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“THE CHAIR OF PETER IS NOT A CHAIR IN ECONOMICS”

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Permission to quote is granted when the source is acknowledged.

Many years ago the German Jesuit Oswald von Nell-Breuning advised that “the Chair of Peter is not a chair in economics.” Several years before that another German Jesuit, Heinrich Pesch, asserted that “religion cannot produce grain.”

The American Jesuit Thomas Divine affirmed that the task of promoting economic justice “requires not merely a knowledge of the general principles of Catholic moral philosophy but an understanding as well of economic theory and practice which qualify these general principles in the application to any specific pattern of economic conditions.” Divine’s Jesuit colleague Bernard Dempsey affirmed that when capital and labor are treated “as if irrevocably antagonistic, we have ... a condition in which men will look to the state as the source of material well-being, a function it can never perform.”

The American Jesuit Joseph Becker stated that in answering “the call of the popes in their social encyclicals for priests to share in the task of building a Christian social order ... [they] were advised ... to master one or other of the social sciences -- *lest they do more harm than good.*” Every one of these Jesuits – von Nell-Breuning, Pesch, Divine, Dempsey, and Becker -- was a specialist in economics. Divine and Dempsey in particular were instrumental in establishing the Catholic Economics Association in 1941. At the same time, there were other Jesuits at work on socio-economic issues including notably Leo Brown a specialist in labor-management relations.

It appears, however, that in his Apostolic Exhortation *Evangelii Gaudium* Pope Francis, also a Jesuit but without an academic background in the social sciences, did not get the message. Given its great length, it is not possible here to comment on *Evangelii Gaudium* comprehensively. We have selected two passages for scrutiny.

First, Pope Francis provides no documentation for the following assertions in §54.

... some people continue to defend trickle-down theories which assume that economic growth, encouraged by the free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world. This opinion, which has never been confirmed by the facts, expresses a crude and naïve trust in the good of those

wielding economic power and in the sacralized workings of the prevailing economic system.

For sure, trickle-down economics is controversial. Many in economics reject it out of hand. Years ago it was labeled “voodoo economics.” Even so, it is not without its supporters who call it supply-side economics to distinguish it from Keynesian economics that deals with the demand side.

To simplify, Keynesian economics recommends tax cuts, targeted at times, to encourage greater consumer spending that through the multiplier effect bolsters lagging aggregate demand and reduces unemployment. The size of the multiplier depends on whether the tax cut is spent or saved.

By letting persons keep more of their earned incomes including profits from successful enterprises, supply-side tax cuts encourage investment in new and additional production facilities, requiring their owners to hire more workers, leading to reductions in unemployment, increases in aggregate supply and wages paid, greater consumption expenditures and a boost in aggregate demand. Rejecting supply-side economics in effect reduces interventionist macro-economics to Keynesian economics.

There are without question opportunities in a market economy for evildoers. Several infamous ones come to mind: Bernie Madoff (Madoff Investment Securities), Andrew Fastow (Enron), Michael Milkin (Drexel, Burnham, Lambert), Dennis Kozlowski (Tyco), Bernie Ebbers (Worldcom), Jeffrey Nacchio (Qwest), James McDermott (KBW), Sam Waksal (ImClone), Sam Israel (Bayou Group), and Lou Perlman (Trans Continental Airlines).

Other executives acting through their companies demonstrate that virtue and profits are not at odds. Among them are the executives at TOMS Shoes, Hershey, Vanguard, Life is Good, Hyundai, Merck, Goodshop, Newman’s Own, and even Walmart. Additionally the Committee Encouraging Corporate Philanthropy, which has 175 CEO members involving 150 corporations, annually promotes billions of dollars in charitable giving. We would be remiss if we did not add United Way.

Even so, it is not goodness that drives economic affairs in a market economy. It is economic gain. For any routine exchange to take place, there must be gain for the parties involved. Simply put, a transaction succeeds when what is gotten is more highly valued than what is given up. It fails whenever that condition is not met. No doubt coercion and deception take place in the form of practices such as insider-trading, insurance fraud, discrimination, expense padding, counterfeit products, but there are laws and internal company restraints that help contain the ill-gotten gains from such practices.

Supply-side economics does not rely on the goodness of the persons getting favorable tax treatment to institute the investments that in the end lead to more hiring and less unemployment. While goodness may indeed be part of what motivates investor-

entrepreneurs, the driving force is economic gain. Pope Francis seems not to understand that.

Second, in §240 of *Evangelii Gaudium* Francis says that “It is the responsibility of the State to safeguard and promote the common good of society,” and cites §168 of the *Compendium of the Social Doctrine of the Church*. The lead sentence in that section of the *Compendium* reads as follows: “The responsibility for attaining the common good, *besides falling to individual persons*, belongs also to the State, since the common good is the reason that the political authority exists.”

Whatever principles, convictions, beliefs, or sentiments might have prompted *Evangelii Gaudium* and however much we may admire and put them into practice, there is no excuse for shoddy research that offers no documentation for important assertions, misrepresents market economics, and uses material from a Church document selectively to drive home a point that seems to set the principle of subsidiarity on its head.

More is to be expected of a member of the Society of Jesuit whose central ministry is higher education. The faithful deserve better, especially those who have not had the benefit of a Jesuit education.

More about *Evangelii Gaudium* later.

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