

Teaching Note B for
The Contribution of Catholic Social Thought to
a Macro Economic Principles Course
The Role of Values in Economics

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Clark, C. "History of Economics" in *MaGill's Surveys in Social Science*, edited by Frank MaGill. (Salem Press: Pasadena) 1991, pp. 974-980.

Economic Justice for All (EJA), National Conference of Catholic Bishops.

<http://www.osjspm.org/cst/eja.htm>, chapters 1-2.

Caritis in Veritate by Benedict XVI, 2009.

Here I am building on the broader approach, especially the role of tradition in shaping values. For a long time economics was basically the theory of value and distribution, so here I am bringing back these issues.

I give a brief history of economic thought to the students for two reasons. 1. It is good to see where ideas came from and that economic theories change, and 2. It shows that economics is a division of moral philosophy and the main arguments in economics are about values. Economics, as with all social sciences, necessarily is based on philosophical preconceptions (what Joseph Schumpeter called a "vision"). This vision includes the basic understanding of what is human nature, society, the good etc. If you want to know why different traditions in economics disagree, this is where you need to look. In the table at the end of these notes I show the main differences between neoclassical economics, Marxism and CST. Including Marxism is useful because it shows a completely opposite perspective (well almost completely opposite, as both are materialist system) and it helps to see what are the left and right politically. It is important to note that none of the philosophical preconceptions in neoclassical economics or Marxism are completely wrong, in that they represent types of societies, and partial truths about the human condition. CST presents a more balanced viewpoint (the both/and of Catholic philosophy, not the usual either/or of post enlightenment thought) and of course, from a Catholic perspective, a much deeper understanding of what it means to be human (created in the image and likeness of a loving God.) It is merely being intellectually honest to present the philosophical foundations of any economic theory.

CST **IS NOT** an economic theory or an economic system, it is at the level of philosophical foundations that CST can best dialogue with the economic theories we are teaching. The history of economics reading is a very short encyclopedia entry I did many years ago. You could also add John Paul II *Centesimus Annus*, section 4. US Bishop's *Economic Justice for All*, Chapter 2 is an excellent presentation of the Gospel perspective of CST, and CV is tour de force, especially

for linking social ethics aspects of the tradition with the life ethics. In the table below I have presented different aspects of the philosophical assumptions that necessarily underlie any economic or social theory. Most of these are self explanatory. The “society as a process” comes from Werner Stark’s *Fundamental Forms of Social Thought*, in which he argues that society is both made up of free willed individuals and social institutions, and that you cannot do without either, so the other two views (mechanistic and organic social theories) are partly true, but also partly false.

	Neoclassical Economics	Marxism	Catholic Social Thought
Human Nature	Autonomous Rational Economic Man	“Man is totality of social relations”	Person-unique individual with social nature (<i>Imago dei</i>)
Society	Mechanistic	Organic	Society as a Process
Value	Utility	Productivity	Union with God
Mode of Decision Making	Autonomous Rational calculus	Collective rationality/ Authority	Prudential Judgment
Rationality	Self-Interest	Collective Interest	Solidarity
Source of Happiness	Consumption	Freedom	Gift of Self
Common Good	Total of individual goods	Total of public or shared goods	Conditions which allow authentic human development
Environment	Individual exploitation	Group exploitation	Stewardship
State	Minimalist-Law & order and protection of property rights	Ownership and control of means of production	<u>Subsidiarity</u>