposes a plurality of economics rather than a unified body of scientific knowledge. The demotion of economics to a subset of the larger concept of an evolving society or culture necessitates the move away from silo approach which Dr. Clark attributes to current economic theorizing while calling forth a wider, interdisciplinary approach to problem solving. Hence, a Catholic who studies economics is quite different than an economist (of any persuasion) who is a Catholic.

The question of *who’s on first* creates problems which both Drs. Clark and Martinez have, or seem to have, overcome. In many business schools economics is strictly a science and

² Fraser, L. M. 1932. How Do We Want Economists to Behave? *The Economic Journal* 42, no. 168 (Dec., 1932): 566.

any question of ends is left solely to whoever is teaching business ethics. For an economic scientist or economics professor to concern themselves with anything to do with CST could become grounds for denial of tenure or termination. Regardless the environment or approach to economics, at a mission driven school of business CST must be brought to bear to force the questions seldom asked in the scientific environment (Dr. Martinez) or to consider the appropriateness of the tools to the chosen task (Dr. Clark).

Talk to the Hand!

Regarding my second, first thought, I could not help but think of an experience I had in my first attempt at gaining a doctorate in economics. It was 1984 and the US bishops sent a draft of *Economic Justice* to economics departments across the land. As a budding graduate student in the dismal science, I saw this as a glimpse of light in an otherwise dark and dreary room. I broached the topic with a couple of my professors, including the readers of the macro prelims, with the thought in mind that *Economic Justice* was something we should really be considering. Within nanoseconds it became a real “talk to the hand dummy” situation. It was conveyed to me in no uncertain terms that not only was *Economic Justice* lacking any real economics, it was seen to contain gross and egregious errors and was completely undeserving of even the time it would take to put it in the trash can. Any discussion of such lunacy would be seen as symptomatic of extremely irrational behavior. Any discussion of *Economic Justice* by a graduate student would be seen as a (nearly) incurable intellectual illness. This is in not all that different from an event that happened during my second time around in doctoral studies for economics. I was at a summer school for the history of economic thought. During a break in the presentations, several of us were sitting on some stairs outside the building discussing Kuhnian paradigms and Lakatosian SRP when AMC Waterman walked over and joined us. I was arguing a somewhat

hardline about incommensurability of competing paradigms or SRPs. Waterman looked up and asked “So what you’re saying is that we can’t talk to each other.” My response was “Exactly.” He smiled and said “That’s simply rubbish. Of course we all talk to each other, most just don’t care to listen to anything with which one disagrees.”

To really integrate CST into the economics curriculum rather than simply having a course in CST or adding a CST component to the business ethics class will always generate discussion. The great difficulty is not in discussing as much as in listening. The Austrian perspective brought by Martinez and the pluralistic background of Clark could become the focus of the conversation rather than the CST offered by both. Both argue for the dignity of the human person as being of paramount importance and both recognize the principle of the Common Good. As the Magisterium has recognized, CST is not a “third” way; it is not a system in and of itself; there is no “Catholic” economics. The conversations need to continually directed, as both Clark and Martinez do, to what CST can aid in, whether it be in the asking of questions economists are taught not to ask or in aiding the selection of ends.

It’s OK to stand around in a circle and sing Cum Ba Ya together!

Coming to my third, first thought, what is the link or connection between these two papers? Obviously, it is Catholic Social Teaching. Yet, somehow it is simply not enough to end with that. For me, the thread that binds these two together is much more. Going back to Boyle’s Law of Gases, the volume of a fixed amount of gas in a closed system will always vary inversely with the pressure. End of discussion. Whether it is a few molecules of hydrogen in the space between galactic clusters or a few molecules of hydrogen within a star, Boyle’s Law happens. It just simply happens. Absent human beings, economic activity does not exist. Economic activity arises only when there are people who need to produce food, clothing, and shelter in order to

survive. Economic activity arises in response to the human need to meet Maslow's first two levels of his Hierarchy of Needs: the first being the physiological (food, clothing, shelter); the second being safety (or an orderly environment in which to obtain the first three)³. The implicit link between Clark and Martinez is the acceptance of Maslow's statement that the next three levels, love, self-esteem, and self-actualization are more important than the first two. Economic activity exists so that the human person may reach the higher levels. In Catholic terms, economic activity exists so that we might reach our ultimate end; there is a teleological foundation to the questions of what, how, and for whom to produce. Whether it is in dealing with scarcity (Martinez) or the creation of abundance (Clark), there is a reason to deal/create. Humans do not exist to engage in economic activity, economic activity exists so that we all may come into the fullness God intends for us. That is the link, a link that the world ignores, a link with which business education is enriched.

Thank you, Dr. Clark and Dr. Martin, for your most excellent work.

³ Once long ago, I read this and it was in a work by John Kenneth Galbraith. Unfortunately, I have not been able to find where I read it. Sorry for the lack of a proper citation.