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Challenges Facing Social Economists in the Twenty-First Century: A Catholic's Perspective*

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Economists have in recent years come more nearly into line with physical science by borrowing from it some of those terse and powerful phrases by which it has been long able to describe and explain nature's tendencies more easily and more precisely than is possible in ordinary language (Alfred Marshall, 1925, p. 300).

In his charge to the contributors to this special issue of the *Review of Social Economy*, special editor James Henderson stated that the idea for the general theme derived from Alfred Marshall's address in 1896 to the Cambridge Economic Club. The same can be said of this contribution but in ways that probably were not foreseen by Henderson. In brief, a fundamental premise of this essay is that economics has not been well served by infusing the discipline with the "terse and powerful phrases" of physical science because, whereas physical science studies physical objects, properly understood economics studies human beings in production, distribution, exchange, and consumption. That difference introduces the first of three types of challenges facing social economists in the twenty-first century.

The three types of challenges correspond to the three components of social economics as articulated by William R. Waters in his Presidential Address to the Association for Social Economics in December 1987. The three components are (1) philosophical foundations or premises, (2) a careful description of the economy as it truly is,¹ and (3) economic policy. Waters views the third component as deriving from the first two in a way that bears a personal imprint (Waters, 1988, p. 130).

In matters of foresight, the contributor encounters two limits which, if exceeded, lead to the failure of saying too little or of saying too much. Saying too little originates in the desire to avoid saying something that in hindsight might be perceived as foolish. Saying too

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¹Marshall identified this task as "our first duty as economists" (Marshall, 1925, p. 303)

much proceeds from wanting to include everything that later might be seen as important and obvious. Thus, in an undertaking such as this, one runs the risk of being regarded as a fool or a bore. The special editor's restriction on length helps the contributor sidestep the second risk. Specifically, it led to a decision to narrow the scope of this essay to the U.S., even though poverty, especially in the southern hemisphere, is a very grave matter in Catholic social economics.

In an effort to avoid the first risk, this contributor has shaped his remarks around this question: In what major ways would economics be reconstructed if it were influenced less by physical science and more by Catholic social teaching? Nothing in Catholic social teaching is more central to crafting that reconstruction than personalism, and it is with personalism that our remarks begin.

Challenges at the Foundations of Economics

Personalism construes human beings as set apart from and above all other beings and objects in the universe because humans alone are created in the image and likeness of God, and humans alone are redeemed by the sacrificial death of God's own Son. Christians believe that Good Friday is by far the most important day in history because on that extraordinary day God affirmed His supreme regard for virtually every single human being. In the words of Thomas Aquinas, humans are the "crown of creation."

There is, for sure, a materiality to human nature, and for that reason humans are physical objects. Nevertheless, it is egregiously wrong to reduce them to mere objects, as happens for example in slavery and killing. Even so, while the body is essential, it is not primary. It is the soul, the locus of the intellect and will, that is the commanding characteristic of humans.

Human beings are of infinite worth, are never to be completely objectified, even at their own hand, as with for instance prostitution and suicide. In other words, even though re-ordering human nature happens with great frequency, humans are not morally free to re-order human nature, subordinating the soul to the body.

Further, there is a duality to human nature. A human is at once an individual being and a social being, no less one than the other. Intercourse and speech are evidence that sociality is requisite to human nature. Personal names and fingerprints are indicators that individuality is essential too.

In the economic order, personalism means that neither as workers nor as consumers are humans to be taken for mere objects, as happens for example in sweatshops and from time to time in advertising. Personalism affirms that humans have two types of material need — physical need and the need for work as such—and that meeting that need is the ultimate purpose of every economy.

As to physical need, the consumer under personalism is characterized as unique and alike, solitary and communal, autonomous and dependent, self-centered and other-centered, self-made and culture-bound. The first characteristic of each pair reflects human individuality and is affirmed under individualism. The second indicates human sociality. In that sense, personalism does not brush aside individualism entirely. Rather, it adds a vital dimension to the consumer that is missing under individualism.

As to the need for work as such, the worker is affirmed as having a need for self-expression and a need to belong. Individual contribution in the workplace is the modality by which the need for self-expression is met. Formation of workplace teams is the modality by which the need to belong is met.

Individualism, in contrast, is the equivalent of a cardboard cutout representation of a human being. From a distance, the image seems real. On closer examination, however, it is evident that individualism reduces a flesh-and-blood person to a commodity-acquiring, want-satisfying, utility-maximizing economic agent. Individualism and conventional economics affirm only the individual side of human nature, define humans in terms of consumption, and construe work as a means for securing income for consumption purposes.

The need for work as such is never mentioned, and no recognition is given to the effects of work on the worker other than its dreariness, its disutility. Note also the negative connotation attached to work by designating nonwork in the culturally approved “leisure.” Under individualism and mainstream economics, work is represented as transforming economic resources into goods and services, into things. Under personalism, work is perceived additionally and most importantly as directly changing the persons who do the work, as providing them with opportunities to realize more fully their potentiality as human beings.

Under individualism, the body is of primary importance, notably in the case of the hedonistic pleasure-pain calculus. At other times, an economics imbued with individualism dismisses the materiality of

human beings by representing them as purely rational utility optimizers, as with rational expectations.

By comparison, personalism represents consumers as want-satisfying and need-fulfilling, utility-maximizing and utility-satisficing, privacy-protecting and company-seeking, commodity-acquiring and gift-giving. In addition to want, personalism in principle encompasses need, craving, fad, fashion, whimsy, addiction, dependency, and such in consumer behavior.

In personalism, both need and want are taken as centrally important to understanding consumer behavior, although for policy purposes the difference is significant only when need is not adequately met. Thus, the role of the state turns critically on the extent of unmet need, and accordingly the social question is drawn directly into consumer behavior. Under those circumstances, the principle of subsidiarity, which has been a core principle of Catholic social teaching since *Quadragesimo Anno*, instructs that the state has some responsibility to help provision that unmet need if the private sector is unable to handle the task alone. Spelling out the various determinants of consumer behavior, broadly construed, is one of the important challenges to Catholic social economics in the twenty-first century. But the greater challenge is to persuade economists that individualism is an inadequate rendering of human nature and that personalism is vastly superior. This task is the more difficult owing to the far-reaching shift that has taken place over the past 30 years in the West along the individual/institution axis of vital tension which reflects basic understandings of reality and which inflates human individuality and deflates human sociality.

At the same time in Western culture, another major shift along with sacral/secular axis of tension² toward the secular makes it much more difficult to persuade economists that every single human being is of infinite worth. The common practice in economics of valuating humans as if they were no different than objects from the world of physical science may be the most serious aspect of the challenge to Catholic social economists who affirm personalism in place of individualism. The key to this challenge appears to be less in the formal argument and more in the practical consequences.

²Becker identifies two other major shifts along axes of vital tension in the Western world: subjective/objective axis, with the center of balance moving in the direction of the subjective, and relative/absolute axis, with the center moving toward the relative (Becker, 1991, p. 353-55).

Challenges in Cataloging Economic Reality

Economic reality is ever-changing in part because of the creative/destructive energies of Schumpeter's entrepreneur. There is, however, one central constant: the purpose of any economic system is to meet human material need, including physical need and the need for work as such. Any failure in this regard is indicative of serious economic dysfunction and for that reason is cause for concern among social economists. Whether it occurs in a market system or a command system, persistent and massive failure to meet human material need has a profound destabilizing impact. This perception of economic reality is shared widely by social economists and, notwithstanding their many differences, serves to unify them and their work.

Even in "normal" times, the task of cataloging economic reality is formidable. Schumpeter's "perennial gale" tosses and pitches the countless boats and ships of the economy off course or off station, some running aground, others being swamped, breaking apart, and going down. Keeping track of economic reality is not unlike the task of the Coast Guard in a storm. There is no way to rescue a ship in distress unless its position is known.

But these are not "normal" times. As Becker has asserted, Western culture has been beset by shifts along four axes of tension — secular/sacral, subjective/objective, relative/absolute, and individual/institution—reflecting basic understandings of reality. Changing the metaphor, these shifts, in turn, have triggered earthquake-like tremors under every major social structure in the West (Becker, 1991, p. 354). For that reason, no matter how accurately economists may have cataloged economic reality in the past, it is necessary to re-catalog the reality of today.

Where to Look

To make this massive re-cataloging task manageable, it is most helpful to know *where* to look. In this regard, there are two places, both of which are compatible with the personalism affirmed in the first section and both of which can be described as points of tension or stress. One is inter-personal involving conflict between two or more humans interacting in economic affairs. The other is intra-personal — conflict internal to one person regarding the management of competing duties or roles. The inter-personal point of tension may be thought of in terms of the outer economic reality. The intra-personal tension point

may be perceived in terms of the inner economic reality. Focusing on these points of tension or stress is especially instructive because failure to resolve those conflicts has implications for meeting human material need.

There are a variety of specific points of tension in the outer reality such as between rich and poor, unionists and non-unionists, entrepreneurs and intransigentists, resource users and resource conservationists. The social economist is advised to be especially mindful of the need to catalog economic reality at the point of tension in question because reconciling differences there likely makes the task of meeting human material need easier.

There are also a variety of specific points of tension in the inner reality—to name three, the inner conflict between one’s self as worker on the one hand and consumer on the other, the inner conflict between worker and parent, and the inner conflict between spouse and worker. The same advice applies here as with the outer reality.

Table 1 provides a listing of such points of tension in both economic realities. There is no suggestion here that the listing is complete. Excluded, for example, are points of tension in the outer economic reality outside the U.S. For both the outer reality and the inner reality, the challenge to the social economist is to find a proper vantage point from which or window through which, as Becker describes it (1991, p. 51), to view economic reality at the various points of tension.

TABLE 1. POINTS OF TENSION IN ECONOMIC AFFAIRS AND ECONOMIC ROLES: OUTER ECONOMIC REALITY AND INNER ECONOMIC REALITY

Examples of Outer Economic Reality or Inter-Personal Conflict

rich	poor
labor	management
union	nonunion
innovators	intransigentists
liberals	conservatives *
seniors	youth
whites blacks	others
men	women
citizens	immigrants
farmers	consumers

resource users conservationists
 homosexuals heterosexuals
 English-speaking non English-speaking
 renters property owners
 able-bodied disabled

Examples of Inner Economic Reality or Intra-Personal Conflicts

worker consumer
 worker parent
 worker spouse
 worker adult child
 individual team member

*: In terms of basic distribution methods, this aspect of outer economic reality can be represented as market system vs. command system.

Probably more so than any other single choice, the degree to which one system is preferred over the other, according to Becker [1991, p. 51], determines the general character of a culture.

What to Look For

Vantage point alone is insufficient to the task, however. Whether operating in the inner reality or the outer reality, the social economist must know *what* to look for in the economic reality at the point of tension selected for scrutiny and must be able to choose the proper instruments to observe and measure that reality.

As to *what* to look for, the Catholic social economist would focus initially on the dominant feature of economic reality—the question of human material need. In the event that unmet need of this type is identified, the principle of subsidiarity is an appropriate instrument for determining where the responsibility lies for meeting that need. Further, Catholic social economics would alert the observer to focus on two other broad features or dimensions of economic reality: (1) the way in which economic affairs are organized in general and (2) the social values that operate beneath that reality. There are three organizing principles, two of which—competition and intervention—are commonplace in mainstream economics. One, however, is not.

Cooperation, which we define as activating the various economic processes by means of a disposition on the part of the individual to undertake certain tasks through collective action, is an important

characteristic of the workplace. Cooperation is not the same as collusion. The latter is zero-sum economic activity. Cooperation, in contrast, is positive-sum activity. Cooperation may be used at either the intra-firm level, the inter-firm level, or the supra-firm level to resolve problems that otherwise would make meeting human material need more difficult.

There are three social values that operate beneath economic reality³ and that are uniquely associated with one of the three organizing principles. Individual freedom is the primary social value associated with the organizing principle of competition. The primary social value linked to the principle of intervention is equality, while community or teamwork is the social value allied with cooperation. An awareness of these three pairs of social values and organizing principles, how they interact, and how they drive economic affairs is very instructive in accurately recording economic reality in conditions of never ending, constantly-shifting tension.

This matter does not end here, however, even in the broadest sense. The three principles of economic justice—equivalence, contributive justice, and distributive justice—have unique ties to each of the three aforementioned pairs. There is no real individual freedom without equivalence, which helps prevent one party in an exchange from imposing the terms of that exchange on the other party. Similarly, there is no community in the absence of contributive justice that requires every member of the community to contribute to its support. Finally, there is no equality without distributive justice that helps eliminate the favoritism and the discrimination that make some persons more equal than others. Economic justice, in other words, is another dimension of economic reality that must be observed and measured, even though conventional economics has little to say about it except occasionally for distributive justice.

But justice alone will not suffice. Charity—the distinguishing Christian virtue—is characterized by Heinrich Pesch as the guardian of justice and, together with justice, the bulwark of human welfare (Mulcahy, 1952, p. 68). Thus are these two virtues connected to the primary purpose of the economy—meeting human material need — and, consequently, an eye for charity at the point of tension is necessary if one's vision of economic reality is to be accurate and complete.

³Included in this section rather than the preceding section on foundations of economics because social values in this instance are inseparable from organizing principles.

The challenge to Catholic social economics is to carry off the task of observing and measuring economic reality at the point of tension (1) under cultural conditions of major changes in basic understandings of reality and (2) in an economic climate of continuous change using somewhat unorthodox instruments and viewing reality from a different vantage point or through a different window. Further, it is to convince one's professional colleagues that the unique rendering that results is more faithful to economic reality than any other. This challenge is in part a problem in marketing and rhetoric, such as replacing the *homo-economicus* from individualism with the *homo socio-economicus* from personalism and rooting out the "equilibrium price" from physical science and substituting the "agreed price" from social science.

Challenges in Formulating Economic Policy

The bottom-line question for economic policy is not how to increase productivity, or how to reduce the budget deficit, or how to encourage more innovation and competition, or how to grow the economy, or how to protect the environment, or even any such question which is framed in terms of physical objects. Instead, it is how to meet human material need under both aspects: human physical need and the need for work as such. Whether we approve of his economic policies or not, this is why presidential candidate Ronald Reagan's simple question in 1980 — "Are you better off today than you were four years ago?"—was so forceful. For purposes of economic policy, it is more than a matter of first asking the right question. The challenge is, most fundamentally, framing the right question not in the "terse and powerful phrases" of physical science but in a language that even in economic affairs affirms that persons always matter more than things.

To the extent that economic policy addresses conflict, whether that conflict takes place in what we have called the outer economic reality or the inner economic reality, policymakers are challenged to account fully for the various persons who are likely to be affected or implicated. Failing that, they may do more harm than good.

Rights and Corresponding Duties

To help economic policymakers meet this challenge and at the same time avoid doing more harm than good, several principles from Catholic social teaching are instructive. Those principles are stated in a person-centered language of rights and corresponding duties. Since

both were addressed earlier in this essay, justice and charity are not repeated here.

A Right to What is Created. A person has a right to what he/she creates with his/her own hands. It is tyranny for any private organization or public agency to forcibly take possession of the fruits of a person's labor, even in the name of the common good, because depriving a person thusly makes the task of providing for his/her own physical need and the need of his/her dependents more difficult.

A Duty to Share. A person has a duty to share the fruits of his/her own labor with those who are not able to meet their own physical need alone. "Whatever you do for the least of my brothers and sisters, you do for me." "It is more difficult for a rich man to enter the kingdom of heaven than for a camel to pass through the eye of the needle."

A Right to Associate. A person has a right to form associations with his/her work mates. It is tyranny to deny this right because, insofar as such associations help a person improve his/her workplace skills, denial in effect deprives a person of the additional fruits that would better provision his/her own physical need and the need of others including dependents.

A Duty to Include. A person has a duty not to exclude others arbitrarily from entering his/her own workplace or professional associations and a duty not to use such associations exclusively for personal gain. Such exclusion or misuse frustrates others in meeting their need to belong as well as their physical need.

A Right to Participate. A person has a right to participate in decisions that bear upon his/her own physical need or need for work as such. It is tyranny to shut off this participation except in an emergency when the individual good may be subordinated to the common good.

A Duty to Speak for Others. A person has a duty to use participation in decisionmaking as an opportunity for expressing more than just self-interest. There is no "invisible hand" that automatically provides for others especially for those who are needier, weaker, unable to speak for themselves.

A Right to Compete. A person has a right to compete in the workplace and in the marketplace in order to be better able to provision his/her own physical need and the need of his/her own dependents. It is tyranny to exclude a person from competing as a worker for a job in the workplace or from competing as a producer for certain business in the marketplace unless such competing does more harm than good. Given the pivotal role of competition in organizing economic affairs and

thereby provisioning human material need, any doubt as to whether competition does more harm than good should be resolved on the side of the good.

A Duty to Cooperate. A person has a duty to cooperate in the workplace and in the marketplace because economic affairs are organized not by competition alone but by cooperation as well. That is, some tasks simply cannot be accomplished at all by the individual alone or performed as well without others. An unwillingness to cooperate with others creates barriers to provisioning human material need. Whereas arbitrarily restricting competition attacks the individuality of the person, failure to cooperate is a personal denial of his/her sociality.

A Right to Choose Freely. A person has a right to choose freely both the specific goods and services that meet his/her own physical need and the employer for whom he/she is to work or the person whom he/she is to employ. It is tyranny to dictate to a person the goods and services he/she may not consume unless there is some hazard to that person or others in their consumption, such as with contaminated meat or secondary smoke. This principle remains valid even when a person uses resources unwisely, provided his/her own physical need and the need of others already have been met adequately. It is also tyranny to dictate to a worker the employer for whom he/she must work and to an employer the worker whom he/she must employ unless denying the right to choose is necessary to provision human material need.

A Duty to Choose Responsibly. A person has a duty to choose responsibly. Thus, for the consumer, satisfying his/her personal wants is subordinate to meeting his/her own need and the need of others. For the worker, the right to choose the employer for whom he/she will work does not imply a right to be provisioned indefinitely by others until an employer who is completely satisfactory is found. Similarly, for the employer, the right to choose the worker whom he/she will employ does not mean that a worker may be terminated for virtually any failure.

For the consumer, the duty to choose responsibly in effect has greater weight than the right to choose foolishly. For the worker and the employer alike, the duty to choose responsibly means that, since humans are imperfect beings, the right to choose does not signify a right to a perfect employer or a perfect worker. (Table 2 enumerates these rights and corresponding duties in summary form.)

**TABLE 2. RIGHTS AND CORRESPONDING DUTIES:
A PERSON-CENTERED LANGUAGE**

Right to What is Created. A person has a right to what he/she creates with his/her own hands.

Duty to Share. A person has a duty to share the fruits of his/her own labor with those who are unable to meet their own physical need alone.

Right to Associate. A person has a right to form associations with his/her work mates.

Duty to Include. A person has a duty not arbitrarily to exclude others from entering his/her workplace or professional associations and a duty not to use such associations strictly for personal gain.

Right to Participate. A person has a right to participate in decisions that bear upon his/her own physical need or need for work as such.

Duty to Speak for Others. A person has a duty to use participation in decisionmaking as an opportunity for expressing more than just self-interest.

Right to Compete. A person has a right to compete in the workplace and the marketplace to be better able to provision his/her own physical need and the need of any dependents.

Duty to Cooperate. A person has a duty to cooperate in the workplace and the marketplace because economic affairs are organized not by competition alone but by cooperation as well.

Right to Choose Freely. A person has a right to choose freely both the goods and services that meet his/her own physical need and the employer for whom he/she is to work or the person whom he/she is to employ.

Duty to Choose Responsibly. A person has a duty to choose responsibly.

Where to Intervene

In the section on cataloging economic reality, we underscored what to look for and where to look. As to what to look for, we recommended unmet human material need, the way in which economic affairs are organized, and the social values that operate beneath economic reality. As to where to look, we advised social economists to look at certain points of tension in the outer and inner economic realities.

In formulating economic policy on these matters, it is also vital to know where to intervene. As to meeting human material need, we strongly urge a special concern for the workplace and for the neighborhood—the two places where humans spend much of their time. The workplace is vital to meeting physical need and the need for self-expression. Historically, the neighborhood has supplied support at times when individual and family resources were inadequate to meet physical need. Both the workplace and the neighborhood are means by which the need to belong is met.

However, an especially difficult continuing challenge faces social economists who view the (re-)allocation of economic resources as driven not so much by prices as by unmet human material need. That is, how to continue to use unmet human material need for this purpose without inducing so much unmet need as to destabilize the economic system. We have no ready answer for this dilemma.

As with the family, both the workplace and the neighborhood have been weakened significantly by the enormous cultural changes taking place in the West over the past several decades and the continuing economic change that characterizes the market system. The weakening of these institutions has led to more and more dependence on the state to meet human material need.

For our purposes here, two problems arise with greater state intervention. First, the distance between the state and the needy person/family means that the state's response to that need too often is slow, clumsy, wasteful, and the state typically affords little opportunity for participation in the decisionmaking process on the part of those being served. Second, even the huge economic resources of the federal government today are inadequate to the task.

Clearly, a financially viable workplace is vital to human material need and success in the workplace turns on productivity and innovation. The challenge to Catholic social economists is to become much more familiar with the workplace in order to know when by virtue of wrenching economic change the workplace is part of the problem of unmet human material need and when by virtue of its concern for workers as persons it is or can be part of the solution.

A healthy neighborhood, too, is vital to human material need. Here the challenge to Catholic social economists is to recognize that shifts along two of the four axes of tension—sacral/secular and individual/institution—have weakened neighborhoods by weakening institutions that historically have held those neighborhood together,

including churches, settlement houses, ethnic social organizations, and political patronage. Further, the challenge is to understand the ways in which neighborhoods are vulnerable to economic change and the extent to which neighbors acting together can take control of economic change and therefore economic development.

Given the especially important role of small businesses in creating new employment opportunities, the challenge is explicitly to link neighborhood development and small business development in ways that strengthen both at once. Failure in that great undertaking assures that in the twenty-first century human material need will continue to be met either by individuals who are able to care for themselves alone or by the state for those individuals who are not able to provide for themselves without help.

Because the inner and outer economic realities in the U.S. for many human beings and their families are far from satisfactory in terms of human material need *even with the assistance of the state*, a Catholic social economist today (as have others in the past) faces the choice of either turning a blind eye to those realities in favor of the customary professional development or becoming immersed in those realities even at the risk of losing the respect of one's mainstream colleagues.

The Catholic faith is counter-cultural, as with, for instance, the admonition against materialism. Thus, the challenge facing the Catholic social economist is to respond professionally *and* personally not to the "terse and powerful phrases" of physical sciences but to the plain and direct language of the scriptures: "Whatever you do for the least of my brothers and sisters, you do for me."

This challenge is further compounded because it comes not only during the "perennial gale" of economic change but also in the aftershocks of shifts along four axes of tension in Western culture that reflect basic understandings of reality, including economic reality.

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