5. A House Divided

Catholic Libertarian Economics and Catholic Social Thought

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Abstract

Analyzing the roots of Catholic libertarian positions on the economy allows one to compare the foundational anthropological assumptions behind different economic perspectives today. Catholics have radically different ways of engaging economics in the public sphere. On the one hand, a Catholic politician like Paul Ryan claims that Ayn Rand was an important influence upon him as he publicly discussed dividing America between “makers” and “takers.” Ryan and the thinkers who influence him believe that the common good emerges from vigilant pursuit of one’s individual good. On the other side of the understanding of the human person we have a long tradition of Catholic Social doctrine that argues the individual good emerges from the common good, and not vice versa. The social nature of human beings should be formed and managed with the genuine and common good of the human race foremost in mind. A deep concern for the well-being of all is necessary for the goodness and development of the individual. This essay delineates both theological anthropologies, compares them in terms of foundational understandings of freedom, justice, and individualism, and finds them fundamentally irreconcilable.
Keywords: libertarian economics, Catholic social thought, theological anthropology, social justice, Vatican II

Introduction

The purpose of analyzing the roots of libertarian positions on the economy is to compare the foundational assumptions behind different economic perspectives – not as an economist, but as a theologian. It is no exaggeration to frame the discussion in terms of a “house divided” since Catholic social thought has radically different ways of engaging economics in the public sphere. On the one hand, a Catholic politician like Paul Ryan claims that Ayn Rand was an important influence upon him as he publicly discussed dividing America between “makers” and “takers.” Ryan and the thinkers who influence him believe that the common good emerges from vigilant pursuit of one’s individual good.\(^1\) The appeal to self-interest is clear and unapologetic as Adam Smith stated so clearly:

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\text{It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessit... (Smith: 26-27).}
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This type of pursuit is characteristic of a small but very influential group of Catholics who promote a libertarian perspective that privileges personal freedom above anything else. One of the leading figures of this perspective is Fr. Robert Sirico, co-founder of the Acton Institute, whose approach sees anything beyond the individual as state-sponsored oppression.

If justice and mercy are to thrive in our society, I understand now, we need to protect the institutions of liberty, “the delicate fruit of a mature civilization” as the Victorian statesman and historian Lord Acton called it. We must work strenuously to safeguard the liberty that our security and prosperity depend upon (Sirico: 22).

Well-funded by the Koch brothers, the Acton Institute embraces a free-market approach to economics that perceives the state as the enemy of individual freedom and understands “rights, society and community” as natural and good while “privileges, government and the collective” are realities which are possible only with external “coercion” (Sirico: 5).

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\(^1\) In a recent speech on “The State of American Politics,” Ryan admitted this former error: “I’m certainly not going to stand here and tell you I have always met this standard. There was a time when I would talk about a difference between ‘makers’ and ‘takers’ in our country, referring to people who accepted government benefits. But as I spent more time listening, and really learning the root causes of poverty, I realized I was wrong. ‘Takers’ wasn’t how to refer to a single mom stuck in a poverty trap, just trying to take care of her family. Most people don’t want to be dependent. And to label a whole group of Americans that way was wrong. I shouldn’t castigate a large group of Americans to make a point. So I stopped thinking about it that way – and talking about it that way. But I didn’t come out and say all this to be politically correct. I was just wrong. And of course, there are still going to be times when I say things I wish I hadn’t. There are still going to be times when I follow the wrong impulse.”
On the other side of this economic perspective is a tradition of Catholic Social doctrine that argues the individual good emerges from the common good, and not vice versa. The social nature of human beings should be formed and managed with the genuine and common good of the human race foremost in mind. A deep concern for the well-being of all is necessary for the goodness and development of the individual. For many North Americans, this philosophy is counter-intuitive. Part of our own historical development has included the ethos that by pursuing our individual self-interest, the common good will somehow emerge (see further, Bellah et al.). The documents of Vatican II move in a very different direction. By pursuing the common good, our individual good emerges.

Everyday human interdependence grows more tightly drawn and spreads by degrees over the whole world. As a result the common good, that is, the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment, today takes on an increasingly universal complexion and consequently involves rights and duties with respect to the whole human race. Every social group must take account of the needs and legitimate aspirations of other groups, and even of the general welfare of the entire human family (Vatican II 1965: 26).

Foundational Conceptions of Human Being

Carl Menger, a recognized founder of the Austrian School of economics stated: “The economist does not base his theories upon historical research, but upon theoretical thinking like that of the logician or mathematician . . . he does not learn directly from history” (Sibley: 73). According to Angus Sibley, the aim of the Austrian project was to overturn the German Historical School and “return to the method of the classical economists” (72). Their method was a return to an a priori theory which began from a deductive ideal, in contrast to a preference for practical observation of historical events. As Sibley states it, they preferred an economic theory that relied upon “deduction rather than induction” (72).

It is important to understand briefly three groups or schools of economic theory that were dominant in the past century. The following is Sibley’s summary:

Neoclassical (Chicago) School: Economics has definite, universal mechanical laws, like those of Newtonian physics; economic behavior (of groups of people or entire societies) is based on self-interest and can be modeled and predicted mathematically.

Austrian School: Economics has definite, universal laws, but they are not rigidly mechanical, since human behavior is unpredictable, though guided psychologically by the same individualistic self-interest; so mathematical models are of little use.

German Historical School: There are no (or hardly any) universal economic laws. Economic behavior varies according to historical conditions, cultural influences, ethnic characteristics, etc. and is not necessarily based exclusively on self-interest (Sibley: 22-25).
Of particular importance to libertarian economic theory was Menger’s explanation of the *marginal theory of value*. In the older theory of Adam Smith, “the value of any product was determined by the cost of producing it” (Sibley: 76). For Austrians, the causation goes the other way, “the product has value because someone wants to buy it” (Sibley: 76). Note, there is no *intrinsic* value to anything, value is based upon demand. The basis of this theory is that an article “does not have the same value for all potential buyers” (Sibley: 76).

Hence we have Menger’s principle, which we can thus summarize: the value of any article in commerce is the price conceded by the buyer whose “best price” is the lowest. This buyer is called the marginal buyer and we say that the price is formed at the margin (Sibley: 77).

How this translates into the marketplace is important. For example, Menger examines the difference between a monopoly and multiple competitors. A monopoly could simply restrict supply and raise prices, whereas multiple competitive sellers not in collusion would have a difficult time doing that. “Thus it appears that competitive selling generally eliminates the possibility of profiting from a deliberate restriction of supply” (Sibley: 78). Thus, unhindered free competition becomes an absolute good. Sibley summarizes the effects of this in the following: “So Menger affirms that, in the situation we have described, one of the most socially injurious outgrowths of monopoly [verderblichste Auswüsche des Monopolhandels] is removed by competition. For in an environment of free competition, a trader can only maximize revenue by selling as much as possible” (79).

It is clear that any restriction on production and consumption is “socially injurious” for Menger. “Competition must be good, because it provides incentives to maximize production and consumption” (Sibley: 79). Of course, this made sense in 1870 when the population worldwide was estimated at around 1.4 billion, or one fifth of its present level, and natural resources were thought to be inexhaustible. The question today becomes: is this responsible given an increasing scarcity of resources for a growing population? Sibley states the following:

The human race as a whole cannot continue to increase its consumption of everything. Yet we persist in cherishing an economic philosophy whose fundamental principles encourage maximum consumption, which damn any restriction thereof as *verderblühte*: a nasty adjective that means pernicious, shameful, vicious, and corrupt (79).

Sibley is careful to point out that the problem is not that the marginal theory of value is wrong; he generally agrees that it is a “realistic and useful explanation of how prices are formed in a free market” (81). The problem is how this affects wages, i.e., human beings and the value of their labor. This directly relates to human flourishing or its opposite. “The harshness of the Austrian theory of wages stems from the error of regarding labor as a commodity whose value is determined in the same way as oil, wheat or copper; an error clearly condemned by Catholic teaching” (Sibley: 81). Labor has no intrinsic value; it only has the value employers are willing to pay for it. So while this is clearly at odds with traditional Catholic social teaching, make no mistake, for libertarian economic philosophy the central issue is freedom. To be restricted by anything other than the market is a form of
coercion unacceptable to this approach. Restrictions on individual freedom constitute the main concern of libertarian economics.

While it is not possible to follow this strand of economic philosophy through Eugen von Böhm-Bawerk and Friedrich von Wieser in the space here, it is necessary to summarize the influence of Ludwig von Mises. He is an important figure who influenced another thinker whose ideas still bear weight today for libertarian understandings of freedom and social justice, Fredrich von Hayek.

**Ludwig von Mises**

Von Mises fully subscribed to the theory of the Austrian school “that you cannot learn economics by observing what happens in real-life economies. You can only learn by reasoning from prior assumptions about human behavior” (Sibley: 91). Mises begins his approach from a formal system of *praxeology*, “a term invented by the French philosopher Alfred Espinas; it is defined by Mises as *the general theory of human action*” (Sibley: 91). The axiom he uses to explain this general theory is the following: “human action is directed towards ends defined by each individual, rather than being simply a response to external circumstances” (Sibley: 91). This action is only attributable to human beings for “the Almighty does not act . . . it is anthropomorphism to attribute action to God” (Mises 1962: 3). In the end, what is most important to Mises is that for individuals to achieve the fullest possible self-realization, “they must reserve to themselves the maximum liberty to act upon their own initiatives” (Sibley: 92).

Mises became convinced that outside of a free market *laissez-faire* economy, true human flourishing was impossible. At one point he criticizes all the civilizations of what was known as the Orient for lacking cultural value:

> For many centuries the East has not generated any book of importance. The intellectual and literary history of modern ages hardly records any name of an oriental author. The East has no longer contributed anything to the intellectual effort of mankind . . . the reason is obvious. The East lacked the primordial thing, the idea of freedom from the state. The East never raised the banner of freedom (1990: 103).

Mises further explained that economics is “neutral” with regard to all judgments of value and that human actions are necessarily always rational. The following quote from Sibley further specifies how Mises understood the act of freedom, its ethical component and, the role of society:

> So, whatever choices are freely made by individuals are intrinsically “right” in the sense that they are right for the persons making the choices. Others are obliged to accept these choices. Society has no right (except perhaps in criminal cases) to question or oppose these choices, whatever may be their effects upon society, because the individual is always entitled to act in his own best interest (95).

Notice carefully what is fundamental here for Mises: “Value is not intrinsic, it is not in things [or systems outside of us]. It is within us; it is the way in which man reacts to the conditions
of his environment” (Mises 1949: 96). This nearly pure subjectivism is vital for understanding economic systems as value free – the only value comes in how the person responds to it. Some of Mises’ insights are further developed in the thought of Frederich von Hayek.

Fredrich von Hayek

Von Hayek was born in Vienna in 1892 into a Catholic family steeped in “academic and scientific culture.” (Sibley: 109) He rejected the Christian faith at a very young age (11) and remained an atheist the rest of his life. “During the 1920s and 1930s, his observation of the tyrannies of Stalin and Hitler led him, understandably, towards a deep concern with the preservation of individual freedom” (Sibley: 109). Undoubtedly he was also influenced by the flight of his Jewish mentor Ludwig von Mises from the Nazis and his eventual migration to the United States. The experience of witnessing the oppression and repression of a powerful state both in Nazi Germany and the Soviet Union would anchor Hayek’s view of both individual freedom and the role of “groups” or a state. In Law, Legislation and Liberty, for example, he argues that rules imposed by groups are forms of biological adaptation, not ethical goals or ends. This is so because outside of being coerced, no “group” can come to agreement on what is “right.” Furthermore, anything beyond the individual is usually sinister, which is why only the individual can be just. Hayek states:

Justice is an attribute of individual action. I can be just or unjust towards my fellow man. But the conception of a social justice – to expect from an impersonal process, which nobody can control – to bring about a just result is not only a meaningless conception, it’s completely impossible (1976: 133).

For Hayek, “there is no other way toward an understanding of social phenomena but through our understanding of individual actions directed toward other people and guided by their expected behavior” (Hayek 1948: 6). The reason that social or group willing is completely impossible is because “justice” requires intentional action from someone who knows both their own intent and the likely outcome of their intentional action – and this can only be attributed to an individual. Freedom for Hayek is thus “a state in which a man is not subject to arbitrary coercion by the will of another or others” (1960: 11). “Coercion” occurs when “a person is forced not to act to a coherent plan of his own but to serve the ends of another” (Sibley: 110). Hayek does not mean physical coercion when he states this, but “being obliged to do something, the consequences of choosing not do so being unacceptable” (Sibley: 110). The focus on the individual and his or her will is essential to understanding Hayek’s conception of freedom, and “To be ‘free,’ one must be in a position to live entirely according to one’s own ‘coherent plans’ and in no way according to anyone else’s wishes” (Sibley: 110). To be clear, the notion of freedom for Hayek is not simply the absence of constraints, but “the absence of constraints imposed by the will of others” (Sibley: 111).

The reason social justice is impossible for Hayek is that anything beyond one’s individual will is intrinsically oppressive. Only individual conduct is possible, while social justice “more and more places the duties of justice on authorities with power to command people what to do” (Hayek 1976: 66). He acknowledges that “the near universal acceptance of a belief does not prove that it is valid or even meaningful any more than the general belief
in witches and ghosts proved the validity of these concepts” (1976: 66). He would prefer to
deal with the notion of social justice in the following way:

What we have to deal with in the case of “social justice” is simply a quasi-
religious superstition of the kind which we should respectfully leave in peace
so long as it merely makes those happy who hold it, but which we must fight
when it becomes the pretext of coercing other men. And the prevailing belief
in “social justice” is at the present probably the gravest threat to most other
values of free civilization (1976: 66).

Appeals to social justice are inevitably special interest groups advocating for their own
agenda underneath the guise of this term. And while the motives may be good, and Hayek
even recognizes them as such, the consequences are highly undesirable for one reason only.
Social justice will lead “to the destruction of the indispensable environment in which the
traditional moral values alone can flourish namely personal freedom” (Hayek 1976: 67). In
addition to being coercive by imposing the will of others over the individual freedom of a
person, the term ‘social justice’ is meaningless because no single person can know that the
results of a particular social will can correspond to their intentions. That only happens with
the individual. Hayek states:

“Social justice” can be given a meaning only in a directed or “command”
economy (such as an army) in which the individuals are ordered what to do;
and any particular conception of “social justice” could be realized only in
such a centrally directed system. It presupposes that people are guided by
specific directions and not by rules of just individual conduct. Indeed, no
system of rules of just individual conduct, and therefore no free action of the
individuals, could produce results satisfying any principle of distributive

It seems from this rather cursory look at libertarian notions of freedom and social
justice we have some serious and deep contradictions in relation to Catholic social thought –
and even religious faith strictly speaking. The primary act of faith, at least according to
Christianity, is “that God’s will be done.” As Jesus said in the garden of Gethsemane
“Father, if it is possible, let this cup pass from me; yet not what I want but what you want”
(Matthew 26:39). Of course, this “other’s” will is accepted through an act of freely given
love, and thus, is chosen. But if one’s understanding of freedom takes another’s will as
oppressive or coercive if it is determinative of one’s own, this is fundamentally problematic
from the perspective of religious faith. In the case where another’s will is oppressive or
coercive, God and religion become anti-human. This is perhaps the most glaring difference
between libertarian philosophical anthropology and the philosophical anthropology
presupposed by Catholic social thought. Perhaps it is not coincidental that nearly every
major foundational Austrian school thinker self-identifies as agnostic or atheist.

Furthermore, what libertarians mean by social justice as collective oppression by a
central authority is fundamentally different than the Catholic understanding of the modern
state as the guarantor of the common good. By exploring a different understanding of
freedom and social justice, we can better understand the principle differences in each
approach.
Catholic Social Thought

The foundational understanding of the human person for Catholic social thought (CST) is also *a priori* and can be summarized in the following: Human beings are created in the image and likeness of God. To use a somewhat traditional image of God, i.e., the Trinity, the human being is made to give love, receive love, and share love – which is the Christian understanding of God as perfect, relational love in Father, Son, and Holy Spirit. The Father gives love perfectly to the Son, the Son receives that love perfectly, and the Spirit is the sharing of that love within God. “The human being is a personal being created by God to be in relationship with him; man finds life and self-expression only in relationship, and tends naturally to God” (Pontifical Council for Justice and Peace: 109). This relationship with God is not a simple vertical “heart to heart” if you will, but rather it becomes real in how we engage others in the world. “The relationship between God and man is reflected in the relational and social dimension of human nature” (Pontifical Council for Peace and Justice: 110). Thus to be in relationship with God is to be fundamentally political and social.

According to the Catholic tradition, human beings have free will, and the deepest reflection on who we are is reflected in how we use that freedom to love and serve others. Freedom here is understood to be properly exercised when we choose to become more fully who we were created to be – it is not the exercise of free choice for whatever I personally want at any given time. I am free to hurt myself through illegal drug use; that does not qualify as a Christian exercise of freedom. This is how the Church could teach that “it is not possible to love one’s neighbor as oneself and to persevere in this conduct without the firm and constant determination to work for the good of all people and of each person, because we are really responsible for everyone” (Pontifical Council for Peace and Justice: 43). This call for solidarity is a concrete willing of the good of others in whatever context one finds oneself, or a commitment to working for the common good, which is defined as “the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment” (Vatican II 1965: 26). Obviously, this requires wisdom to know fulfillment in the Christian sense, prudence to discern what is necessary for that, and fortitude in shaping a society into one that is truly humanizing.

For CST, social justice is being in right relationship with God and right relationship with our neighbors. Both mutually influence the other, and it has never been an “either/or.” We see very concretely in the history of the biblical people when covenant obedience either lacked proper devotion to God or a neglect of the poor and marginalized – the result was the same – the covenant had been violated. In the same way, we understand the kingdom of God that Jesus initiated and proclaimed as a social order, not merely as the state of one’s soul in relation to God. This kingdom of God is not merely heaven or the Church (as was thought and taught for centuries); it is when God’s will and human wills converge in history and build a new reality that will be completed by God in the future. *Lumen gentium*, the defining document on the self-understanding of the Church at Vatican II stated: “[The Church’s] end is the *kingdom of God*, which has been begun by God Himself on earth, and which is to be further extended until it is brought to perfection by Him at the end of time, when Christ, our life, shall appear, and ‘creation itself will be delivered from its slavery to
corruption into the freedom of the glory of the sons of God” (1964: 9, emphasis added). This community, this new people of God will be the instrument through which God brings about the kingdom of God on earth – a kingdom where the will of God and the will of human beings will unite to form a new social and spiritual reality.

_Gaudium et spes_

_Gaudium et spes_ (Vatican II 1965) is the Pastoral Constitution on the Church in the Modern World. A pastoral constitution articulates how the church is to build up the Christian community and serve the world. A pastoral constitution looks at the Church’s interaction with the wider world and defines its vision, purpose, and methods. Prior to Vatican II, the Church understood its relation to the state officially as _societas perfecta_. These two “perfect societies” were independent of each other and self-sufficient (see Leo XIII 1885: 10). Vatican II embraces a view of the Catholic faith which sees it as actively in service to the world – with the modern democratic state no longer perceived in antagonistic terms. Because this is a new understanding of the role of the faithful, the document strives diligently to emphasize its importance.

Nor, on the contrary, are they any less wide of the mark who think that religion consists in acts of worship alone and in the discharge of certain moral obligations, and who imagine they can plunge themselves into earthly affairs in such a way as to imply that these are altogether divorced from the religious life. This split between the faith which many profess and their daily lives deserves to be counted among the more serious errors of our age (1965: 43).

Because of the recognition that we must work for the kingdom of God here on earth – and that this is a reality beyond our own individual wills – the Church has and will have much to say as it guides and encourages a particular approach to social reality. This is evident from the document’s first, famous paragraph:

The joys and the hopes, the griefs and the anxieties of the men of this age, especially those who are poor or in any way afflicted, these are the joys and hopes, the griefs and anxieties of the followers of Christ. Indeed, nothing genuinely human fails to raise an echo in their hearts. For theirs is a community composed of men. United in Christ, they are led by the Holy Spirit in their journey to the Kingdom of their Father and they have welcomed the news of salvation which is meant for every man. That is why this community realizes that it is truly linked with mankind and its history by the deepest of bonds (1965: 1).

In one, clear opening paragraph, the “_societas perfectas_” approach to church and state has officially been altered. The perception of the church as isolated and separate from the world, a static view of history and the dualism that had only focused on “the above,” have all been effectively left behind. As the document says in its introduction, “Thus, the human race has passed from a rather static concept of reality to a more dynamic, evolutionary one. In consequence, there has arisen a new series of problems, a series as numerous as can be, calling for efforts of analysis and synthesis” (1965: 5, emphasis added). Here is a human community which is
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deeply concerned with the world, and “especially those who are poor or in any way afflicted.” Matthew 25, as an expression of the criteria for salvation, reinforces this.

And notice what the only criterion of the last judgment is. There is not a word about whether you belonged to the church, not a word about whether you are baptized, not a syllable about whether you ever celebrated the eucharist, not a question about whether you prayed, nothing at all about what creed your professed or what you knew about doctrine or theology. Indeed, there is nothing specifically religious at all. Not one doctrine, not one specifically religious act of worship or ritual turns out to be relevant to the criterion of the last judgment. The only criterion for that final judgment, according to Matthew 25, is how you treated your brothers and sisters (Himes: 51).

It is not the self and my individual will that is ultimately determinative of my existence but rather the condition of my relationship with those in the world who suffer and are marginalized.

There are five overriding themes in Gaudium et spes that articulate the Church’s mission to the world in new and bold ways (see more fully, Kelly: 66-73). First, when the church looks at the modern world, it affirms quite strongly a new focus on the category of the person as the meaning and fulfillment of created reality. This means that of all the ways to analyze and understand the world, the default will always be how any given factor, issue, or system increases or diminishes the dignity of the human person. This is critical when analyzing various systems of economic production and distribution. For example, which political system(s) or social system(s) safeguards human dignity? The human person exists in the world but does not live everywhere with the same level of dignity. The Church’s role is to help human beings discover their destiny and dignity. To do this faithfully means to always affirm that God’s will is the guarantor of both. “For the human person deserves to be preserved; human society deserves to be renewed. Hence the focal point of our total presentation will be humanity itself, whole and entire, body and soul, heart and conscience, mind and will” (Vatican II 1965: 3). The entire integrated person becomes the center of Church concern, not merely the disembodied soul.

Though made of body and soul, the human is one. Through their bodily composition they gather to themselves the elements of the material world; thus they reach their crown through each human being, and through each human being raise their voice in free praise of the Creator. For this reason human beings are not allowed to despise their bodily life, rather they are obliged to regard their bodies as good and honorable since God has created them and will raise them up on the last day. Nevertheless, wounded by sin, human beings experience rebellious stirrings in their body. But the very dignity of humanity postulates that human beings glorify God in their body and forbid it to serve the evil inclinations of their heart (1965: 14).

One sees very clearly in the first fifteen paragraphs of Gaudium et spes a complete shift from a static view of history to a more dynamic one. What follows is an inductive approach to how we understand the human being as body and soul, created in the image and likeness...
of God. The very first sentence begins with the “joys and hopes” of people of this world. This is followed by a scrutiny of the “signs of the times” or those moments in history where God can be seen to be inviting, active, and present. A consideration of many realities, from science, industry, human attitudes and various “structures” all serve as the foundation for understanding the role of the Church in relation to human beings the world. Rather than taking as its starting point theoretical ideals and doctrines outside of time and space, it begins with a careful examination of this world and how the Church ought to respond to it.

To say that I am made in this image means that I am made to give, receive, and share love. Human dignity rests in the possibility of realizing the giving, receiving, and sharing of love in life by first having adequate material necessities available for love to flourish. While the human being will always do this imperfectly, it is only through the movements of love in relationships that a person will find any true sense of human fulfillment. This nature of human dignity introduces the second major theme in the document, the social nature of human beings.

The document affirms that in their inmost nature human beings are social and can neither live nor attain their full potential by themselves. Thus, the document moves from a claim concerning the inherent dignity of each and every person, to the necessity and goodness of living socially. “But God did not create man as solitary, for from the beginning male and female he created them (Genesis. 1:27). Their companionship produces the primary form of interpersonal communion. For by their innermost nature man is a social being, and unless he relates to others he can neither live nor develop his potential” (1965: 12). Emerging from the central Christian doctrine that love of God is love of neighbor and love of neighbor is love God, there is an obligation to cultivate interpersonal relations. “To men growing daily more dependent on one another, and to a world becoming more unified every day, this truth proves to be of paramount importance” (1965: 24). This is even truer in a world increasingly characterized by interdependence. Here the document anticipates the globalization that will develop very rapidly in the 1980s and 1990s. And this leads us to the third major theme of the encyclical, the criteria for how a truly human society cultivates increasingly complex relationships.

From a Catholic perspective, society is not supposed to be a contractual partnership of essentially separate individuals, as it is often viewed and experienced within the United States. It is instead a partnership in the pursuit of goods that are best realized and fulfilled in common. For example, a basic level of health care among all members of a society is necessary for a community to genuinely and truly flourish. Health care facilities and the treatment they provide are not only commodities for those with substantial financial resources to buy and sell. The Church’s commitment to the common good as the most basic principle of social, economic, and political relationships challenges the self-interested orientation that is manifest in a radical free-market perspective, a perspective the Catholic Church has been very critical of in many of its documents. It is in this free-market style orientation that health care becomes a commodity like other consumer goods whose allocation is solely determined by who can afford to pay, rather than by right and necessity. These goods, necessary for all human beings to flourish, exist not only for those who can afford them, but they are supposed to be shared and distributed in an even fashion, working toward the better health of all and contributing to the standard of health for the entire
community. This is why the U.S. bishops began calling for universal health care in 1992. Our individual good emerges from a society that cares for the common good.

Fourth, in order to facilitate the common good, the Church deeply commits itself to the pursuit of justice. This is clear when Gaudium et spes states the following:

Therefore, although rightful differences exist between people, the equal dignity of persons demands that a more humane and just condition of life be brought about. For excessive economic and social differences between the members of the one human family or population groups cause scandal, and militate against social justice, equity, the dignity of the human person, as well as social and international peace (1965: 29).

This is remarkably different than a simple commitment to charitable or philanthropic activity. Charity is always good, but never enough. There will always be the need to provide necessities for those who lack them – water, food, medicine, housing, etc. The Church has a long and impressive history of doing charitable work.

Working for justice gets at the systemic roots of why there is so much need, and tries to change the social realities that create the need in the first place. Archbishop Dom Hélder Camara of Brazil perhaps said it best when he remarked, “When I give food to the poor, they call me a saint. When I ask why the poor have no food, they call me a Communist” (Camara: 11). The first part of his statement epitomizes charity – and it is a safe statement because it fails to address the symptoms that result from broken human systems. The second part of his statement represents the initial phase of justice – seeing human reality as it is and asking, why is it so. Here we witness a critical moment when the Church understands its own mission in the world.

Following the argument outlined above, the fifth and final theme should come as no surprise. All social, economic, and human development ought to be directed to the complete fulfillment of all citizens, with those wealthier individuals and nations opting to help those less developed individuals and nations. The obligation of wealthier individuals and nations to assist those in need has not been embraced by many of the wealthy in either the U.S. or Latin America (beyond charitable endeavors). Gaudium et spes points out the scandalous imbalance of social and economic resources among countries, nations, and peoples, as well as hints at some of the consequences:

While an immense number of people still lack the absolute necessities of life, some, even in less advanced areas, live in luxury or squander wealth. Extravagance and wretchedness exist side by side. While a few enjoy very great power of choice, the majority are deprived of almost all possibility of acting on their own initiative and responsibility, and often subsist in living and working conditions unworthy of the human person (1965: 63).

Riches and poverty are related. As a relational reality, those with riches can no longer understand themselves as unrelated to, or not responsible for, those in poverty. Unfortunately, this scandal of inequality has both widened and deepened globally since 1965, and while we have seen some progress in development by poor nations, contemporary
global economic inequality remains stark. The pursuit of justice with relation to economic forces goes well beyond the traditional categories of charity. Additionally, the Church addresses the reasons for such inequality.

To satisfy the demands of justice and equity, strenuous efforts must be made, without disregarding the rights of persons or the natural qualities of each country, to remove as quickly as possible the immense economic inequalities, which now exist and in many cases are growing and which are connected with individual and social discrimination (1965: 66).

It is clear from *Gaudium et spes* that the tradition of Catholic social thought, formally initiated in 1891 with *Rerum novarum* (Leo XIII), is finally engaging the world it had long ignored. Prior to Vatican II, the social encyclicals seemed to be an unrelated corollary to the true business of the Church in the world. This separation, or compartmentalization, is over. *Gaudium et spes* reiterates the core principle of CST and pledges *as a work of the Church* to articulate this vision more forcefully in the world. “God intended the earth with everything contained in it for the use of all human beings and peoples. Thus, under the leadership of justice and in the company of charity, created goods should be in abundance for all in like manner” (1965: 69).

### Individual and Structural Sin

One way to illustrate the shift in the Church in terms of how it engages the wider world is in the evolution of John Paul II and his understanding of sin. (Himes, 2008) In the beginning of his papacy, John Paul II had an understanding of sin as the violation and resulting alienation of our relationship with God and neighbor, which was very individualistic. It was the individual failure to live out, in freedom, the purpose of our existence in some concrete way. The notion of sin did not really extend beyond the individual – even sinful realities that were social or communal were seen as the mere addition of individual sins. In 1984, however, he admitted that “sin could be understood as social in the sense that each individual sin affects others, however indirectly.” Late that same year he admitted that sin can be descriptive of “relationships between various human communities” (Himes, 2008: 237).

What slowly develops during his papacy in emphasis and use is a realization that individual sins have social consequences. Thus, the Church could teach, “Certain sins, moreover, constitute by their very object a direct assault on one’s neighbor. Such sins in particular are known as social sins” (Pontifical Council for Peace and Justice: 118). Social sins can be social attitudes and actions that dehumanize others directly or indirectly. While many people participate in them, they are not individually responsible for their creation. Examples include the acceptance of abortion as a legitimate response to unwanted pregnancy, euthanasia, attitudes and actions such as racism, anti-immigrant xenophobia, discrimination against someone for their sexual orientation, or the refusal to compensate a

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2 Lopsided income growth is also a long-term trend. Between 1979 and 2007, the top 1 percent took home well over half (53.9 percent) of the total increase in U.S. income. Over this period, the average income of the bottom 99 percent of U.S. taxpayers grew by 18.9 percent. Simultaneously, the average income of the top 1 percent grew over 10 times as much – by 200.5 percent. (Sommeiller and Price).
worker in a way that allows them to provide for themselves and their family in a particular context. All of these in one way or another constitute a direct assault on one’s neighbor. The Compendium of the Social Teaching of the Church summarizes this type of sin this way: “Every sin against the common good and its demands, in the whole broad area of rights and duties of citizens, is also social sin. In the end, social sin is that sin that ‘refers to the relationships between the various human communities’” (Pontifical Council for Peace and Justice: 118).

When social sins become deeply entrenched in society, they become what we call “structural” sins. John Paul II introduced this firmly in his encyclical on social concern (Sollicitudo rei sociæ) with the following:

“Sin” and “structures of sin” are categories which are seldom applied to the situation of the contemporary world. However, one cannot easily gain a profound understanding of the reality that confronts us unless we give a name to the root of the evils which afflict us (1987: 36).

The social sin of racism or sexism may become a social structure when people of a particular race or gender can be bought and sold or when people of a particular race or gender are prohibited from participating in institutions that lead to their human development such as schools, colleges, or many professions. The social sin of greed may become a structural reality when wages that cannot support a family are designated as the “minimum” without regard to the consequences. The individual and social attitude toward vulnerable life—pre-born, elderly, and disabled can result in a social structure characterized by a denial of solidarity and become a “culture of death” (John Paul II 1995). More recently, the social sin of carelessly exploiting the earth’s resources may become the structural sin of climate destruction where no amount of human action will be able to change or alter its deadly consequences.

It is somewhat ironic that Catholic libertarian thinkers came to prominence during the papacy of John Paul II and the Reagan years when that Pope’s signature contribution to social ethics was his emphasis on “solidarity.”

Solidarity must be seen above all in its value as a moral virtue that determines the order of institutions. On the basis of this principle the “structures of sin” that dominate relationships between individuals and peoples must be overcome. They must be purified and transformed into structures of solidarity, through the creation or appropriate modification of laws, market regulations, and juridical systems (Pontifical Council for Peace and Justice: 193).

For John Paul II, indeed for Catholic social thought, Catholics are called to “lose” ourselves for the other instead of exploiting them. We are supposed to “serve” them instead of oppressing them for one’s own advantage. In the end, solidarity “translates into the willingness to give oneself for the good of one’s neighbor, beyond any individual or particular interest” (Pontifical Council for Peace and Justice: 194).

Catholic Libertarian and Catholic Social Thought Positions: A Comparison

It seems clear that the libertarian philosophical anthropology, that is how libertarians understand the human person, differs significantly from that of Catholic social thought. It
would be instructive to compare their perspectives on three concrete virtues and how they are lived out. For our purpose here, it is enough to compare their understandings of freedom, justice, and individualism.

Freedom

In the simplest terms possible, freedom for Hayek and Catholic libertarians is most easily summarized as “freedom from” or “negative freedom” as some have characterized it. Daniel Finn summarizes this as follows:

Governments violate people’s freedom when they force people to act in particular ways (beyond forbidding theft, force and fraud). For libertarians, any government prohibitions beyond preventing theft, force and fraud violate the freedom of citizens. The libertarian notion of freedom is that I act freely if I am the source of the decision to act. It is for this reason that some libertarians such as Robert Nozick have even argued that voluntary slavery (that is, a choice to enter into a contract to be a slave) should be made legal (Finn: 488).

In his book *Defending the Free Market*, Robert Sirico, Director of the Acton Institute, makes freedom a near-absolute even though multiple arguments in the tradition of Catholic social thought explicitly teach the opposite. “When people begin to sacrifice the rights of property and exchange – their economic freedom – for some other perceived good such as security or equality, they take a step down Hayek’s road to serfdom” (Sirico: 42). Libertarian economics begins from the perspective that personal and economic freedom is absolutely necessary, Catholic social thought does not.

For Catholic social thought, freedom is something received and realized insofar as such freedom is used properly, i.e., to humanize ourselves and others. The Catholic view of freedom is a choice for self-fulfillment (Finn). As John Paul II stated, freedom itself does not have

its absolute and unconditional origin . . . does not reside in itself, but in the life within which it is situated and which represents for it, at one and the same time, both a limitation and a possibility. Human freedom belongs to us as creatures; it is a freedom which is given as a gift, one to be received like a seed and to be cultivated responsibly. When the contrary is the case, freedom dies, destroying both human beings and society (1993: 86).

With this understanding of freedom, the free choice to pursue unlimited amounts of money out of greed is not an exercise of freedom, but the rejection of freedom to use resources not just for ourselves, but for and on behalf of others. This un-freedom emerges from an improper relationship with money in a life that is made for more fulfillment than money can provide.

Justice

For libertarian economics, justice is purely commutative. This means that a certain standard of justice should be maintained in one-to-one voluntary transactions. Fr. Sirico defends this understanding in his book as well – but notice the twist of phrase from treating
others as you would want to be treated, a Christian perspective, to something else. Recall that Luke 6:31 records Jesus saying, “Do to others as you would have them do to you.” Matthew 5:43-48 seems to up the ante even more by suggesting that we love our enemies – certainly different than what Sirico suggests in the following:

Justice – treating people as they deserve to be treated – is a fundamental civil and moral requirement. But by itself it is a rather meager necessity. What we really want is a society that is just, yes, but also one suffused with charity and mercy – virtues that no legislature can produce or enact, virtues that can raise up armies of men and women who are prepared to go out and tend the vulnerable at great sacrifice (22).

Note the impossibility of justice being “social” in any way, it is simply individuals raised up by “virtues” living out lives of charity and mercy – once it becomes collective, social, or structural it becomes oppressive (see Mises and Hayek). While virtue is necessary, it can be social as well as individual. Just as John Paul II affirmed the existence of social and structural evil, social and structural grace also exist (Nangle, 2008: 65).

For Libertarian thinkers, commutative justice should determine all economic relations, even between employers and labor, neither of whom “should be forced to do anything” against their will. But from a Catholic point of view, “neither mutual consent nor mutual gain is enough to guarantee commutative justice” (Finn: 492). The basis of this Catholic perspective goes all the way back to Rerum novarum where Pope Leo XIII taught the following: “there underlies a dictate of natural justice more imperious and ancient than any bargain between man and man, namely, that wages ought not to be insufficient to support a frugal and well-behaved wage-earner. If through necessity or fear of a worse evil the workman accept harder conditions because an employer or contractor will afford him no better, he is made the victim of force and injustice” (45). Thus, one’s wages should not be set merely by market forces or the whims of employers, rather they should meet the needs of the human beings laboring for a living. Just because a worker accepts a wage, this does not mean it is just or that it implies “consent” freely given.

Because of Sirico’s exclusive emphasis on commutative justice, anything related to distributive justice is rejected. He goes so far as to imply that anything more than face-to-face charity is essentially an embrace of Marxism. Even his interpretation of the Parable of the Good Samaritan as “Christological and moral, rather than political” (130) completely misunderstands the purpose of the parable as the goodness of one-to-one charity and not as a critique of Temple bureaucrats who think observing the law is more important than helping people who suffer – a juxtaposition clearly set up by the story itself (Himes: 15-22).

Finn states, “For libertarians, distributive justice is wrong-headed and immoral. For the government to raise taxes to pay for goods and services provided to the needy violates ownership rights of taxpayers. Many libertarians see taxation as theft” (529). Anthony Santelli argued the following on his libertarian Catholic perspective on taxes.

We are called to be co-creators with God. We are called to work. Because work is good, a tax on work is a tax on goodness. It is a tax on our attempt at being like God, which is what we were made to do – it is what we should do.
Religion and Politics

Such a tax lessens our ability to do what we should. It reduces our freedom, as Catholics define that term. If we take our religion seriously, we must conclude that an income tax is immoral—no matter how uneasy that makes us feel (509).

In Catholic social teaching, justice is much broader and includes more than commutative justice.

Commutative justice requires fair treatment in one-to-one relationships. Distributive justice requires that actions and institutions related to owning and using the goods of the earth must ensure that the needs of all are met. General justice (sometimes called legal or even social justice) refers to the obligation that every person has to contribute to society and to the obligation of societies have to enable all persons to contribute (Finn: 528).

This broader understanding of justice extends well beyond the individual and encourages the various kinds of justice, even the global. Paul VI stated this clearly in Populorum progressio:

The teaching set forth by Our predecessor Leo XIII in Rerum novarum is still valid today: when two parties are in very unequal positions, their mutual consent alone does not guarantee a fair contract; the rule of free consent remains subservient to the demands of the natural law. In Rerum novarum this principle was set down with regard to a just wage for the individual worker; but it should be applied with equal force to contracts made between nations: trade relations can no longer be based solely on the principle of free, unchecked competition, for it very often creates an economic dictatorship. Free trade can be called just only when it conforms to the demands of social justice (59).

Individualism

For libertarian thinkers, the individual is the source and summit of the personal will they exercise. For the historical founders of the Austrian School, cited here, theism does not play any role. For Hayek, our ability to reason is simply the result of evolutionary processes. While defining the “fatal conceit,” which he obviously believes is an error, he states the following:

. . . it is important to avoid right from the start, a notion that stems from what I call the “fatal conceit”: the idea that the ability to acquire skills stems from reason. For it is the other way around: our reason is as much the result of an evolutionary selection process as is our morality (1988: 21).

The individual is the product of cultural evolution where “custom and tradition” mediate between our instincts and our ability to reason. Hayek speaks particularly about his lack of a notion of God when he states, “The conception of a man-like or mind-like acting being appears to me rather the product of an arrogant overestimation of the capacities of a man-like mind.” (1988: 139). Thus, God is a product of human self-projection, and like many other customs and traditions, the result of cultural evolution. Because of this fundamental
philosophical anthropology, basing a society on “reason” implies an ability to agree that does not, in fact, exist.

Cooperation, like solidarity, presupposes a large measure of agreement on ends as well as on methods employed in pursuit. It makes sense in a small group whose members share particular habits, knowledge and beliefs about possibilities. It makes hardly any sense when the problem is to adapt to unknown circumstances; yet it is this adaptation to the unknown on which the coordination of efforts in the extended order rests (Hayek 1988: 19).

This notion of cooperation or “solidarity” is impossible because such a measure of agreement on ends and methods is unachievable outside of the individual very small groups like families. What is true is framed as “spontaneous order” spurred by the need to adapt and overcome. Competition, thus, “is a procedure of discovery, a procedure involved in all evolution, that led man unwittingly to respond to novel situations; and through further competition, not through agreement, we gradually increase our efficiency” (19).

While Sirico does not accept the theistic refutation of Hayek, he accepts nearly all of his concrete conclusions as they are applied to economic life. He frames his discussion of individualism with an eye toward the problem of this evolutionary determinism. He sees issues with the philosophical anthropology of Ayn Rand, for example, an inspiring figure for many libertarians. Sirico states, “Rand’s idea of man is noble” (91-92), even though nearly everything she promoted was contrary to the goodness of self-sacrificial love which she herself acknowledged. Sirico eventually sees the problem of a lack of truly human free will when he determines that Rand’s understanding of the human person is “problematic” (92-93). He would probably see the philosophical anthropology of Hayek as equally problematic, but he remains convinced of its conclusions, especially Hayek’s The End of Serfdom.

According to Catholic social thought, “Every person is created by God, loved and saved by Jesus Christ, and fulfills themselves by creating a network of multiple relationships of love, justice and solidarity with other persons while they go about their various activities in the world” (Pontifical Council for Peace and Justice: 35). But the work of the Church will always transcend the individual and move toward the social in precisely the ways that libertarian individualism prohibits. This is precisely why the notion of a Catholic libertarian is an oxymoron. The Compendium of the Social Doctrine of the Church argues that Jesus came “to establish the ‘Kingdom of God,’ so that a new manner of social life is made possible, in justice, brotherhood, solidarity and sharing” (Pontifical Council for Peace and Justice: 325). While individual persons know and will their existence, they always do so in light of God’s revelation and the needs of the human communities around them. Insofar as this is true, “Riches fulfil their function to human beings when they are destined to produce benefits for others and for society” (Pontifical Council for Peace and Justice: 329).

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3 As Rand notes in a Playboy interview: “According to the Christian mythology, [Christ] died on the cross not for his own sins but for the sins of the non-ideal people. In other words, a man of perfect virtue was sacrificed for men who are vicious and who are expected or supposed to accept that sacrifice. If I were a Christian, nothing could make me more indignant than that: the notion of sacrificing the ideal to the non-ideal, or virtue to vice. And it is in the name of that symbol that men are asked to sacrifice themselves for their inferiors. That is precisely how the symbolism is used. That is torture.”
The role of the state is to give direction to economic development by regulating the market and determining an appropriate juridical framework for economic affairs. Far from being a sinister inhibitor of freedom, a democratic state expresses the will of its people through social and economic policies appropriate to a particular context. In this way, public and private entities work together with varying levels of regulation always with the common good in mind.

Conclusion

In a recent article, Archbishop Charles Chaput stated the following points which reveal that even Archbishops are prone to libertarian viewpoints:

For Murray, the America of the Founders is dead because we killed it. We strangled it with a regulatory state that expands by its own inertia. It creates dependency and accumulates power as it provides services. As it grows, it eats into the space for personal liberty and rights. And it slowly replaces the authority of the people’s elected representatives with an administrative machine. A good example is Obamacare. Congress passes a national health care act. Then the administration “interprets” the law to impose a contraceptive mandate that deliberately attacks the conscience of many religious believers and ministries.

This could have come straight out of Sirico’s book and is grounded by a libertarian understanding of the state. When Catholic politicians take this worldview, the consequences are even worse. According to Christopher Hale, “For four consecutive years the chairman of the House Budget Committee has proposed budgets that have been criticized by the United States Conference of Catholic Bishops as morally deficient. Ryan’s budget cuts crucial programs that serve the poorest and most marginalized people in our nation, while providing unnecessary tax breaks for the wealthiest of Americans.”

For a Catholic worldview, to be is to be in relation to every other being. What is unique to human relations is our capacity to know and will such relations. The more we grasp the immensity of our relationships and the more we choose them, i.e., love them, the more fully we exist. To limit one’s acknowledgment of relatedness and one’s acceptance of those relationships is to diminish oneself. To deny our intrinsic relationality to others is to hover on the edge of non-being, i.e., evil.

According to John Gehring, “Charles Clark, an economics professor and senior fellow at the Vincentian Center for Church and Society at St. John’s University in New York sees the Acton Institute and free market absolutists like Michael Novak as offering false choices that are divorced from traditional Catholic teaching. ‘The whole idea that we have either freedom and capitalism or godless communism is very Cold War’” (Gehring: 189). Clark goes on to comment in the same section that the Acton Institute has successfully distributed DVD’s and other media to Catholic college students around the country to raise the profile of people like Frederich Hayek. He states: “It’s ironic because the early Austrian thinkers were hostile to the Catholic Church having an opinion on anything or even existing. Libertarianism has a flawed understanding of the human person. It’s a view that is the
furthest imaginable from the human person being made in the image and likeness of God” (quoted in Gehring: 190).

A philosophical anthropology that situates human freedom in the whims of the subjective will, understands justice only in one-to-one interactions and adheres to an individualism that makes a social will impossible is an impoverished understanding of the human person. In such a view and with such a vision the common good remains inaccessible and reality narrows to the individual. In this understanding of the individual, the market must be absolutely free, the state is oppressive by nature, and there can be no sense of obligation to others, especially those who are poor and marginalized. That such an understanding has become attractive to some Catholics shows the power of an economic culture based on libertarian understandings of freedom, justice, and society. This contradiction to fundamental understandings of the human person violates Catholic social teaching both in idea and practice.

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