Within the Market Strife: American Catholic Economic Thought from *Rerum Novarum* to Vatican II

Kevin E. Schmiesing

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Catholic debate on economic issues all too often degenerates into name-calling and mutual recrimination, as each side accuses the other of a lack of faithfulness to the teaching office of the Church. Matters of legitimate disagreement become transformed into tests of orthodoxy.

Kevin Schmiesing's *Within the Market Strife* can help to break that impasse. An excellent overview of American Catholic economic thought, Schmiesing's book reveals the variety of Catholic opinion on economic questions, and shows us the relative civility with which vigorous discussions of these subjects were carried out.

Thus, Schmiesing cites the welcome remarks of Goetz Briefs, a professor of economics at Georgetown, who contended that of their very nature economic questions were open to diverse replies. "Under modern conditions the rational use of scarce means is very complex and complicated," he wrote. "More than one judgment is possible and can be vindicated" (137).

Beginning with Leo XIII's seminal *Rerum Novarum*, Schmiesing goes on to treat a great many topics in this slim volume, from the Social Gospel movement through a series of interesting Catholic debates on economics in the 1950s. He likewise offers a useful discussion of the radical Bishops' Program of 1919, which met more opposition than I realized (though not as much as it probably should have).

Of particular interest is Schmiesing's coverage of the New Deal, which attracted much Catholic support. Fr. William Kerby, a professor of sociology at Catholic University, welcomed the New Deal, dismissing concerns about the growth of government and the increasing abandonment of the principle of subsidiarity. "We have less occasion to fear codes, even planned production, State paternalism, and a diminishing return on capital," he wrote, "than we have to fear economic slavery, broken health, constant worry, broken homes, massive poverty and insecurity" (85). Unfortunately missing from this all-too-common critique is that it is the market itself that best alleviates these problems and the state that intensifies them, as a brief glance at the countries of the world today amply reveals.

As Schmiesing shows us, however, by no means were all Catholics supporters of the New Deal. This misconception may be due in part to the attention that Msgr. John A. Ryan, sometimes called the "Right Reverend New Dealer," has received from historians. Schmiesing discusses some of the forgotten Catholic thinkers and commentators whose assessments of Franklin Roosevelt's interventionism were rather less sanguine.

It is disappointing to learn that such Catholic opposition to the New Deal as can be found was based not so much on economic considerations as on concerns for subsidiarity and constitutionalism. Those are principles of great importance, to be sure, but the lack of a serious critique of the economics of the New Deal is telling. Still, Schmiesing has made an important contribution because he reminds us that a great many considerations, including the dangers posed by political centralization and broad construction of the Constitution, may inform the Catholic conscience on economic matters. This is a useful reminder, yet again, to those who believe that economic matters can have but a single Catholic answer.

One of the book's most significant achievements involves rescuing Fr. Edward Keller (1903–1989) from the obscurity in which his work has unfortunately languished. Fr. Keller was an outspoken supporter of free enterprise, and possessed an impressive grasp of economics. His own understanding of the 1930s was far superior to that of Msgr. Ryan; he noted, for instance, that high taxes undermined private investment, the key to American prosperity. He understood the connection between productivity and the well-being of labor: "Most of this increased productivity [of the first half of the twentieth century] was passed on to the workers, in the form of higher wages and lower prices" (118).

Fr. Keller believed that the encyclicals in fact lent support to the market system. Schmiesing explains: "Pius [XI] did not condemn great wealth, Keller further observed; the pontiff instead emphasized the responsibilities of those with wealth to use it to the benefit of others. In the United States, Keller pointed out, superfluous income had been largely invested in capital, fulfilling admirably *Quadragesimo*'s exhortation to use wealth to increase employment opportunities" (117). That Fr. Keller deliberately placed a pro-market interpretation on the instructions of *Quadragesimo*, so often hijacked on behalf of interventionism and statism, makes him a figure about whom readers will be eager to learn more.

My one dissent from Schmiesing's otherwise judiciously and convincingly argued book lay here: Although he concedes that some theologians "did not appreciate the workings of a market economy and naïvely applied Church social teaching in unrealistic ways," Schmiesing concludes that in general "the theologians did have an understanding of the economy" (p. 73). If that is so, it is by no means obvious from their statements. How many theologians rejected out of hand the idea that labor unionism as practiced in the United States could improve the material well-being of labor as a whole? I suppose Schmiesing would have included some if they existed. Likewise, Msgr. John Ryan lent support to the seriously flawed underconsumptionist theory of the causes of the Great Depression. Fr. James Gillis, a great man and thinker in many respects, nevertheless distilled the causes of the Depression thus: "The pope … solved the problem of the depression, supposedly so intricate, with one word—greed" (p. 99). These are not especially proud moments in the intellectual history of American Catholicism.

Schmiesing is a careful and skilled historian, sober in his judgments and scrupulously fair to all sides of a debate, notwithstanding his own opinions. His accomplishment in *Within the Market Strife* is of the greatest importance for the ongoing dialogue within the Catholic community on economic matters. He shows us the diversity of thought to be found among Catholics between 1891 and 1962 when it came to economic issues, even if we might wish that diversity had been still greater. In light of Schmiesing's findings, we can hope that Catholics will be less likely to debate economic issues in a spirit of recrimination and excommunication and more likely to acknowledge the legitimate independence of judgment that the Church does not discourage in profane matters.

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The Boundaries of Technique: Ordering Positive and Normative Concerns in Economic Research

Andrew Yuengert

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A newly graduated Ph.D. economist once remarked to me, "I do what I was trained to do, without thinking too much about it." The remark intimates professional standards, including a servant's heart, but it also suggests an incomplete or even faulty ethics. Yale-educated economist Andrew Yuengert points to a superior economics in *The Boundaries of Technique* by demonstrating the insufficiency of this "technician-for-hire" (79) outlook.

Consulting the Aristotelian and Thomist tradition, Yuengert constructively concludes that technical or positive economics improves when economists refine their research purposes. "Every economist should take the time to investigate and question the chain of ends that motivate his or her research" (16); for "all good economic research must serve some worthwhile purpose, a purpose that will not emerge without inquiry or by following the lead of popular culture" (51).

Yuengert develops four reasons to support this important thesis. First, organizing technical economics around persuasive values is more intellectually rigorous and interesting compared to economists' current and more tacit adherence to *ad hoc* values. Specifically, the nature of technical economics cannot be fully understood apart from the ends that the various techniques and facts serve, which in turn makes attempts to strictly sequester facts unhelpful. For example, to advance the normative "goal of consistent estimation," one should "choose instruments that are uncorrelated with the dependent variable" (21). This example shows that "economists are purposive, even when their purpose is simply 'to know'" (xiv).

Given this necessity of economic researchers having purposes or ends, superior ends can be ascertained through rational deliberation. This second reason contests some economists' skepticism of reason's ability to know the right ends or agree to any end. Yuengert elaborates: "deliberation about ends is added to reason's job description" even if economists are initially "puzzled at the implication that they should become students of moral philosophy…" (5, 30). To deny "reason's role in investigating ultimate ends is implicitly a denial of moral judgments about those ends, and ultimately a rejection of