

Competing Catholic Views on Private Property and Free Enterprise

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Abstract

The present paper demonstrates that there was a sea change of opinion amongst Catholic theologians, in general, and Jesuits in particular, on the issues of private property, economic regulation of the economy and free enterprise. The earlier members of this Order, stemming from the School of Salamanca in the 16th century at the time of the founding of the Society of Jesus, in the main favored economic freedom; their modern successors, with some minor exceptions, take the opposite point of view. Several hypotheses to account for this phenomenon are then raised and discussed.

Key words: Jesuits, Catholic theology, laissez faire capitalism, economic freedom

JEL categories: Z12

I. INTRODUCTION

The Catholic clergy's perception of the economy has changed radically since the Middle Ages. In the 16th and 17th centuries, theologians of several Orders¹ at the School of Salamanca developed innovative ideas. They were inspired by economic and societal changes caused by the discovery of the Americas. These now neglected theologians primarily promoted free enterprise. Today, however, the teachings of the Catholic Church are largely filled with anti-market, leftist sentiment. This ideological change is evidenced perhaps most dramatically within the Jesuit society.² For example, the Society of Jesus has largely changed its definition of what constitutes a just wage. This alteration in thought can be attributed to several factors, particularly the clergy's changing role in society.

Although a comprehensive statement of opinion from the Jesuits does not exist on this issue, the general sentiment can be observed in the writings and teachings of individual members of this Order throughout history. Have the modern Jesuits high-jacked the institution passed on to them by the founders of this organization?

In section II we discuss the early period of philosophical development of these theories. Section III is devoted to an analysis of these views in their more modern

emanations. In section IV we explore the contribution of natural law and private property rights to our considerations; in V we compare perspectives on property rights between the early and later church leaders. The burden of section VI is to try to explain these changes. Under this rubric we consider A. societal changes; B. education and C. Socialism. Section VII is the most ambitious of them all; here we attempt to rectify the crisis of lack of economic education on the part of the priesthood. We conclude in section VIII.

II. THE EARLY PERIOD: 1540-1640 A.D.

The Salamancans used reason and logic to develop their ideas. They made deductions based on observations of inflationary pressures caused by inflow of specie in Europe during the discovery of the New World. The Jesuit Scholastics of the School of Salamanca, as well as other Catholic theologians of the time, correctly concluded that free markets were essential to justice and the economic well being of individuals.

As noted by Gordon (1975, p. 244), “scholastic economics was brought to a new pitch in the writings of the Belgian Jesuit, Leonard Lessius (de Leys) (1554-1623).”³ Using the bustling commercial area of Antwerp for reference, Lessius asserted a just price is determined by a consensus of market participants. Gordon labeled this as “the popular or natural price” (1975, 258). In *De Justitia et Jure* (1605), Lessius also acknowledged it is permissible for prices to be “determined by the public authority.”⁴ However, prices set by law should not be used when “in change of circumstances of increasing or diminishing supply and similar factors, the authorities were notably negligent in changing the legal price...” (Lessius, as quoted in Gordon, 1975, p. 259). Thus, Lessius suggested a free, competitive market is the superior mechanism for price determination.⁵ Here, the views of Lessius are congruent with beliefs of the founder of the School of Salamanca, Francisco de Vitoria, a Dominican professor at the University of Salamanca (Rothbard, 1995, p. 102).

Salamanca Lessius distinguished himself from the other Scholastics by applying his theory of just pricing to wage determination; labor, as he observed, is also subject to

market forces of supply and demand. He was the first Jesuit to proclaim the free market is an effective and efficient means to determine wages. Lessius stated that a fair wage is that which is “customarily paid in a given place over a given period” (Gordon, 1975, p. 263). He added that the minimum wage does not need to be and should not be determined by the government, as a wage “can be established that it is not below the minimum from the fact that there are others who are willing to perform such work or office or service for the remuneration in question” (Gordon, 1975, p. 263). As Rothbard (1978, p. 64) observed, Lessius was in agreement with the Franciscan Scholastics, Pierre de Jean Olivi and San Bernardino, on the treatment of wages as ordinary prices found in the marketplace.

Lessius believed that workers should be paid according to their productivity.⁶ He stated that if an employee’s “work brings an advantage to the employer far outweighing the value to him of the employee’s sustenance he would be bound to compensation, at least at the level of the minimum just wage ... when the work is of notably more value to the employer than what it costs him to provide sustenance for life, he must pay something more for it” (Gordon, 1975, p. 264). The value of this productivity is subjective. People who satisfy others’ demands effectively and efficiently will be compensated accordingly in the marketplace. Thus, wages depend on the perception of consumers, not the needs of the workers. Lessius said: “It is not surprising if an industrious agent does make a good income in a short time” (Gordon, 1975, p. 266).⁷

However, it must be acknowledged Lessius was not a radical exponent of the free enterprise system (De Roover, 1951, pp. 499-500). He did allow exceptions. De Roover (1958, p. 427, citing *De justitia et jure*, lib. 2, cap. 2i, dub. 20, para. 148) explains:

Perhaps the best treatment on the subject is found in the writings of the Belgian Jesuit Leonardus Lessius (1554-1623). He admits that not all monopolies are iniquitous and that a prince, if he has good reasons, may grant exclusive privileges. He must then, however, fix a fair price giving due consideration to all attending circumstances (*spectatio circumstanciis omnibus*), such as cost, risk, and market conditions, presumably by striking a compromise between conflicting criteria, as public utility commissions do today.

It is tempting to account for this “deviation” on the part of Lessius on the ground that, as a “mere” Salamancan, he is only an “impure,” or “proto” Austrian; and modern Austrians themselves would be precluded from making any such compromises with

price fixing, whether directly, as in this bygone era, or via anti trust legislation (which allows for, in addition to direct price fixing as in the case of so called utilities, also nationalization and the breaking up a large firm into smaller entities). And there is a great deal of truth in this first approximation. There are very few modern Austrian economists, indeed, who would accept the notion of monopoly as market failure, and thus be open to government regulation via anti trust or price fixing. Most modern Austrians follow Rothbard's (1993) analysis of monopoly and anti trust. However, there are at least two significant exceptions to this first approximation: Mises (1996) and Kirzner (1973).⁸

According to Rothbard, the Society of Jesus did the most to spread the ideas of the School of Salamanca. As evidence, a manual on moral theology promoting free markets was written by Father Antonio de Escobar y Mendoza, translated into four languages, and accrued 37 editions (Rothbard, 1995, p. 131). The treatise of Cardinal Juan de Lugo, another Jesuit, was also widely published (Rothbard, 1976, p. 65).⁹

III. THE MODERN PERIOD: 1890-2004 A.D.

Rerum Novarum (On Capital and Labor), written in 1891 by Pope Leo XIII, was the first social encyclical; it focused on the plight of workers and concern for their morality.^{10,11} A series of writings by bishops and other Catholic theologians following the encyclical ultimately led to the creation of Catholic labor schools, of which the Jesuits were significant contributors, to educate and promote the union movement among American workers. As a result, the early to mid-1900s marked a radical shift in focus for the Catholic Church. It became uncharacteristically involved in emotionally-charged, secular activities. "Until this initiative, the energies of the Church were almost totally devoted to sacramental worship, corporal works of mercy and parochial school education" (Boyle, 2000). These Jesuit institutes lasted the longest – many until the 1980s.

Several papal encyclicals focusing on social issues followed *Rerum Novarum* with similar messages on wage determination. In 1931, Pope Pius XI issued *Quadragesimo*

Anno (On the Reconstruction of the Social Order). Pope Pius XI did not at all, like his predecessors, maintain just wages could be determined by market processes. Rather, in section 70 of *Quadragesimo Anno*, he stated “wages ought to be regulated and established.” In section 71, the Pope said, “the worker must be paid a wage sufficient to support him and his family.” The concept of a family wage became pervasive throughout Catholic social teaching, especially in the writings of popes and bishops.

Pope John XXIII apparently used a very different definition of justice than was understood by the Salamancan theologians. In his 1961 encyclical letter, *Mater et Magistra* (Mother and Teacher; On Christianity and Social Progress), he stated “In determining wages, therefore, justice demands that account be taken...of the individual workers and their families” (section 33). He made the family wage a requirement for justice. In section 71 of *Mater et Magistra*, the pope spoke for church leaders when he said, “We therefore consider it our duty to reaffirm that the remuneration of work is not something that can be left to the laws of the marketplace... It must be determined in accordance with justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner.” He was proclaiming that the market, the interaction of supply and demand, could not provide a just wage. Concurrently, Pope John XXIII dismissed the ability of workers to increase their incomes through their own volition – by discovering better ways to satisfy others’ needs and wants. He did not realize the market could have been used to reach a family wage in such a way.

Pope John Paul II composed *Laborem Exercens* (On Human Work). He provided a very detailed critique of the market. In section 90, he wrote:

Just remuneration for the work of an adult who is responsible for a family means remuneration which will suffice for establishing and properly maintaining a family and for providing security for its future. Such remuneration can be given...through what is called a family wage – that is, a single salary given to the head of the family for his work, sufficient for the needs of the family without the other spouse having to take up gainful employment outside the home...

Pope John Paul II’s view, like other modern Catholic theologians, is contrary to Lessius’. The latter, but not the former, believed it is possible, by increasing productivity, for an individual to attain a higher wage entirely without government help, that is,

through the market. This could conceivably be done to the point that the family could be sustained by a single income. Mandated minimum wages prohibit employers from paying employees, whose productivity level is below the minimum wage level, according to productivity. In fact, these workers may not be paid at all. Minimum wages cause unemployment by making it illegal to pay workers according to their productivity. They are priced out of the market as only those whose productivities meet or exceed the minimum wage level are retained.¹²

Finally, Pope John Paul II wrote *Centesimus Annus* in 1991 to commemorate the hundredth year anniversary of Pope Leo XIII's *Rerum Novarum*. Again, the Pope spoke of the family wage that "should be sufficient to enable him [the worker] to support himself, his wife and his children" (section 8). This concept of a legislated family wage was absent from Pope Leo XIII's encyclical, however.¹³ In section 15, Pope John Paul II called for coercion and legislation when he said "society and the State must ensure wage levels adequate for the maintenance of the worker and his family, including a certain amount for savings."

The above encyclicals, the words of the pope, are indicative and representative of the Church as a whole. A widespread change in thought among Jesuits to distrust free markets as a source of economic justice is also noticeable in writings following the release of Pope Leo XIII's *Rerum Novarum* in 1891. Edward Arroyo, S.J. (2000) recalls the *Instruction on the Social Apostolate* (1949) that led to the creation of Jesuit foundations specifically dedicated to social justice and social ministry.¹⁴ Denying free markets could provide justice, the Jesuits promoted ways (such as legislated wage minima) to fill that supposed void.

Documentation became even more significant following the Second Vatican Council. The Jesuit Superior General Peter-Hans Kolvenbach, S.J. wrote a letter addressing his fellow Jesuits in 2000. This letter denounces free markets and specifies that globalization and "the excesses of the market economy" inhibit the social apostolate (Arroyo, 2000, section 5).¹⁵ He failed to recognize that the very wealth created by this market economy enables the Society of Jesus to do works of charity and promote the causes of its choice.

Thomas Massaro, S.J. questions whether globalization, essentially world-wide trade, will be fair. He indicates this phenomenon needs to be restrained. Massaro (2002) stated globalization may even be a threat to “proper human development.” This is in stark contrast to Jesuits of the School of Salamanca, as they promoted freedom in trade and recognized inefficiencies caused by coercive effects of government intervention. Thus, modern Jesuits, with this belief advocate coercion, have the effect of hurting those they seek to help.

The change in thought among the majority of Catholic theologians is demonstrated in actions taken in response to their writings. There is even a political action organization, established in 1971, whose sole purpose is “to influence the formation of federal legislation to promote economic and social justice” (Network, 2004).¹⁶ They consider only government intervention as a means to help the poor. They do not recognize the superior benefits of economic freedom in the marketplace derived by allowing individuals’ incentives to remain unscathed (Gwartney et al., 1996). Network seeks to have the legislated minimum wage raised so that a worker can sustain a standard of living above the poverty line for his family. The organization wants further government interference into markets. Although it concedes, wages have lost their purchasing power due to inflation (which is caused by government interference in the money supply).¹⁷

The Society of Jesus started a similar organization despite the obvious problems caused by government intervention. The Centre for Social Justice, a Jesuit initiative, is an advocacy and educational organization located in Canada. This organization campaigns and publishes works on social justice issues, such as increasing the minimum wage (Centre for Social Justice, 2004).

IV. NATURAL LAW AND PRIVATE PROPERTY RIGHTS

This divergence is also due to the fact that the Salamancans, unlike their modern counterparts, had a deep understanding of private property¹⁸ was in agreement with natural law. Natural law theory was the key and foundation of Salamancan economic thought (Benson, 1993; Block, 2004D; Chafuen, 2003; van Dun, 2001; Hulsman, 1998;

Madison, 1986; Meng, 2002; Rothbard, 1980). Thus, in order to understand the School of Salamanca it is essential to further explore the principles behind natural law theory. This theory refers to a set of self-evident principles and the conclusions that follow these principles. Natural law theory is a collection of rules by which to govern one's life. Saint Thomas Aquinas (1225-1274), a Catholic philosopher and theologian in the scholastic tradition, launched the idea of natural law, and the view discussed here is one proposed and supported by Domingo de Banez and the Dominican theologians.¹⁹ Natural law theory is broken down into two main categories, both of which are critical to economics: analytical and normative natural law.

The Salamancan branch of the Scholastic school felt it was imperative that individuals follow both branches of natural law in order to gain success in worldly affairs. The first of the two, analytical natural law, consists of universal and objective laws that lie beyond human control; thus their effects are inescapable. On the other hand, normative natural law concerns proper behavior embedded in moral human conduct. Whereas it is impossible to violate an analytical natural law, it is possible to do so with a normative one, and the consequences are severe. The Salamancans used normative natural law to formulate their economic principles; therefore, any institution (e.g., private property) that they advocated had a sound moral foundation in economic thought because it had to be in accordance with proper behavior embedded in moral conduct.

Analytical natural theory is helpful in developing the concept of natural order, which gives way to economic order. There is an objective natural order that affects human behavior, and humans react to this natural order in a reasonable way. Based on this, "whatever is contrary to the order of reason is contrary to the nature of human beings as such; and what is reasonable is in accordance with human nature as such" (Chafuen, 2003, p. 21). The key for them was to determine what was reasonable, because that which was reasonable was necessarily good. There was an emphasis on what was reasonable and making sure that human conduct was in accord with reason. In terms of private property, as with any other economic issue, the Salamancans determined if it was good or bad and for what reasons.²⁰ Thus, they had to address the nature of private property. Their "primary intent was to study human action from an ethical

standpoint. Since their thought was rooted in natural law framework, they produced an approach to economics borne on that framework” (Chafuen, 2003, p. 22).

These scholars were concerned not only with what man does, but also with those things he does that are good. By examining the Scholastic method, it becomes apparent why their ideas are so economically sophisticated. They studied the fundamental subject matter of economics: human action.²¹ Economics is the study of human action, and human action is a major concern of natural law theory, and natural law theory promotes private property.

On the opposite end of the economic spectrum are modern Catholic theologians who do not fully support private property rights. They support government welfare and legislation transferring property from those with ability to those with need, and claim this upholds justice and love, hence bettering the conditions of human life (Paul VI, 1965, p. 30). From an economic standpoint, their outlook is problematic. It is difficult to find their arguments compelling because they do not support their beliefs on economic grounds. They speak from a different platform: a moral stage where individuals are pressured to submit to moral convictions.²² However, the Scholastics too have moral and ethical reasons in favor of private property. In economic terms, the main concern of most modern Catholic theologians is to eliminate worldwide poverty, and though their intentions are noble, their approach is ineffective and even counterproductive (Bauer, 1954, 1972, 1981, 1982, 1984, 1987; Bauer and Yamey, 1957; Smith, 1776).

The modern Church, as articulated in several of the papal encyclicals, opposes economic freedom.²³ However, it has been proven that less economic freedom means greater inequality.²⁴ Their beliefs mirror a socialist system, in which property (money, resources, etc.) changes ownership from each according to his ability to each according to his need. For example “if a family finds itself in exceeding distress, utterly deprived of the counsel of friends, and without any prospect of extricating itself, it is right that extreme necessity be met by public aid” (Leo XIII, 1891, p. 14). This is a coercive system that has proven to be unable to generate wealth. In sharp contrast, millions of otherwise poor people owe their enviable standards of living to economic freedom, which guarantees private property.²⁵ Furthermore, most modern Catholic theologians advocate for a system of public aid/government welfare where possession of resources

shifts from the rich to the poor. This is theft.²⁶ The modern Church is anti-market, but its leaders are unaware of the consequences of their beliefs. They are promoting an economic system that is destructive to economic growth and development. Their intent is not malicious; instead they are simply economically ignorant.

V. PROPERTY RIGHTS: A COMPARISON

Let us examine the implications of both groups' beliefs, and discuss how they are different with regards to private property. First and foremost, for the Scholastics, violating private property rights is the most evil sin: "And the devil answered that having goods that belong to someone else is a sin worse than homicide because it is this sin which sends more people to hell than any other."²⁷ Meanwhile, many modern Catholic theologians hold true to Jesus' view that those with property are not heaven-bound: "Yes, it is easier for a camel to pass through the eye of a needle than for a rich man to enter the kingdom of God."²⁸ The Salamancan Scholastics argue the mere ownership of property is not evil, and thus not an impediment in achieving salvation. Only when one values property (a created thing) over God (the creator) does a problem arise, because this would violate the natural order (Chafuen, 2003, p. 32). Despite this economically sound view, modern Catholic thought can be interpreted as resisting such an argument, as "the right to private property is not absolute and unconditional" (Paul VI, 1967, p. 23). One implication of this is that ownership should be held in common.

Many modern Catholic theologians favor common ownership arguing – using scriptural references (Acts 2:44-47) – at one time all people lived together and owned everything in common. Furthermore, they claim people shared gladly and generously the profits of their goods and possessions, ensuring everyone had adequate amounts of food, clothing, shelter and whatever else they needed (Chafuen, 2003, p. 32).

The Salamancans inveighed against common ownership. They employed logic and reasoning, primarily utilitarian arguments, to show privately owned goods are put to better use than commonly owned goods: "This explanation offers a budding theory of economic development: The division of goods and their ultimate possession by private

individuals facilitates increased production, and increased production often contribute to the common good” (Chafuen, 2003, p. 33). They claimed goods which are owned in common are often abused and not cared for, while privately owned items are better maintained, leading to increased productivity. The Salamancans also explained under any other form of ownership other than private property (e.g. land that is privately owned while its produce is commonly shared, or commonly owned land whose produce is privately enjoyed, or common possession of both the land and its fruits) problems would surface, such as resentment of others due to unequal rewards, envy, laziness, greed, and a general attack on the peace and prosperity of society (Chafuen, 2003, pp. 33-34). These Scholastics believed “when goods are commonly owned, the orderly society and a peaceful division of labor are impossible” (Chafuen, 2003, p. 34). According to Domingo De Soto, the best socioeconomic arrangement is one where goods are privately owned along with the produce of these goods (Chafuen, 2003, p. 34). Based on these points, the typical modern Catholic theologian has no real economic argument against private property. Never does he mention anything about increased productivity or the division and specialization of labor.

Modern Catholic theologians believe in a brotherhood of man, where each individual looks out for the well-being of his brother, ensuring he has adequate stock of whatever he needs. They go so far as to say that “The preservation of life is the bounded duty of one and all, and to be wanting therein is a crime” (Leo XIII, 1891, p. 44). People own their wealth, and by giving to the poor, engage in charity, which the modern Church advocates. Yet the church maintains owners of property have an obligation to give to the poor. This obligation undermines charity. The Scholastics of the School of Salamanca, with regards to the brotherhood of man, have a sound refutation against the modern Church – one that requires private property. Not only do these Scholastics have economic reasons for private property, they provide strong moral defenses.

According to de Soto, with commonly owned goods,²⁹ the virtues of liberality (the quality of being liberal or generous) and hospitality (pleasant or generous treatment of guests) would disappear because those who owned nothing could not be liberal, and those without a home could not be hospitable. This would hinder relationships among men. In addition, he argued that it is heresy to state that it is sinful to own property.

Tomas de Mercado noted the importance of self-interest and the greater care that humans generally exercise in relation to their own property (Chafuen, 2003, p. 34). Self-interest is a driving factor in human behavior. Individuals naturally love and care for what is their own. For example, a parent cares for his own child first.³⁰ Not only do people treat their own property with greater concern, they also put it to the best, most productive use.³¹ The fact that privately owned goods are more efficient than publicly owned goods is evident throughout history.³² Common goods, unlike private goods, are treated with indifference, which leads to unproductive and undesirable uses.³³ They are not respected and often mistreated. Modern Catholic theologians have neglected to take into consideration the effects of self-interest, which is a natural thing, inherent in all human beings. They also fail to recognize the implication of common ownership, but the members of the School of Salamanca did not make this error.

These Scholastics acknowledged common ownership leads to inefficient production and resource misallocation. Without private property, as there are not enough goods to go around due to scarcity, violence follows, the strong exploit the weak, nobody is interested in serving the public good, and nobody works in those jobs that require greater effort. In the natural condition, where man has no property rights there is a “constant fear and danger of violent death, and the life of man [is] solitary, poor, nasty, brutish, and short” (Hobbes, 1982, p. 112). The brotherhood of man is and always will be destroyed without private property. Natural rights, namely the right to private property, allow man to escape this self-destructiveness. Charity and generosity would also become impossible in a world without private property. One can only donate what one owns. These latter two virtues are essential to modern Catholic economic thought.

Catholic theologians nowadays are strict believers in charity and generosity, but do not recognize private property makes these virtues possible. They strongly advocate a society in which those who are better off contribute to those who are worse off. On a larger scale, they maintain wealthier countries should transfer their superfluous goods to poorer nations (Paul VI, 1967, p. 49). However, not many nations have superfluous wealth: even the United States, the richest nation in history, has an outstanding public debt of \$9,141,973,745,570.17, which is growing at a rate of \$1.41 billion a day since

September 29, 2006. With an estimated population of the United States at 303,892,344, each citizen's share of this debt is \$30,082.94. (Brillig.com, December 27, 2007).

Modern Catholic thinkers are so rabid about transferring wealth that charity and generosity become in effect an obligation, which is a downright logical contradiction. In addition, they claim, because present generations benefited from past ones, we are “under obligation” to contribute to the welfare of those future generations who come after us (p. 17). But this is problematic on their own grounds, since our grandchildren will likely be richer than us. Also, by giving to the poor, “You are not making a gift of what is yours to the poor man, but you are giving him back what is his” (p. 23). However, charity is voluntary, and once you make it an obligation to give to the poor, it becomes coercion, which is incompatible with the entire logic of giving. Also, obligation undermines charity, making it logically impossible to be charitable. This is clearly a violation of private property, and distorts the incentive to work.

Despite this, the modern Catholic Church also claims that “every man has the right to glean what he needs from the earth,” and “under the leadership of justice and in the company of charity, created goods should flow fairly to all.” The Pope goes on to say that private property rights should “be subordinated to this principle” (Paul VI, 1967, p. 22). First of all, people do have the rights to get what they need from the earth, but not by any means necessary, for example theft. Stealing violates private property and is not conducive to economic growth; rather the very opposite policy is the best and indeed only way to achieve economic progress. It is obvious that modern Catholic theologians, although their intentions may be noble, have no economic platform from which to speak, thus making their arguments weak and inferior to those of these Scholastics.

Private property allows people to reap the fruits of their own labor.³⁴ “Any person has the natural right to donate or transfer the things he legally owns in any way he wants” (Chafuen, 2003, p. 41). As private property is in agreement with natural law, man has free will to do with his property what he chooses, whether it be transfer, abandon, destroy, or hoard it. This is a fundamental difference between early and modern Catholic theologians. Violating private property rights distorts the structure of incentives and hinders production and savings, since at any time your property can be taken away.

VI. EXPLANATORY HYPOTHESES

Having demonstrated that a vast gulf divides early and later Catholic theologians, we now attempt to explain how and why this bifurcation developed.

A. Changes in Society

As secularization and urbanization increases and feudal societies disappear in the modern period, Catholic priests are no longer among the wealthiest and most educated in society. Perhaps they denounce free markets because it seems to them capitalism destroyed their positions in society. They may think it unjust for businessmen to earn more than clergy.³⁵ One can tell, by their flimsy explanations as to why markets are insufficient, that modern theologians either do not care for or do not understand market processes. They turn to politics as the laity becomes less dependent upon them.

Pope Pius XI clearly called for the establishment of a family wage in *Quadragesimo Anno*. In very sharp contrast, the Salamancans were concerned with determining whether market wages were just. In 1931, this pope saw a need to be more specific. A family wage would allow women to remain out of the workforce. The roles of men and women could remain static in the family (at least in the most observable, financial sense). In fact, he explained unambiguously a woman's role is to be a homemaker and rear children. It is one possible explanation this pope was desperate to restrain society from moving down this path.

Joseph Husslein, S. J., a modern Jesuit social theorist, longed for the return of the medieval patriarchal family structure. He felt the working women would usher in the downfall of society: "if woman loses her domestic affection . . . then paganism has returned and the deluge is upon us" (quoted in McDonough, 1990, p. 337).

Peter McDonough (1990) found membership in the Society of Jesus has significantly declined in recent years. His study showed a 30 percent drop between 1965 and 1988 (from 36,000 to 25,000); he predicted the downward trend to continue. Since Vatican Council II, their agenda has shifted as they have become less conservative and more

involved in politics (McDonough, 1990, p. 325). Advocacy for the poor has replaced education as their primary goal. Neophytes in the order are no longer taught to restrain emotion. As immigration increased in the United States in the 1940s, the American Jesuits' departments of social work were added to Jesuit Universities to fight both capitalism and communism and to promote Christianity. Some Jesuits received training in the social sciences. Soon members of this Order were making policy recommendations, possibly trying to find a new niche due to their changing role in an increasingly secularized world. Following the 1960s, social hierarchy changed. New recruits were older, more educated, and rejected the customary structure of the Order. Training was altered. During this time the teachings of the Catholic Church emphasized collective rather than individual spirituality and further promoted leftist ideology (McDonough, 1990, pp. 326-33). Existing clergy, of course, recruited like-minded individuals who provided continuity and enforcement for this change in thought.

Regardless of the cause, many modern Catholic social thinkers sharply diverge from the thought of their Scholastic predecessors who founded the Society of Jesus. The fact remains a government mandate cannot be relied upon to adequately provide a just price or wage.³⁶ As (Woods, 2005) eloquently stated, "real wages are reliably increased across the board not by intrusive legislation but by an economic order that leaves capital accumulation unhampered, thereby increasing the productivity of labor."³⁷

Private property is defined as the right to use something, and to exclude others from its use. Not only is the enforcement of private property absolutely critical for a peaceful and prosperous society, it is the cornerstone of a thriving civilization. As Saint Thomas Aquinas put it, "It is lawful for a man to hold private property; and it is also necessary for the carrying on of human existence" (<http://www.vulgatamagazine.org/neil07.html>). The Scholastics (800 to 1500 A.D.) were a group of Catholic moralists and philosophers who affirmed this statement. However, most modern Catholic theologians - namely from the late 19th century to the present - deny it. The reason for this divergence in thought is early Catholic theologians were economically sophisticated, while modern ones are not.

Although both early and late Catholic theologians have the same end – a peaceful and prosperous society – the means they espouse are different. While the early scholars concentrated on economic growth and development, and favored private

property, the moderns are more interested in equal distribution of wealth and welfare, and favor legislation to that end. These Scholastics, who were economists, favored a system that is compatible with free society and laissez-faire economics. Alternatively, modern Catholic theologians, who are not economists, hold beliefs that appear to be more in line with socialism. Therefore, their economic principles are shaky and not conducive to greater opulence for the masses.

B. Education

Another answer to our puzzle is education. Even in the 1500s, priests were well educated. These late scholastics were no exception. According to Murray Rothbard (1976, p. 53), they were well versed in Aristotle and the classics, and were fully aware of the writings of St. Thomas Aquinas. In fact, they used all of these sources to help formulate their economic theories. In addition, many of these men studied economics at the School of Salamanca. Most of these late scholastics later went on to teach economics in different universities around Spain, including the School of Salamanca.

These men were very well educated, particularly in the field of economics. There is no doubt they had a firm grasp on what makes the market work. These men made some very astute observations that would take others hundreds of years to rediscover. Dominican Martin de Azpilcueta Navarrus was a respected canon lawyer and an advisor to the pope, as well as an economist. "Azpilcueta used his great influence to advance economic liberalism farther than it had ever gone before, among the scholastics or anywhere else. Azpilcueta was the first economic thinker to state clearly and boldly that government price-fixing was imprudent and unwise" (Rothbard 1976, p. 105).

On the other hand, priests today can rarely claim that type of knowledge on the subject of economics, which is part of the reason why Catholic Social Thought is so economically illiterate today. Priests in the modern era rarely have an economic background, nor any familiarity with the subject. Like most people, they may have had a class or two on the subject as undergraduates, or they may have discussed some topics related to economics in the seminary, but the fact is, they do not have the training, and

they rarely possess a thorough understanding of the subject. What little economic teaching they receive in the seminary is biased toward modern leftist Catholic Church doctrine. Yet, as Placher states, “Preaching and pastoring in contemporary society surely requires knowing something about the natural sciences, economics and world politics, to say nothing of the range of ways of understanding human beings and how to help them, from Freud to pharmacology” (2003, p. 37). It is necessary for priests to have a grasp of politics, economics, and current events if they are to be able to respond rationally to students or parishioners in matters of business, profits, employment, etc.

Why do seminaries offer a less than thorough overview of economics to students? It seems reasonable the priests would be able to respond better to questions about Catholic Social Teaching if they knew more about other alternatives. The same could be said for all of Catholic Social Thought. One would be better equipped to defend his stance if he is aware of other options available to parishioners.

Of course, the situation is more complicated than that. The truth is that seminaries probably would teach economics if they could, but it would be very difficult to do so. First, they only have several years in which to prepare these future priests for the duties they will be undertaking. The theological knowledge these men are required to know these days is so extensive that it alone is difficult to fit just that into the time allotted.

It's not enough [for seminarians] to know how their denomination differs from others on the Eucharist. They need to understand how we Christians differ from Buddhists on just about everything. Even in our own society there are black, Hispanic, feminist, womanist, mujerista, gay, neoevangelical and many other voices. Where can one stop in listing the theological perspectives calling for our attention?(Placher, 2003, p. 36).

Priests today have to be able to answer questions regarding Catholicism, as well as all other religions. They must be well versed in Christian, Islamic, Jewish, Buddhist, and Hindu teachings, stances, and publications. In addition, the average age of seminarians is increasing. As men enter the seminary at an older age,³⁸ they are more likely to have other commitments while attending school. Many of them work while attending the seminary. It is so common now, that some institutions will only schedule classes from Tuesday to Thursday, allowing students to hold jobs to pay for their schooling (Placher, 2003, pp. 36-37). Seminarians spend less time in class, on campus, and in theological libraries. This shortened amount of time limits what can be taught about economics.

Further, the idea is while economics is important, and would be helpful to almost anyone, it is not a theological topic, and, it is not the duty or place of the seminary to teach it. It is best left to professors with PhD's in economics, who teach at universities, is the typical thinking. Also, since more and more seminarians are older than the average graduate student, one could assume they have had opportunities to educate themselves in necessary fields, or on topics that interest them, such as economics.

Of course, all of this merely explains why priests of today's society adhere to modern Catholic Social Thought. One still must ask why the Church supports such a doctrine, as opposed to a free market economy, as did these late scholastics.

C. Socialism

During the time of the Salamancans, there were no set theories or tenets of socialism circulating amongst the intelligencia. Many economists during these years believed that the price of a good was and should be decided by the cost of the inputs. These late scholastics were the first to demur; in their view the common estimation, or the market, should, and when free to do so did decide the price of a good. "By the High Middle Ages, the Scholastic philosophers had largely abandoned the cost-of-production theory to adopt the view that the market's reflection of consumer demand really sets the just price" (Rothbard, 1976, p. 54). The late scholastics formulated pro-market theories about the value of money and usury.³⁹ As they spread these theories, others read and further elaborated them over many years. Eventually, in the 1600s the School of Salamanca failed to produce any more great thinkers on the subject of markets, and the tradition of the late scholastics died out. These types of ideas continued to flourish in other countries, but Spain, the School of Salamanca, and the Catholic scholastics had reached the end of an era (Rothbard 1995, p. 128).

About 200 years later, in 1813, Robert Owen published a book called, *A New View of Society*. This man would eventually be known as the first socialist, a derogatory appellation at the time. He thought society should come together to help each other out. People should pool all their goods so that each man gets his fair share, and no one

would have to go hungry. After Owen came Pierre-Joseph Proudhon, author of the 1840 book, *What is Property?* Proudhon comes to the conclusion “Property is Theft,” which became the socialist slogan throughout the 19th century. Eight years later, another tome was published, called, *Manifesto of the Communist Party*. It was written by Karl Marx and Friedrich Engels (1848), and their view of socialism was it was “the stage of history and class structure immediately following the revolution, in which power would pass to the proletariat.” After this, communism would follow (*History of Socialism*, 1, 2).

These authors were the inspiration for the socialist groups and ideas that came later. What they said made sense to a lot of people: there arose in their wake many large socialist followings all over the world. Some were successful in taking over and implementing socialist governments, but at great cost and with minimal success.

In 1891, Pope Leo XIII decided it was time the Catholic Church spoke out against the way the world was heading, and he published the famous encyclical, “*Rerum Novarum*.” This encyclical spoke out against both socialists, who are “emphatically unjust, for they would rob the lawful possessor [of property], distort the functions of the State, and create utter confusion in the community,” and capitalists, who amass “enormous fortunes” and create “utter poverty of the masses” (1891, p. 1). Pope Leo XIII finds both capitalism and socialism to be unsatisfactory, so he takes points he likes from both schools of thought, and fashions them into his own statements about how society and the economy should work. Thus, Catholic Social Thought was born. For example, Pope Leo XIII states in “*Rerum Novarum*” that private property rights are good, and they are one of the only ways that a worker can get ahead in the world. However, he also maintains that it is man’s duty to help his fellow man (1891, p. 2, p. 4). If it is a duty to give to others, then he is robbed of his property rights.⁴⁰ But the Pope supposedly strongly favors private property rights, so this is a contradiction. He creates a school of thinking that is flawed, even if, superficially, it sounds like the best of both worlds.⁴¹ To the untrained eye, though, Catholic Social Thought looks like a good idea.

People with no background in economics took Pope Leo’s flawed thinking to heart. The fact the pope endorsed this “third way” form of economic thinking and berated both socialism and capitalism formed the basis of Catholic Social Thought; these ideas appealed to religious people, priests and lay people alike. This doctrine tells

parishioners they won't go to hell if they have a big house and nice cars, but they can help their souls along to heaven by tithing their ten percent. For priests, it is the perfect mix between capitalism and socialism; the best of both worlds. It avoids the "greed of unchecked competition" and the pitfalls of socialism (Pope Leo XIII, p. 1). If one cannot see the holes in the theory, it looks pretty good. Catholic Social Thought gives priests something to believe in, and something to impart to students or parishioners.

Most advocates of Catholic Social thought would disagree with this argument for several reasons. First, they would say this view is not so close to socialism. It is merely a way to live, a moral code by which to conduct one's daily life. They might also disagree these late scholastics were libertarians.⁴² Finally, they would undoubtedly reject the charge they are uneducated on economics. They would say that they understand how capitalism works, and that the free market creates greed and waste, making the rich richer and the poor poorer. But each of these arguments is erroneous.

First, Catholic Social Thought is very close to socialism. The main divergence is on private property rights. True socialism calls for a complete surrender of one's property so that all may have what they need to survive. As the Proudhonian socialist slogan has it, "Property is theft" (*History of Socialism*, p. 1). Socialists are always looking to close the gap between the rich and poor at the point of a gun, not merely through voluntary means, such as charity. Although they might deny it, this is what the Church also calls for, when it supports such programs as the welfare state, progressive taxation, etc.

As for the Salamancans, it is clear that these men were libertarians, or very close to it. They didn't all believe that the government was unnecessary, but nor do many present day. These scholastics believed in private property rights. They were against the fixing of prices by the government. They believed that the market, or common estimation, should decide prices of goods. They knew that the price of a good was separate from the cost of that good. They held that wages should not be decided by the government, but by mutual agreement between the employer and the employee. They "clearly identified the value of money as its power in terms of goods. For then, like other goods, the value of money varied inversely with its supply, or quantity available" (Rothbard 1995, p. 106). These scholastics even stated that "charging interest on a loan

is legitimate if in compensation to the lender for risk of non-payment” (Rothbard 1995, p. 108). The members of the School of Salamanca not only subscribed to many of the tenets that modern day libertarians do, they originated them.

Yes, there are some priests who are students of economics, and professors too. But these men are in the minority. Most are not specialized in this field. Many might well have a little training in the field, but “a little knowledge is a dangerous thing.”⁴³ To understand fully what is wrong with Catholic Social Thought, the alternatives must be understood. Furthermore, the market itself must be comprehended. True, this institution is very complex, but a person cannot make an educated decision about what is best for the well being of his family, state, or country without the proper knowledge.⁴⁴

VII. HOW TO EDUCATE PRIESTS IN THE FIELD OF ECONOMICS

There are several possible solutions. Seminaries could require a certain amount of core courses in the dismal science before acceptance,⁴⁵ which would mean all class time spent at the seminary could be devoted to theology. By setting requirements for entrance, they could ensure everyone coming in has had a similar amount of education in these matters. One problem Placher had with the seminary is it accepts men from all different backgrounds; some have an extensive understanding of the Bible, while others do not. This puts seminarians at different levels from the very beginning, which makes things even more difficult (Placher, 2003, p. 39). Setting minimal requirements would help solve the problem of heterogeneity. However, this might discourage people with less schooling to enter into the priesthood.⁴⁶

The seminaries could extend the number of years required to graduate and receive Holy Orders. If four years were required instead of three, education would not be stretched so thin. It would afford a more well-rounded education. However, this could discourage seminarians from entering if they must pay for an extra year of schooling. There are scholarships and endowments, though, for men willing to enter the priesthood. If these men are truly sincere about dedicating their lives to God, a few extra requirements either before or during seminary should not make too much of a difference.

The Church could acknowledge economics is as beyond their ken as is physics, mathematics or astronomy. Theologians make no pronouncements on any of these fields.⁴⁷ There is no reason they have to regarding economic matters. The shortcoming of this alternative is religion would be relevant to what occurs on, only, one day of the week, not for the entire seven days. However, better to ignore a field, one would think, rather than mislead the flock, and support erroneous and mischievous doctrines.

One last and perhaps best option: what little economic education now taking place in the seminaries of the nation is biased in an anti-market direction. Balance this with the writings and teachings of theologians who take the opposite stance. Include in the curriculum theologians such as Sirico, Woods and Chafuen. According to Mill (1947), the best way to educate is to offer students alternative viewpoints. This is true in all contexts, certainly including economic education for priests and ministers.

The Jesuits today differ from those priests at the School of Salamanca in the 1500s for many reasons, all of which are complicated and intertwined. However, there are solutions to this problem of perpetuating the flawed theory of Catholic Social Thought. The most important is education of priests, as well as the masses, which would call for changes within the Church. Without radically altering education, nothing much of substance can change. If we as a society are not educated, we will continue to make the same mistakes.

VIII. CONCLUSION

For anyone who has heard of or read about the School of Salamanca and the economic scholastics associated with it, it is easy to see there is quite a difference between those priests and the Jesuits of modern times. With respect to their economic beliefs, the two groups could not diverge more.

These late scholastics, those priests associated with the School of Salamanca and economic thinking in the 1500s, could be considered libertarians by today's standards. They formulated economic theories that supported markets, private property rights, and capitalism. These economists produced a value of money theory, spoke out against the

evils of price fixing, and even went so far as to oppose those who tried to ban usury. Many of the theories these men posited were way ahead of their time.

“In recent decades, the revisionist scholars have clearly altered our knowledge of the prehistory of the Austrian school of economics. We see emerging a long and mighty tradition of proto-Austrian Scholastic economics, founded on Aristotle, continuing through the Middle Ages and then later Italian and Spanish Scholastics, and then influencing the French and Italian economists before and up till the day of Adam Smith” (Rothbard, 1976, p. 71).

The amazing thing about the theories they put forth is they were able to reconcile them, now deemed greedy and evil by many religious persons, with their faith. Because they fully understood the free market economy, they saw everyone could benefit from economic freedom, not just the rich. This is a point many today still do not understand.

On the other hand, priests today espouse Catholic Social Thought. This idea began with Pope Leo XIII when he wrote his famous encyclical, “*Rerum Novarum*,” in 1891. In this encyclical, Pope Leo speaks out against the greed of capitalism, but he also criticizes the lack of private property rights afforded by socialism. He does not put the Catholic Church in either camp, but rather gives his own ideas on what the Catholic Church believes is best for human beings. He offers a mix of socialism and capitalism,⁴⁸ which has become Catholic Social Thought.

There is no doubt these late scholastics would wholeheartedly disagree with Pope Leo. For example, the Catholic Church believes in the preferential option for the poor. They believe it is man’s duty to provide for his brother if he is in need. Therefore, programs must be set up for him, because of this duty. The scholastics would agree no man should be in need when there are others with so much wealth who could help, but they would see the flaw in the Church’s teaching. Luis de Molina, the first Jesuit scholastic, wrote, “In the same way that a pauper has the [right] to beg alms, a merchant has the [right] to sell his wares” (Rothbard, 1995, p. 115). The pauper has the right to beg for alms, but he does not have the right to be given alms. If it is someone’s duty to provide for the man, then they are being forced to give up their private property. While this benefits the pauper, it is a violation of the richer man’s rights. Both the early priests of Salamanca and the Jesuits of today have the same goal when it come to the preferential option for the poor; they both want to see an end to poverty. Their means of

realizing that end, though, are different. The early priests would let the market solve the problem, while the modern Jesuits would rely on taking other people's private property.

NOTES

¹ Mainly Dominican and Jesuit: <http://cepa.newschool.edu/het/schools/salamanca.htm>

² Exceptions are the writings of Fr. James Sadowsky, S.J. (1983), and James Schall, S.J. (1982, 1990)

³ Lessius ascribed to the school of thought developed at the University of Salamanca in Spain, though he never studied there. He taught philosophy and theology at the University of Louvain in Belgium.

⁴ Lessius, as quoted in Gordon (p. 258). The Salamancans were innovative regarding a free market, liberty, autonomy, and self-government.

⁵ Friend of Lessius and fellow Jesuit, Luis de Molina (1535-1601), was the first Scholastic to use the word "competition" in the determination of prices. Molina, quoted in De Roover (1958, p. 425), proclaimed that "competition among buyers...and their greater avidity will cause prices to go up, whereas paucity of purchasers will bring them down." States Rockwell (1995): "Vitoria, Navarrus, Covarrubias, and Molina were four of the most important among more than a dozen extraordinary thinkers who had solved difficult economic problems long before the classical period." Also, see Chafuen, 1986; Rockwell, 1995; Rothbard, 1995; Watner, 1987; Woods, 2002, 2004, 2005.

⁶ Lessius also developed the idea that monetary compensation does not constitute the total wage of the worker; working conditions, such as environment and status, are also part of the worker's compensation. See for further details (Chafuen, 2003, p. 108).

⁷ In many ways Martin de Azpilcueta (Navarrus) was an even more radical proponent of the free enterprise philosophy, and more of a precursor to the Austrian School, begin in the 19th century. In the very wise words of an exceedingly helpful referee of this journal: "It is Navarrus ...who not only explicitly rejects government price controls of any kind but also gives an impassioned *defense* of usury on the grounds that since everyone takes or receives interest to condemn all forms of interest is nonsensical and antithetical to God's grace." Continues this referee: "In addition, there is the work of Diego de Covarrubias y Leiva, who, if Adam Smith had known of him, might have helped economics escape the whole value in use vs. value in exchange debate, when he stated in his *Vararium* (1554), 'The value of an article does not depend on its essential nature but on the estimation of men, even if that estimation is foolish.'"

⁸ For a Rothbardian-Austrian critique of Mises and Kirzner on monopoly and anti trust, see Block, 1977.

⁹ Despite this proliferation of exemplary intellectual work, the Scholastics lost credibility during the height of the usury debate due to apparent inconsistency. They continuously found justifications for charging interest, yet denounced usury as a sin. This conflict resulted in the demise of this school of thought (Rothbard, 1995, p. 128).

¹⁰ An earlier encyclical, on economics, was *Vix Pervenit* by Pope Benedict XIV, in 1745

¹¹ A referee of this Journal urges us to note this encyclical also contains some important support for economic freedom and private property rights. Consider these quotes: "The fact that God has given the earth for the use and enjoyment of the whole human race can in no way be a bar to the owning of private property. . . Here, again, we have further proof that private ownership is in accordance with the law of nature. . . . So strong and convincing are these arguments that it seems amazing that some should now be setting up anew certain obsolete opinions in opposition to what is here laid down. They assert that it is right for private persons to have the use of the soil and its various fruits, but that it is unjust for any one to possess outright either the land on which he has built or the estate which he has brought under cultivation. But those who deny these rights do not perceive that they are defrauding man of what his own labor has produced" (8); and this one: "Men always work harder and more readily when

they work on that which belongs to them; nay, they learn to love the very soil that yields in response to the labor of their hands, not only food to eat, but an abundance of good things for themselves and those that are dear to them.” (p. 47)

¹² For further explanation on the effects of minimum wage laws, see Hazlitt (1979, pp. 134-39).

¹³ *Rerum Novarum* primarily made recommendations on working conditions and the proper morals of both employer and employee. It states that both parties are free to engage in negotiation of wages without restriction (sections 43 and 44).

¹⁴ The abbreviation for the Society of Jesus, S.J., could suitably stand for “social justice” during the current, modern period. For a critique of this doctrine, see Block, 2000, 2003, 2004A, 2004B, 2004C, 2007; Flew, 1995; Hayek, 1976; de Jasay, 2003; Kilchrist and Block, 2006; Mueller, 2003; Sowell, 1999; Vogelgesang, 2004; Woods, 2002, 2005.

¹⁵ Full text of the letter by General Peter-Hans Kolvenbach, S.J. is included in Arroyo’s *Blueprint* article.

¹⁶ Block (2004C) referred to both this organization and the Centre for Social Justice in his response to Fr. Hendry on the appropriateness of labeling a university as an institution promoting social justice.

¹⁷ The National Conference of Catholic Bishops (June 4, 1986) also recognized that inflation decreases purchasing power and asked Congress to increase the minimum wage to ameliorate the situation. In section 194 of *Economic Justice for All: Catholic Social Teaching and the U.S. Economy* (third draft), the bishops stated that the minimum wage’s “real value has declined by 24% since 1981.”

¹⁸ For a Catholic view on this institution, see <http://www.newadvent.org/cathen/12462a.htm>

¹⁹ According to Banez, natural law consists of self-evident principles with moral conclusions that necessarily follow them. An example of this thinking, critical to our discussion, was Banez’s use of the “golden rule” and its application to private property. From this principle of natural law, “Do unto others as you would have them do unto you,” Banez arrived at the conclusion, “you must not steal.” (Domingo de Banez, *De Iustitia at Iure Decisiones*, Salamanca, 1594, p. 57; Chafuen, 2003, p. 36).

²⁰ Oliver Cromwell, Henry Ireton, and the other men of property found private property to be so reasonable that a loss of private property would culminate in an all-consuming collapse into immorality. Therefore, they were against universal manhood suffrage, and felt that only property holders should have the right to vote because they are tied by their ownership to their country, and for that reason, have a permanent interest there. In short, private property ensured that men made good decisions, based on good judgment, which would benefit the state. (Herbert, 2003; pp. 101-102).

²¹ Ludwig von Mises and the Austrian school of economics, which abstains from any judgment of value and focuses on means for achieving desired ends, hold the view that economics is the study of human action. Mises believed that people act because they have a felt uneasiness and envision the world to be better off by their action than without it. It is interesting to note that the Austrian view on value is in sharp contrast to those of Karl Marx, who had an objective theory of value, in which he assigned to people the ends at which they should aim at (Mises, 1959).

²² It is very difficult to exert moral pressure in the market, which is an economic phenomenon (Brennan, 1985).

²³ One example: Pope Paul IV favors expropriation as a means of poverty relief, which discourages the free movement of property (resources and money). The state can take action to modify the property rights of an individual if it feels that the owner of the property is misusing them, or not using them at all; as a result hurting the state. (Paul, 1967; #24).

²⁴ This statement is based on a study, *Economic Freedom and Social Welfare*, which demonstrates that economic freedom and income equality are positively correlated. (Gwartney and Lawson, 2000, p. 17).

²⁵ Coercion is the most important distinction in a political economy. In societies that have coercive governments (socialism), the rich get rich by impoverishing others (Cuba). On the other, in societies that do not engage in coercion (free enterprise), the rich get rich by enriching others (Hong Kong, Switzerland).

²⁶ This is no better than putting two people, one of an IQ of 150 and the other of 50, into a machine that would transfer 50 IQ points from the person with 150 to the person with 50, thus making them even at 100. This is clearly theft, and nobody in their right mind would think it justified to force people to give up some of their IQ, so why should people make this assumption with regard to being forced to give away their wealth? Here is a story told by Saint Bernardino of Sienna in the Sermon XXVII of “De Amore Irratio,” Opera Omnia (Venice, 1591). A demon-possessed person asked Saint Francis what the worst sin in the world was. Saint Francis said homicide, but the demon told him that there was a sin worse than homicide: having others’ property (Chafuen, 2003, p. 31).

- ²⁷ This is Jesus' reply when asked how difficult it is for a rich man to enter heaven. It is a scriptural reference from the Jerusalem Bible (Chafuen, 2003, p. 32).
- ²⁸ Modern economists would characterize this phenomenon as the "tragedy of the commons." See on this Hardin (1968).
- ²⁹ What would the world be like if parents loved other children more than their own and put the needs of other children ahead of their own? His answer: something would be wrong; the structure of values in society would not be conducive to progress and prosperity.
In a free market, resources and goods end up in the hands of those who value them the most, thus there is no better use for the good or resource other than what the owner deems its best use. Prices are the tool used to determine value. In a truly free market without government intervention, the structure of values reflects the structure of prices, which in turn reflects the structure of production.
- ³⁰ One of John Kenneth Galbraith's (1958) main concerns was the huge disparity between the private and public sectors. The private sector was affluent, as it produced goods in abundance, but the public sector was terrible, as it struggled to provide adequate services. Galbraith felt the public sector was not given enough resources, and the answer was to transfer funds, via taxes, from the affluent private sector to the starved public sector (Skousen, 2001, pp. 255-57). But, as usual, Galbraith had it all wrong. The explanation for public poverty and private affluence is that the tragedy of the commons operated in the former context, but not the latter (Hayek, 1967). Our very perceptive referee correctly notes that for Galbraith, it was almost a matter of indifference whether the government actually carried out these tasks (for instance, public schools), or farmed them out to the private sector under its close control. We, too, are just about indifferent between these two options; we regard the former as akin to socialism, and the latter as akin to fascism, and reject both. However, we must note that ours is a minority position within the economics profession. Most practitioners hold the view that in some cases, markets are indubitably more efficient than government. But that in at least a few cases (and, for many economists, there are more than a few and these are important considerations), matters are the other way around. See as an example Wolf, 1988.
- ³¹ The tragedy of the commons occurs when public goods are mistreated and used unproductively. It is a metaphor that illustrates the sub-optimal use or even destruction of public resources (the "commons") by private interests when the best strategy for individuals conflicts with the common good. The metaphor is often used to argue in favor of private property and against theories such as libertarian socialism which aim at communal ownership of resources. The key to the tragedy of the commons is when individuals use a public good, they do not bear the entire cost of their several actions. Each seeks to maximize individual utility, and so ignores costs born by others. This is an example of an externality. The best (non-cooperative) strategy for an individual is to try to exploit more than his or her share of public resources. Since every rational individual will follow this strategy, the public resource gets overexploited.
- ³² This view, held by John Locke, is a labor theory of ownership. By mixing their labor with things in the natural world, Locke says, men originally acquire a right to property, transforming what was once common possession into the private property of the laboring individuals. Thus, people do have a right to possess and enjoy things exclusively (Block, 1990, 2002A, 2002B; Block and Yeatts, 1999-2000; Block vs Epstein, 2005; Herbert, 2003; 110; Hoppe, 1993; Kinsella, 2003, 2006; Locke, 1948; Paul, 1987; Rothbard, 1973, 32; Rozeff, 2005).
- ³³ Saliba (2004) used this rationale to explain the high numbers of socialists found in universities. Recognizing the common element of human jealousy, we can extrapolate this retaliatory reaction formation to the clergy as a whole. See also Schoeck (1966).
- ³⁴ In our view, the Just Price doctrine is an attack on private property; it limits how much the owner of the property can charge for it.
- ³⁵ See also Woods, 2002, 2004A, 2004B.
- ³⁶ Indeed, many of these older men that decide to become priests are men with business backgrounds that are tired of the cutthroat business world. They are already biased against capitalism and find Catholic Social Teaching to be more appealing (Dart, 2003, p. 34).
- ³⁷ For a more modern analysis of usury from a Catholic perspective, see Noonan, 1957.
- ³⁸ This holds true if the duty is a legal one. But, if it is a duty of Christian charity, for example, then there is no theft involved.

³⁹ It is important to remember that most Catholics do not think of Catholic Social Teaching as an economic system, but rather as a moral code. It is a way to live their lives on an ethical basis.

⁴⁰ For a contrary view, see Chafuen, 1986; Rockwell, 1995; Rothbard, 1995; Watner, 1987; Woods, 2002, 2004, 2005.

⁴¹ States Rothbard (1970, p. 4) in this regard: "It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a 'dismal science.' But it is totally irresponsible to have a loud and vociferous opinion on economic subjects while remaining in this state of ignorance." We owe this quote to Tom Woods and B. K. Marcus.

⁴² In the article "Catholicism's Developing Social Teaching," it is stated that, "Pope John Paul II declared 1991 a Year of Church Social Teaching and issued a groundbreaking new encyclical, *Centesimus Annus*, which represents a dramatic development in the encyclical tradition in favor of the free economy" (Sirico, p. 1). Pope John Paul II leans more toward the free market than toward socialism in this most recent encyclical, which is an excellent start on reeducating the masses. However, there is still a long way to go.

⁴³ Medical schools typically require undergraduate courses in biology and chemistry before admittance.

⁴⁴ This problem is much more complex than it seems. The financial stress that most seminaries suffer from these days keeps them from putting too many constraints on their students. With a shortage of priests, these seminaries cannot afford to scare away too many potential candidates.

⁴⁵ At least not on the latter for many years.

⁴⁶ Synonyms for this system might include "regulated capitalism," "crony capitalism," "state monopoly capitalism," "corporate capitalism," or "fascism." See on this Block (2010).

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