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Self-Interest, Love, and Economic Justice: A Dialogue Between Classical Economic Liberalism and Catholic Social Teaching

Introduction

Much has been written which focuses on the differences between the vision of society espoused by proponents of individualism and the vision of society espoused by proponents of communitarianism. Far less has been written on their similarities. Given the current acrimonious political climate, the lack of civility toward one another, and the perceived wide chasm between these visions, it is appropriate to work toward a reconciliation of these traditions as far as possible. The purpose of the present paper is to enter into a dialogue between these two traditions: to reconcile them where they are reconcilable, and to clarify objectively their most important differences.

Individualism and communitarianism each cover an array of thinkers and a diversity of positions. In order to proceed with the dialogue we have chosen to narrow the field to classic economic liberalism (CEL) as represented by Adam Smith and Milton Friedman,¹ and Catholic social teaching (CST), as represented primarily by the popes and secondarily by the U.S. Catholic bishops.²

Many individualists and altruists, as well as disinterested observers, will be shocked at the thought of bringing individualism and communitarianism together, since the two have a history of harshly criticizing the other. The present authors represent each of these traditions. One, a moral theologian, has roots in the tradition of Catholic social teaching. The other, an economist, is an advocate of free market capitalism. Over the last few years we have collaborated together in team-teaching an undergraduate course on justice and the economy. This effort has opened windows of exchange leading to a better understanding of each position, and a greater willingness to take heed of and respect more the foundations and implications of the other's position. We hope to persuade others of the merits of dialogue between the two.

In this paper we have labored to represent each tradition as accurately and fairly as possible, acting as advocate of one, and critic of the other, so that checks and balances operate to yield an objective presentation of both. In the first major section of the paper we address convergences between the traditions regarding love of self and love of others. There we see surprising similarities. In the next major section we consider important areas of divergence related to justice and rights. Both traditions employ concepts of justice and rights, but their perspectives on these concepts are markedly different, as are their public policy implications. Nevertheless, we show in the next major section that there are numerous instances where the CEL position seems to move in the direction of the CST position. Examples include caring for those who cannot care for themselves, regulation of banking and monopolies, and relief of the poor. CST seems to move in the direction of CEL by its recent emphasis on the autonomy of the self and the usefulness of markets. We argue that these openings encourage an ongoing dialogue between people of good will aimed at shaping responsible public policy. We conclude the essay by highlighting the discoveries we have made and by suggesting further directions for fruitful dialogue.

Convergences:

Ordinarily we tend to associate love of self with individualism, and love of others with communitarianism. In this section we show that the perspectives of CEL, typically linked to individualism, and CST, often regarded as communitarian, reveal more agreement on their

respective notions of love of self and love of others than is generally thought.

Self-interest

The title of the first chapter of Robert J. Frank's book, *Passions within Reason* (1988), "Beyond Self-Interest," underscores Frank's contention that traditional economics' emphasis on self-interest is exaggerated and that commitments previously made condition significant portions of economic behavior. Amitai Etzioni's book, *The Moral Dimension: Toward A New Economics* (1988), argues that traditional economics' appeals to self-interest leave it bereft of a moral dimension. In contrast, we set forth the thesis that CEL and CST both hold that: (1) individuals and groups by nature desire and seek their own good, (2) they generally care for themselves better than external agencies do, and (3) these expressions of self-love constitute a moral good. First consider classical economic liberalism.

In one of the most famous passages in the *Wealth of Nations* (hereafter WN) Adam Smith asserts: "It is not from the benevolence of the butcher, brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages" (1776, p. 15). Following the Greek Stoic Zeno, Smith in *The Theory of Moral Sentiments* (TMS) says that every animal, including the human person, should by nature take care of its own being. This care includes health strength, agility, wealth, and the respect and esteem of persons we live with (1759, p. 272). In *Capitalism and Freedom* (C&F) Friedman concurs with this idea of individual initiative and responsibility (1962, pp. 22–23).

The second part of the thesis says that individual persons and groups better care for themselves through personal initiative, private ownership, and doing what they do best than do outside organizations like the state. Adam Smith and Milton Friedman contend that individuals have greater motivation and so produce more at less cost than do socialist systems where goods and services are produced for the sake of the collective. Our qualifier, "generally care for themselves," means that it is not an absolute caring for one's own needs. There are limits dictated by one's conscience, or the impartial spectator, and by laws of justice.³

In the TMS Smith asserts in a deontological mode of reasoning: "Every man is, no doubt, by nature, first and principally recommended to his own care; and as he is fitter to take care of himself than of any other person, it is fit and right that it should be so" (1759, p. 82). Smith in the WN concludes that voluntary cooperation, or what many call "spontaneous order" (Boaz, 1997, pp. 203–205), leads to the utmost social good.

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. . . . He intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it (1776, pp. 484–485).

In the WN Smith argues at length, this time in a utilitarian mode, that people, pursuing their own self-interest are generally better off than under interventionist systems of political economy. Entrepreneurs frequently promote the interest of society more effectively than if they had actually intended to promote it. Indeed, the attempt to do so brings dire consequences. In the TMS Smith levels heavy criticism against "the man of system" who, with "the highest degree of

arrogance” (1759, pp. 233 and 234) harms the people by forcing them to conform to his vision rather than their own. Milton Friedman generally reiterates and extends the Smithian position in a contemporary setting. In *Free to Choose* (FTC) he points to the U.S. and Hong Kong as great success stories of flows of immigrants who, pursuing their own self-interest and organizing their economic affairs through voluntary exchange, bettered their own lives and those of the people around them. He refers to countries like the Soviet Union and communist China as dismal failures, and credits the ideas of Adam Smith and Thomas Jefferson with the political and economic miracles of free societies (1980, pp. 1–37). Throughout C&F Friedman identifies serious failures of government interventionist policies in modern history. In concluding he writes:

The central defect of these measures is that they seek through government to force people to act against their own immediate interests in order to promote a supposedly general interest. They seek to resolve what is supposedly a conflict of interest . . . by forcing people to act against their own interest. They substitute the values of outsiders for the values of participants; either some telling others what is good for them, or the government taking from some to benefit others. These measures are therefore countered by one of the strongest and most creative forces known to man – the attempt by millions of individuals to promote their own interests, to live their lives by their own values. This is the major reason why the measures have so often had the opposite of the effects intended. It is also one of the major strengths of a free society and explains why governmental regulation does not strangle it (1962, p. 200).

Yet in the following paragraph Friedman broadens the notion of interests to “. . . include the whole range of values that men hold dear and for which they are willing to spend their fortunes and sacrifice their lives,” including patriotism, philanthropy, and religion. He does not elaborate on the ethical and philosophical implications of this broadening of the concept of self-interest, but in the beginning of C&F he asserts that these personal values find their fullest flowering where the social value of individual freedom to pursue self-interests is honored. He gives examples such as Friedrich Engels’ financial support of Karl Marx, and the failure of the Hollywood Blacklist to prevent talented writers from working, to make the point that diverse values flourish under market capitalism, while totalitarianism stifles them (1962, pp. 12–21). Thus Friedman endorses the third part of our first thesis, that self-interest constitutes a moral good that goes beyond merely providing material benefits to humankind.

Adam Smith, much more so than Milton Friedman, treats self-interest as a moral good. As indicated previously, he emphasizes the material benefits of the invisible hand to society. But more than this, he justifies the principle of self-interest or self-love as a good in and of itself. To Smith, doing the will of God is of the utmost self-interest – after all, eternal reward or punishment hangs in the balance (1759, p. 170). Smith criticizes the philosophy of his mentor, Francis Hutcheson, who taught that only benevolent (altruistic) actions are virtuous (1759, pp. 300–305). This position disregards a large array of virtues such as “prudence” and “industry” which Smith associates with “. . . our own private happiness and interest . . .” (p. 304). Furthermore, worldly self-love is a positive good because “. . . as it is the first precept to love the Lord our God with all our heart, with all our soul, and with all our strength, so it is the second to love our neighbor as we love ourselves; and we love ourselves surely for our own sakes, and not merely because we are commanded to do so” (p. 171).

In summary, for Smith and Friedman self-interest need not mean selfishness, and indeed may constitute a good. It may be helpful to distinguish here between self-interest as selfishness and self-interest as interests of a self. The former is egoism, while the latter may be very other-centered and generous. The CEL concern is that self-interest as other-centered not be imposed on the individual by the state. Its concern is not to defend selfishness. The issue for Smith and Friedman is how to preserve freedom, not how to protect greed.

Let us now examine how Catholic social teaching views self-interest. Although rarely using the terms, “self-interest” or “self-love,” it does nonetheless assume a love of self in its writings. Thomas Aquinas, from whom CST draws many insights, understands love and hate as elements of a basic drive by which people seek whatever is good for themselves and oppose whatever is not (Vacek, 1994, p. 245). Aquinas speaks of the love of concupiscence, in which “... the lover, properly speaking, loves himself, in willing the good that he desires.” Aquinas then makes a most surprising assertion. “But a man loves himself more than another, because he is one with himself substantially, whereas with another he is one only in the likeness of some form” (1947, I-II.27.3). The first part of this quotation sounds like the type of assertion Smith would make. Consistent with the teaching of Thomas Aquinas, Catholic teaching emphasizes human goods, all of which imply a respect for the principle of self-interest: human dignity, human beings as images of their creator, the right to private property, individual rights, individual freedom, individual initiative, human creativity, and freedom of association.

Pope Leo XIII insists that individuals must be allowed to seek their own good, which implies that no person should be impeded from pursuing this personal end insofar as it also contributes to the common good. In articulating the principle of private ownership as a sacred and inviolable right, Leo says that the law should favor private ownership partly because “(m)en always work harder and more readily when they work on that which is their own; nay, they learn to love the very soil which yields in response to the labor of their hands, not only food to eat, but an abundance of good things dear to them” (1891, par. 35). Smith and Friedman would concur with this statement.

Pope Pius XI assumes the rightness of self-interest when he writes that higher social groups ought not to replace the work of the individual and the smaller community when the latter are capable of completing the task by themselves. In the pope’s own words, “. . . one should not withdraw from individuals and commit to the community what they can accomplish by their own enterprise and industry” (1931, par. 79). Pius XI then introduces the related principle of subsidiarity that says that the state should allow other bodies to do “what they can accomplish by their enterprise and industry,” adding that subsidiarity in operation makes society more efficient, happier, and prosperous (1931, pars. 79–80). The U.S. Catholic bishops expand on the principle of subsidiarity by saying that it guarantees institutional pluralism and provides “space for freedom, initiative, and creativity on the part of many social agents” (1986, pars. 99–100).

The bishops frequently throughout the pastoral letter emphasize the importance of personal initiative and active participation in the daily work of persons. All workers must be encouraged to be subjects and not passive objects. The bishops describe work as having a “threefold moral significance” that enhances self-expression and self-realization, that allows each person to meet his or her material needs, and that enables them to contribute to the well-being of the larger community. Like the popes, the U.S. bishops encourage individual growth by setting the conditions for the possibility of workers following their self-interest. Again like the popes, they understand self-realization as inextricably linked with the well-being of the larger community (1986, par. 97; see also par. 77).

The present leader of the world’s Roman Catholics at this writing, Pope John Paul II, and a highly regarded spokesperson for social justice among religious leaders of many of the world’s other faiths, echoes and amplifies these observations regarding subsidiarity. He invokes the same principle sixty years after Pius XI had introduced the term in order to criticize the welfare state because its bureaucratic thinking saps human energies and increases economic costs.

By intervening directly and depriving society of its responsibility, the social assistance state leads to a loss of human energies and an inordinate increase of public agencies, which are dominated more

by bureaucratic ways of thinking than by concern for serving their clients, and which are accompanied by an enormous increase in spending (1991, par. 48).

Speaking about bringing personal interests and society's interests into harmony, John Paul points out the dangers of repressing self-interest by allowing bureaucracy to reign over subsidiarity: "In fact, where self-interest is violently suppressed, it is replaced by a burdensome system of bureaucratic control which dries up the wellsprings of initiative and creativity" (1991, par. 25). Yet in the same encyclical letter, John Paul insists that the exercise of freedom in the economic sector ought to be "circumscribed within a strong juridical framework which places it at the service of human freedom in its totality . . ." (par. 42).

These teachings of the popes and bishops not only assume that people seek their own self-interest, but that justice demands that they be allowed to do so. In discussing markets, John Paul II refers to them as advantageous because, among other things, ". . . above all they give central place to the person's desires and preferences . . ." (1991, par. 40). Here the pope affirms self-interest as a moral good.

While John Paul recognizes the positive value of enterprise and the market, he qualifies his affirmation of the free market in at least three ways. First of all, he maintains that the pursuit of one's self-interest must always be oriented toward the common good (1991, par. 43). Secondly, he distinguishes between two types of self-interest: the desire to have and the desire to be. Self-interest aimed at "having" seeks to possess more ". . . in order to spend life in enjoyment as an end in itself" (par. 36). He identifies this as consumerism, which can lead to human harm (e.g., drug addiction and pornography). Persons following self-interest as "being" strive to become more by seeking ". . . truth, beauty, goodness and communion with others for the sake of common growth" (ibid.). Finally, he warns that the market fails to address the needs of those lacking purchasing power and marketable resources. "But there are many needs," says John Paul, "which find no place on the market" (par. 34).

In summary, we contend that CST views self-love or self-interest as a moral good, but must be balanced by a concern for the common good of society. Although CST rarely uses the terms self-love and self-interest, it implies that each person should love oneself. It teaches that each and every person should be respected and loved because all persons, created in God's image, are good in themselves and therefore possess human dignity. This is why people should love one another, and presumably why each person should love herself or himself. In his encyclical "Laborem exercens" (1981) John Paul II says that persons realize their dignity by responding to the call of the Creator to subdue the earth through work. By working, humans achieve a dominion over the earth. Work is good not only because it is useful or because it is enjoyable, but also because it expresses self-respect and increases each person's dignity (1991, par. 9).

In concluding this section, we have observed that a convergence exists between the positions of CEL and CST on love of self. Both traditions hold that people do operate in their own self-interest, that they care for themselves better than others would care for them, and that these expressions of self-love constitute a moral good. Our analysis of both traditions suggests that it would be a mistake to dismiss love of self as an important concept in economic justice.

Love of others

We shift the comparison from love of self to love of others. Whereas Adam Smith speaks about love of others as benevolence or beneficence and Milton Friedman refers to it as charity and philanthropy, papal social teaching calls it charity and love of neighbor. We begin first with the Catholic tradition, exploring the meaning and development of charity in the encyclical writings from Leo XIII to John Paul II.

Charity is an ambiguous concept in contemporary usage and even in the Roman Catholic tradition. In the Western world today, charity connotes a paternalistic giving to the needy, and for Christianity it frequently refers to a free-will offering that is optional in the non-obligatory sense. When Pope Leo XIII wrote “*Rerum novarum*” in 1891, charity had that condescending ring that we find in today’s society. Charitable deeds were considered to be gratuitous acts of kindness, like “going the extra mile” that Jesus urged in the Sermon on the Mount (Matthew 5.41). Leo tries, if perhaps unsuccessfully, to cast charity in a different light, saying, “The Church has stirred up everywhere the heroism of charity, and has established congregations of religious and many other useful institutions for help and mercy, so that there might be hardly any kind of suffering, which was not visited and relieved” (1891, par. 24). Describing charity as heroic and as a work of mercy suggested to some readers that it was optional, in contrast to justice that Leo speaks of as a duty or a demand (par. 26). Leo associates charity with the activity of the church that directly intervenes to help the poor by establishing institutions to care for the sick, the elderly, delinquent youth, and the unemployed.

Yet even with the ambiguity in Leo’s use of charity, he gives it a prominent role in economic relationships. Charity as the inner spirit of love should motivate persons to work together in friendship and to work out just agreements. He urges management and labor to form mutual bonds of friendship. He applauds this form of charity, which the Gospel calls “*philia*,” or mutual sharing of respect and affection, because it expels prejudice from certain sectors in the market place (par. 43). This type of love is liable to be short-lived, though, because it depends on mutually beneficial relationships.

Leo more often speaks of charity as “*agape*,” a second Gospel meaning of love, which affirms the good of another for its own sake. Charity as *agape* moves people to cast their lot with wage earners, the unemployed, and the downtrodden (par. 41). But according to Aquinas, it does much more than that. “Now charity is called the end and the mother of all virtues” (1947, II–II.23.8). Charity puts strength in a person’s ability to uphold the other virtues of prudence, temperance, fortitude and justice. It nourishes and transforms the lover, who in turn nourishes and transforms the beloved. Leo concludes his encyclical letter with the words: “For the happy results we all long for must be chiefly brought about by the plenteous outpouring of charity” (par. 45).

Yet some workers complained about Pope Leo’s emphasis on charity. The laborers shouted, “We do not want benefits, but demand our rights and nothing else” (Nell-Breuning, 1936, p. 337). The laboring classes in Leo’s day regarded charity as something beneath their dignity, a sentimental and patronizing quality that had less muscle than justice. Hence, Pope Pius XI, writing forty years later (1931), tries to clarify the ambiguity about charity by insisting that it must work together with justice in economic and political realms. Commenting on Pius XI’s integration of justice and charity, Oswald Von Nell-Breuning shows that love motivates a person to be just: “. . . the love and benevolence which I feel for a person . . . will induce me to accord him his right, and to give him what he has coming and what I owe him” (1936, p. 337). Pius XI calls charity and justice “*social*,” thereby implying that social charity and social justice are essential for guiding decisions in the market place and in political affairs. The pope sees both principles establishing and steering the social order, resisting individualism, and regulating what the pope calls the problem of “*economic supremacy*” of *laissez faire* ideology (1931, par. 88).

Pius XI knits the two principles together by the metaphor of soul and body. Social charity gives life to social justice as the soul enlivens the body. By his use of this metaphor and by placing social charity on a parallel plane with social justice, the pope rejects the criticism that

charity is merely supererogatory. Charity no less than justice and in partnership with justice should be operative in forging agreements and creating institutions that promote healthy economic cooperation.

Using a second metaphor, Pius XI likens the social body to the Body of Christ. Quoting from Paul's second letter to the Ephesians (4:16), he says, "The whole body (being closely joined and knit together through every joint of the system according to the functioning in due measure of each single part) derives its increase to the building up of itself in love" (par. 90). Love relates to justice by motivating and empowering the individual members to work together for the good of the whole. The body metaphor plants the seed of solidarity, a principle that popes after Pius XI use to integrate love, justice, and the common good.

Pope John XXIII introduces the term solidarity, which brings out more clearly than social charity, the social dimension of love and its connection with justice. He views solidarity as "mutual respect, esteem, and good will" between employers and employees expressed through collaboration in their joint undertaking (1961, par. 92).

Pope John Paul II develops his predecessors' efforts to connect charity and justice by means of solidarity. He calls charity the prototype and the very marrow of solidarity. He identifies seeds of solidarity in Leo XIII's use of "friendship" and "brotherly love" that will foster a cooperative and respectful relationship between capital and labor. Friendship and brotherly love give rise to Pius XI's "social charity" and to Paul VI's "civilization of love." In his historical overview of the term, John Paul identifies charity expressed in human friendship as the core of solidarity (1991, par. 10). Solidarity, like charity, possesses qualities of gratuity, forgiveness and reconciliation, and communion.

Within the economic sphere, John Paul speaks of solidarity as sharing work together. This involves working with others and working for others – in other words, doing something for someone else. Entrepreneurship flourishes when business persons know the needs of others and develop creative ways of meeting those needs. This kind of activity generates wealth in modern society (Hollenbach, 1992, p. 85). Entrepreneurial activity calls for the "cooperation of many people working toward a common goal" (John Paul II, 1991, par. 32). Workers imbued with the gift of solidarity commit themselves to the common good and forge unity within a community. Thus, the spirit of solidarity that sparks interdependent production aimed at the good of society becomes the virtue of social justice.

So then, what does the CEL tradition have to say about love of others, charity, or what Adam Smith calls benevolence or beneficence? The TMS is an extended essay in promotion of what Smith calls propriety, a careful balancing of all of the proper passions of a human being, including the "selfish passions" – "(g)rief and joy, when conceived upon account of our own private good or bad fortune . . ." (1759, p. 40), and the "social passions" – "(g)enerosity, humanity, kindness, compassion, mutual friendship and esteem, all the social and benevolent affections . . ." (p. 38). To Smith, both sets of passions have an important role to play in obeying the will of God (p. 170), and achieving universal (not just individual) happiness (p. 166), provided that a person exercised "self-command" (p. 237). "But by acting according to the dictates of our moral faculties, we necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to co-operate with the Deity, and to advance as far as in our power the plan of Providence" (p. 166).

For Smith, each person has to develop a perspective on how he or she fits into God's plan and the laws of nature. Throughout the TMS there is constant reference to the "impartial

spectator” (p. 406), a wise everyman which we form from childhood as we observe ourselves and others passing judgments on each other for our virtues and our vices. As this “impartial spectator” develops, it becomes aware that virtue consists of maintaining all the emotions in their proper balance. Adam Smith calls this propriety. We recognize that we are merely one of many, and propriety dictates that we cannot put ourselves above others (pp. 293–294). Thus, propriety helps the impartial spectator to distinguish between greedy self-interest and virtuous self-interest. When necessary, love of self, impelled by the impartial spectator, must give way to love of humanity. Fully comprehended, the self-interest that Adam Smith espouses is not of the same character as the naked greed of Gordon Gecko in the movie “Wall Street.” It must be subsidiary to and constrained by love of others. Smith writes:

The wise and virtuous man is at all times willing that his own private interest should be sacrificed to the public interest of his own particular order or society. He is at all times willing, too, that the interests of this order or society should be sacrificed to the greater interest of the state or sovereignty, of which it is only a subordinate part. He should, therefore, be equally willing that all those inferior interests should be sacrificed to the greater interests of the universe, to the interests of that great society of all sensible and intelligent beings, of which God himself is the immediate administrator and director (1759, p. 235).

Thus, similar to CST, Smith puts the restraints of propriety and love of others on the passion of self-love. Nevertheless, as laudable to Smith as love of others is, because people are imperfect, and because liberty is essential, the observation of its requirements should not be forced (1759, pp. 85–86). We will return to this theme later in the paper where we explore differences in how CEL and CST view justice.

And what does Milton Friedman, our modern CEL representative, have to say about love of others? Explicitly he says little; implicitly he says much. We have already noted that in C&F he favors private philanthropy. He repeats this theme somewhat more forcefully in FTC (1980, p. 133). In C&F, on the basis of “neighborhood effects” (externalities), and indeed, also on the basis of “paternalism,” he grudgingly concedes to government assistance for the “irresponsible” – “madmen or children” (1962, p. 33), for the less fortunate (p. 191), for public housing when children are involved (p. 178), and for certain types of education and in certain economic circumstances (p. 86). Grudgingly or not, Friedman has been an ardent supporter of the negative income tax and vouchers for education, hardly program proposals favored by the greedy and selfish.

But as noted, his support is cautious and restraint laden. He recommends that in all cases of government intervention a “balance sheet” be drawn up noting all the pluses and minuses of a particular program (1962, p. 32). Since government operates by “coercion” (p. 23), any government intervention necessarily entails a loss of liberty (p. 32). In FTC he warns of the invisible hand of government, which operates in reverse of Adam Smith’s invisible hand of the market. Measures taken by the government to promote the general interest almost always promote special, individual interests, such as public housing favoring building contractors (1980, p. 292). Thus great abuse is possible by these special interests.

On the other hand, in a somewhat surprising statement Friedman writes:

There is no inconsistency between a free market system and the pursuit of broad social and cultural goals, or between a free market system and compassion for the less fortunate, whether that compassion takes the form, as it did in the nineteenth century, of private charitable activity, or, as it has done increasingly in the twentieth, of assistance through government – provided that in both cases it is an expression of a desire to help others (1980, p. 140).

This valid type of assistance is contrasted with invalid government assistance such as, “. . . 80

percent voting to impose taxes on the top 10 percent to help the bottom 10 percent . . .” (1980, p. 140).

While Friedman has supported charity, philanthropy, compassion, and aid to those in need (what we call love of others) in very guarded terms in explicit form, we also argue that he demonstrates beneficence toward others in the tenor of his work and in the actions of his life. Milton Friedman participated in the presidential commission which eventually led to the scrapping of that most arrogant, discriminatory, and wasteful program: compulsory peacetime military conscription (Friedman, 1986, p. 8). We believe we are safe in assuming that this activity bore significant personal and economic opportunity cost. In the memoirs of Milton and Rose Friedman, *Two Lucky People: Memoirs (TLP)*, Milton makes it quite clear that he derived great satisfaction from this public service in the national interest (1998, p. 381).

Elsewhere he displays a concern for others, we might say a communitarian spirit, when he writes fondly and approvingly of the work he and his collaborators did for the military effort during World War II (1998, pp. 145–146). Friedman was an active advisor to Goldwater, Nixon, and Reagan in their campaigns (1998, pp. 366–396), and these constitute public service, whether one agrees with their politics or not. As another instance of regard for others, the Friedmans have established the Milton and Rose D. Friedman Foundation Supporting School Privatization.

While Adam Smith’s treatment of love of others approaches the “agape” and supreme being orientation of CST, Milton Friedman does not, it appears, take love of others much beyond “philia.” Discussing the motives of idealists, politicians and bureaucrats, Friedman writes: “The saints of this world are pursuing their self-interest no less than the devils” (1986, p. 4). “Again, let me emphasize that self-interest is not restricted to narrow material interest. It includes the desire to serve the public interest, to help other people” (p. 9).

And thus we see that both traditions honor love of others, albeit to varying degrees. CST speaks of love of others in terms of charity, mutual love, solidarity, and the common good. Smith associates love of others with cooperating with the will of God and the happiness of humankind. Friedman associates it with serving the public in furthering one’s own broadly conceived self-interest. This review of the two traditions on love of others cautions us not to eliminate benevolence as an essential principle of economic justice. As we stated in our introduction, our purpose in writing this paper is to establish the beginnings of a dialogue between individualism and communitarianism, reconciling them where they are reconcilable. We believe that, contrary to popular perception, our representatives of these two points of view, CEL and CST, share much in common with respect to love of self and love of others.

Divergences

As we shift the dialogue from love to justice, we listen to how the spokespersons for each of the two traditions first understand justice and rights and then apply their principles to concrete issues. We find many more differences than similarities in this area, although, as we shall see in our concluding section, certain surprising discoveries pop out from the data as we examine the texts more closely.

Justice

In this section, we examine in a comparative way each traditions’ concepts of justice. Adam Smith uses the concepts commutative and distributive justice. Popes Leo XIII, Pius XI and their successors use the same two terms, though they understand them differently, and create a third term, called social justice, a concept that seems totally foreign to CEL. We begin by

examining commutative justice where there appears to be the least divergence. Secondly, we look to the type of justice that involves the state's distribution of goods and services, which we shall call public justice. Here we ask, how much government involvement would the two traditions allow? Thirdly, even with the convergence on love as benevolence, we note a divergence in the way the two traditions relate love to justice. Fourthly, we investigate a third species of justice called social justice, which has become a kind of trademark for CST but a troublesome concept for CEL. The specific question we pose here is whether the traditions think individuals and corporations ought to be actively involved (as a demand of justice) in changing social conditions.

1. Commutative justice

Both traditions speak about commutative justice and relate it to Aristotle's concept that obliges equal parties to keep contracts and to be fair in the exchange of goods. The CEL position on commutative justice is relatively straightforward, with some exceptions noted later. Smith refers to justice several times in the WN (1776, pp. 1077–1078), but he treats it more extensively in the TMS. In the latter work justice means defense against impending injury by another, or punishment (and restitution) for a wrongful injury caused by another (1759, pp. 79–80). Injustice is to take from others what belongs to them (p. 82). "It is a violation of fair play . . ." (p. 83). "The most sacred laws of justice" protect people's lives, their property, and their agreements with others (p. 84). According to Smith in the WN, human beings are to be left free to pursue their own interests, so long as these interests do not interfere with the rights of fellow human beings to pursue their own interests (1776, p. 745).

In his presentation of various systems of moral philosophy, Smith identifies his conception of justice as being the same as Aristotle's commutative justice,⁵ and indicates that justice can right- fully be coerced by the state, and that injustice can rightfully be punished by the state (1759, p. 269). This is so for two reasons. First, injustice creates "positive evil" (p. 78) toward others, and this putting ourselves ahead of all others ". . . is what no impartial spectator can go along with" (p. 126). We can see here that Smith views justice as qualifying the love of self, a theme more fully developed in CST.

Justice, on the contrary, is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society, that fabric which to raise and support seems in this world, if I may say so, to have been the peculiar and darling care of Nature, must in a moment crumble into atoms. In order to enforce the observation of justice, therefore, Nature has implanted in the human breast that consciousness of ill-desert, those terrors of merited punishment which attend upon its violation, as the great safe-guards of the association of mankind, to protect the weak, to curb the violent, and to chastise the guilty (1759, p. 86).

Smith continues this theme for several pages, and ties it together with the workings of a well functioning watch, the watch maker, and of course God and the laws of nature, and our understanding of the laws of God and nature (pp. 86–91).

Secondly, while the general rules of most social virtues for Smith are so loose that they cannot be codified and applied with any precision (1759, p. 174), "(t)he rules of justice are accurate in the highest degree, and admit of no exceptions or modifications . . ." (p. 175). "Though it may be awkward and pedantic, there- fore, to affect too strict an adherence to the common rules of prudence and generosity, there is no pedantry in sticking fast by the rules of justice" (ibid.).

Similar to his treatment of benevolence, or love of others, Friedman's treatment of justice is largely implicit. He echoes Adam Smith in his emphasis on individual liberty. "As liberals, we take freedom of the individual, or perhaps the family, as our ultimate goal in judging social arrangements" (1962, p. 12). He also stresses, like Smith, that legitimate activities of government

include prevention of individual coercion of others and enforcement of contracts (1962, pp. 14, 23, 34). Milton Friedman's often-quoted article on the social responsibility of business implies that justice includes people having control over their own businesses and their own earnings (1970).

Friedman writes with strong approval of the life, liberty, and pursuit of happiness sentiments of Thomas Jefferson in the Declaration of Independence (1980, p. 2), and goes so far as to recommend "... an economic Bill of Rights to complement and reinforce the original Bill of Rights" (1980, p. 299), one amendment of which would read: "The right of the people to buy and sell legitimate goods and services at mutually acceptable terms shall not be infringed by Congress or any of the States" (1980, p. 305). To the present authors Friedman's imperative appears quite similar to Adam Smith's notion of commutative justice.

CST builds its notions of justice on the thought of Aristotle and Thomas Aquinas, both of whom regard justice as the highest moral virtue. Aristotle calls justice a complete virtue "because he who possesses it can exercise his virtue not only in himself, but towards his neighbor also" (1941, p. 1003). Of all the virtues, justice is regarded as another's good because it does what is advantageous to another (p. 1004). Similarly, Aquinas views justice as the highest moral virtue, not only because it orients us to others and especially to the common good, but also because it resides in the highest part of the soul, human reason (1947, II-II, 58.12).

Following Aristotle, Aquinas defines justice as rendering to each person what is due – that which properly belongs to the person (1947, II-II, 58.7). Pope Leo XIII in his encyclical "Rerum novarum" adopts this general definition of justice (1891, par. 11). He and his successors follow Thomas Aquinas in defining three species of justice. The three types of justice in CST – commutative, distributive, and social – are distinguished by the different types of social relationships and structures of interdependence (Hollenbach, 1988, p. 26). Commutative justice is distinguished from distributive and social justice by its concern for exchanges between persons or groups within the private sphere. It requires that all parties in these exchanges be truly free. Concretely, commutative justice requires that workers, for example, should not be forced to accept a very low wage or else be unemployed. We recognize here a tension between CEL and CST; we address this point when we discuss rights (and by implication, the freedom to enjoy rights), using as an example the extent to which CEL and CST diverge in their support of the Universal Declaration of Human Rights. Commutative justice, as CST sees it, calls for establishing mutual bonds and fair exchanges between persons or groups within the private sphere: for example between employer and employee, partners in a law firm, or between two private corporations. In Thomistic language, this type of justice regulates person-to-person negotiations, in contrast to distributive justice, which guides state-to-citizen relations. Certain relative rights and mutual duties flow from the principle of commutative justice, rights and duties which are rooted in the fundamental equality of all persons. These include the positive contractual obligations and rights between management and labor. The worker, for example, has a right to a wage determined according to the norms of justice, and has a personal duty to perform the tasks assigned.

In summary, we observe points of convergence as well as divergence between the two traditions on the level of commutative justice. Both traditions, first of all, recognize the right to an exchange that is freely entered into. They recognize, secondly, a reciprocity in the agreement that says for every right there is a corresponding duty. They differ, however, on significant points. First, CST relates commutative justice to the common good, whereas CEL ordinarily does not. Second, CEL uses enforceability as an essential element in its concept of commutative justice. If an imperative cannot be codified and established as law, it is not justice. Justice for CEL tends

toward being a principle of non-maleficence, whereas CST relates justice to actions that positively enhance human dignity and love of neighbor. CEL regards such actions as beneficence. Third, their notions of individual rights and freedom are very different.

2. Public justice and the scope of government involvement

The most glaring difference between the two traditions arises when their representatives address justice in the public arena, when the state establishes laws (taxation, trade), or when it mediates or adjudicates issues. In its century of teaching, CST consistently uses the terms distributive and social justice when reflecting on the sharing in the public good and how institutions promote or hinder this sharing. Smith sometimes uses the term distributive justice (although his conception differs from that of CST), but neither he nor Friedman ever use the term social justice. They do, however, speak about appropriate and inappropriate ways that the state orders society and legislates for its citizenry as well as for groups within its jurisdiction. We shall therefore use a more inclusive term, “public justice,” to include CST’s distributive and social justice and that type of unnamed justice that Smith and Friedman imply when speaking about the government’s concern for the commonwealth. The question then is, how does CST’s public justice differ from CEL’s public justice?

It should be clear by now that CST and CEL have different conceptions of the proper scope of government involvement. But it is not simply that CST wants big government and CEL wants small government. Indeed, popes from Leo XIII to John Paul II, invoking the principle of subsidiarity, have criticized communism, statism, and the social assistance state.

But unlike CEL, which views the state as generally enforcing the commutative rules of the game, CST views justice in the wider sense of social solidarity. It looks to government to develop and maintain, in cooperation with labor, business, and the rest of society, social structures and institutions which foster a favorable context of human rights for all people. Also unlike CEL, which has a fairly well defined plan for structuring government, CST has not developed and championed any one model. Indeed, Pope John Paul II writes: “The church has no models to present; models that are real and truly effective can only arise within the framework of different historical situations, through the efforts of all those who responsibly confront concrete problems in all their social, economic, political and cultural aspects, as these interact with one another” (1991, par. 43).

3. Justice in relation to love of others

Adam Smith regards justice as more important than beneficence, i.e., love of others. Beneficence “. . . is the ornament which embellishes, not the foundation which supports the building, and which it was, therefore, sufficient to recommend, but by no means necessary to impose (1759, p. 86).” Justice, however, is not ornamental. Justice orders society, protects individual rights, and creates institutions or laws for the public good.

Friedman, the modern economist, does not deal systematically with the principles of love and justice. But we can infer that his position on love and justice is similar to Smith’s. He criticizes, for example, social security precisely because it unfairly and coercively subsidizes some groups at the expense of others; therefore it clearly violates CEL principles (1962, p. 182). Friedman comments, “He [a proponent of social security] is our mortal enemy on grounds of principle, not simply a well-meaning but misguided friend. Basically, he believes in dictatorship, benevolent and maybe majoritarian, but dictatorship none the less” (1962, p. 187). In words reminiscent of Adam Smith’s harshness toward the man of system, Friedman writes: “Humility is the distinguishing virtue of the believer in freedom; arrogance, of the paternalist” (1962, p. 188). Hence, Friedman insists that justice which respects individual rights and freedom must be the

basis for true benevolence or love of others.

CEL's tradition of individualism reinforces the separation of justice from beneficence. Friedman stresses individualism, manifested by his statement criticizing government intervention (see page three), and by his statement about the primacy of individual freedom (see page eleven). He sums up his perspective on classical liberalism: "After all, the liberal takes the individual, not the nation or citizen of a particular nation, as his unit" (1962, p. 129). In similar fashion, Smith in the WN repeatedly stresses people's individual sacred rights (see for example: 1776, p. 140, p. 629). However, in the TMS, as we have seen, Smith exhorts people of good will to subordinate their individual interests to those of the commonwealth. While Smith advocates free markets, he does not advocate individualism to the extent that Friedman does, but argues instead that propriety requires sacrifice to the community (love of others) when necessary (see page eight).

Thus we see CEL insisting on the integration of justice with individual autonomy while insisting that beneficence or love of others be gratuitous. In contrast to CST's emphasis on love ("agape," charity and solidarity) as integral to justice and to the pursuit of the common good, consider these judgments by Smith. First, equals cannot demand more than bare justice from one another, not even from the barely just (1759, p. 82). Secondly, those who never practice the social virtues of generosity and the like should be treated in the same manner by society – they should be shunned. Smith never contends that the state should coerce generosity from the stingy (*ibid*). Later in TMS Smith writes that even of a just and generous person who produces nothing, we can say, "(w)e esteem you, and love you, but we owe you nothing" (p. 106). Even as he writes about virtue and compassion he offers this caveat: "The peace and order of society, is of more importance than even the relief of the miserable" (p. 226). It is difficult to imagine these statements coming from Catholic social teaching. Finally, recall that CST's revered Thomas Aquinas states that love of others (charity) is, ". . . the end and the mother of all virtues," whereas Adam Smith calls it (beneficence) merely ". . . the ornament which embellishes, not the foundation . . ." For Smith, the foundation is "(j)ustice, . . . the main pillar that upholds the whole edifice."

In stark contrast to CEL's separation of benevolence from justice, CST links them together as essential elements in its social ethics. The sharp difference may be due partly to the weight the two traditions give to the importance of consequences and motivation. As we noted earlier, CST sees the love of others as the guide and motivator for justice. CEL does not. CST implies that love motivates by giving reasons of the heart for acting justly in the economy. CEL, for the most part, dismisses motivation as a necessary standard in judging moral outcomes. In contrast to CST, CEL emphasizes consequences as the central principle. Milton Friedman says that an argument "may be right or wrong regardless of the motives of the person who presented it" (1977, p. 40). The reasons behind one's choices are irrelevant. The important consideration, Friedman says, is the end result. People with the best of motives may do the wrong thing; the consequences of the action determine its right-ness or wrongness. "Even if people had the very best of intentions – and I don't question their motives – the evil consequences that we have seen would still follow" (*ibid*). Smith, the moral philosopher, argues that intentions, including motives, are the sole determinants of the morality of any action that a person may take (1759, pp. 92–93). Because, however, judging motives and intentions is fraught with dangers, and because the intent of God is mankind's happiness, people have an "irregularity of sentiment" which rightly motivates them to reward and punish only consequences (pp. 104–106). Unlike Smith, CST regards intentions, the action in itself and the consequences all to be necessary elements in determining the goodness or badness of an action.⁶

4. Justice and productive participation

CST contends that justice in the public arena goes beyond distribution to include contribution. All citizens, to the extent they are able, must contribute something both to their own human development and to the community. One contributes by active participation both in the economy through work and in the polis by exercising one's political rights. This type of justice, called "social," involves helping others to contribute, not by doling out food, shelter, and health care, but primarily by establishing social conditions that allow and encourage participation. CST calls this participatory principle social justice.

Three principles further define its meaning and pinpoint the differences between the two traditions: subsidiarity, socialization, and solidarity. The first underscores the role of the individual and private corporation; the second deals with the role of the state; and the third, solidarity, tries to balance the first two. The principle of subsidiarity, a cornerstone in CST put in place by Pius XI, calls upon all societies to defer to the individual, private company, and local organization to perform tasks that they are competent to perform. Government should take a back seat and only come forward to help when the smaller unit is unable to complete the given task. It must never absorb or destroy the individual or local organization. This principle safeguards and encourages local initiative and private and small- group participation; hence, it is an essential principle of social justice. It promotes a pluralism of power in society (Hehir, June 1998, p. 4). Smith and Friedman would concur fundamentally with this principle because it promotes private initiative and freedom by maintaining a balance of power between the political (state) and the economic (private corporation). The two traditions would only differ over how much the state involves itself in the private domain, as we indicated above.

The two traditions differ considerably more over the principle of socialization, which is the flip side of subsidiarity. If subsidiarity warns against spontaneously going first to the state to solve local problems, socialization calls upon the state to bring others together to attain goals that individual groups alone cannot achieve, especially in a post-industrial society. John XXIII, the best articulator of this principle, sees governments working to protect minimum necessities of human life, health services, and the broadening and deepening of elementary education and other social issues (1961, par. 61).

Friedman opposes this principle because of his own commitment to the freedom of exchange in the market. Government, for Friedman, properly acts only as a forum for establishing game rules in market exchanges and as an umpire to interpret and enforce the rules agreed upon (1962, p. 15). Both traditions are concerned about the dangers of government assuming too much power. John XXIII fears an overzealous government curbing initiative through restrictive laws and regulations, or blocking individuals from carrying out ". . . in a fitting way his rights and duties" (1961, par. 62). Friedman fears these dangers even more than John XXIII. "If the central government gains power, it is likely to be at the expense of local governments" (1962, p. 16).

The third principle, solidarity, tries to balance the first two principles by affirming how individuals, groups, and government ought to see themselves in relationship to each other. Within the context of the free market, this principle might be expressed by people doing business with those they know and trust. There exists a social bond that draws the business persons together for the sake of an exchange. Over a period of time, they become interdependent, each relying on the other to manufacture a good product and sell it at a fair price. While self-interest motivates both parties, a second and important motive is the spirit of solidarity based on knowledge, trust, and friendship that moves the parties to do business together.

Rights

We note that the two traditions differ over the basic meaning of rights (and by implication

the freedom to exercise these rights) and over how extensive these basic and universal demands are. We focus on each tradition's understanding of rights, and along the way, investigate the extent to which CEL and CST accept the Universal Declaration of Human Rights. In CST rights arise as the basic demands of justice, and, like justice, they are grounded in the nature and dignity of human persons. Because rights are fundamental to fostering and protecting human dignity, CST often refers to them as human rights. Because rights are possessed equally by all human beings, they are said to be universal. Since every right must be correlative with a duty or responsibility, rights are said to be relative and not absolute. This perspective contrasts with CEL that insists upon certain individual rights as virtually absolute (e.g., the right to engage freely in private transactions).

Rights are implied in CST's notion of the common good, which Vatican II 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" (Second Vatican Council, 1965, par. 26). These "conditions of social life" include a broad range of human rights, such as the political rights of freedom of speech and worship, and rights related to economic realities including rights to life, food, clothing, shelter, and medical care. Because this latter set of human rights is indispensable to living a dignified life, CST says that all persons have the right to earn a living through employment. Included in one's earning a living is the right to security against unemployment, sickness, and old age (U.S. Bishops, 1986, par. 80). Thus, CST generally endorses the U.N. Universal Declaration of Human Rights (U.N., 1990).

In contrast, CEL maintains that individual rights are almost absolutes. Everyone has the right to do as he or she wishes, provided that his or her actions do not interfere with the freedom of others to enjoy their rights. According to both Smith (1759, p. 84) and Friedman (1962, p. 27), individuals possess rights to their own lives, their own property, and the enforcement of contracts. These are their only rights. People then have the corresponding duty of respecting these rights regarding their fellow human beings. This implies that CEL does not endorse all of the principles of the Declaration of Human Rights. Article 22 of the Declaration states that everyone has the right to social security, at the expense of the state. Friedman, as we have seen, argues against social security on the grounds of its unfair and coercive nature. Similarly, articles 23 through 26 declare more economic responsibilities of the state toward its citizens. Returning to our earlier discussion of commutative justice, CST holds that justice is served only if people are truly free to enter into economic arrangements at just wages, as does article 23 of the Universal Declaration of Human Rights. CEL on the other hand holds that justice is served if people are free to negotiate a wage. Government, and society owe individuals no pre-scribed standard of living. As we noted earlier, in Adam Smith's view, ". . . we owe you nothing."

Hints of common ground

Even with the differences on public justice and human rights, there emerge hints of common ground between CEL and CST regarding limitations on individual rights in favor of the commonwealth. Consider how CEL imposes restrictions on these rights in the following areas. First, CEL requires that the government organize and sometimes support institutions for the public good. Here the state moves beyond proscriptive rules that prohibit certain actions to prescriptive legislation that builds the commonwealth. Hence, Smith acknowledges government's authority to legislate and enforce laws ". . . which not only prohibit mutual injuries among fellow-citizens, but command mutual good offices to a certain degree" (1759, p. 81). These laws require, for example, that children and parents care for each other. What Smith ordinarily considers to be duties of beneficence become duties of justice when the state prescribes rules, enforceable by sanctions, that promote ". . . the prosperity of the commonwealth, by establishing good discipline,

and by discouraging every sort of vice and impropriety” (ibid.). When such rules governing the commonwealth are applied judiciously and to a very limited degree, its citizens would accept them, and so would Smith. The state’s involvement in establishing public order and promoting the prosperity of the commonwealth goes beyond commutative justice by establishing institutions that work for the good of the whole of society and not simply for private parties. Thus, Smith moves to a second dimension of justice, which we are calling public justice, which deals with rights and duties of citizens who belong to the commonwealth (Werhane, 1991, p. 58).

In the WN, one may find a host of issues in which Smith sees the state appropriately acting on behalf of the commonwealth. He favors antimonopoly regulations because perpetual monopoly imposes a heavy burden upon citizens by charging higher prices and by excluding competitors (1776, pp. 800, 814). And yet he justifies a monopoly which the government thinks is important for the defense of its own country, such as Great Britain’s Act of Navigation, which gave the sailors and shippers of Great Britain control of the trade of their own country (pp. 492–494). In short, individual autonomy in the marketplace is overridden by national defense.

Smith supports government prohibitions on small bank notes, which would cause harm, especially to the lower class, when unredeemed by fraudulent issuers (1776, pp. 351–352). Smith also supports laws against usury and favors limited state support of economic development, education, and yes, even support of the poor (pp. 388–389; 560, 894–896; 843–855; 781). As for schools, the public can demand that its citizens acquire the essentials of education by requiring qualifying examinations to work in a corporation or to establish a trade (p. 844). With respect to the poor, Smith recommends a graduated toll tax whereby luxurious carriages pay be used for the poor (p. 781). examples in Smith’s work of overriding individual interests.

We have noted earlier in this essay that Friedman supports government assistance for the vulnerable, government intervention in the presence of externalities, limited public housing, and certain types of education. Friedman also grudgingly supports antimonopoly regulations (1962, pp. 27–30). He has long been an advocate of the negative income tax and vouchers for education (1962, chap. 12; 1980, pp. 158–175). Like Smith, Friedman supports government intervention on behalf of the commonwealth at the expense of certain individual rights.

Do such examples in which government limits individual rights for the sake of the common-wealth provide a possible avenue of reconciliation with CST, which insists that the state promote the common good? Does activity of this kind constitute, at least partially, what CST calls social justice? We believe there is common ground here, and that dialogue between individualism and communitarianism on the nature of social justice would be productive.

Summary and conclusions

We conclude, first of all, by highlighting the surprises we discovered through our dialogue, and secondly, by identifying potentially fruitful areas for further discussion. In certain instances, one of us made a surprising discovery, and in other instances, we both might exclaim, “Aha! That’s what Smith means by self-interest,” or “This is what the popes mean by social justice.” Our summary then is a way of capturing discoveries made.

A. Discoveries

With respect to classical economic liberalism, we discovered that the foundation stone for Adam Smith’s vision of society is justice and not self-interest, as many commentators on Smith’s writings had led us to think. True, Smith says that self-interest, more than benevolence, moves the

butcher, brewer, and baker to produce and sell their goods. But in this context he is emphasizing motivation for human decisions. In his TMS, he clearly recognizes that self-interest often becomes selfishness and, if left unconstrained, will turn society into a Hobbesian jungle. Justice, which Smith calls the main pillar that upholds the whole edifice of society, keeps citizens from exploiting and killing each other. It binds society together by putting legal restraints on excessive self-love, though it does not impose sanctions on all forms of selfishness. Self-love is judged to be excessive when it harms persons physically, or damages their reputation or property (1759, p. 269). Justice for Smith and Friedman is essentially commutative and retributive. It binds people to do what they have freely agreed to and forces persons to pay back for the injury or loss that they have inflicted on another, either by restitution or by punishment.

Given Smith's emphasis on justice as the primary and necessary constraining force of selfishness, we think it would be incorrect to attribute to him the perspective that decisions based on selfish motives in an unregulated economy necessarily produce material well-being for the nation. For Smith, self-interest, which should not be equated with selfishness, is the efficient engine and dominant motive that produces economic benefits. He does not assert, however, that an unregulated market has built-in checks and balances through its competitive forces alone. He holds that the market, acting through self-interested agents competing with one another, requires coercive laws of justice to ensure fair play (for a discussion of this issue, see, Werhane, 1991, pp. 3–7; Evensky, 1993).

We also discovered more concretely how the two traditions differed over the concept of justice. If justice in its broadest sense means giving to persons what is their due, CEL and CST differ over precisely what is due. While both traditions say justice requires a strict rendering of rights and duties, the Catholic tradition goes farther by calling all people, in the name of social justice, to assist others for the sake of the good of all. Following Hume, Smith thinks of justice as law that enforces preservation of each individual's rights by punishing those who fail to carry out their duties. The object of liberal justice is an individual, whose rights to life, liberty, and property must be upheld. Following Thomas Aquinas, the Catholic tradition thinks of justice as moral law that upholds both the rights of individuals, and also promotes and protects the common good. As it seeks a wage sufficient to provide for personal or family livelihood (commutative justice), justice also insists upon policies on wages and hiring compatible with the employment of the greatest number of workers (social justice). CST's justice is concerned not only with a fair distribution of goods and services, but also with enabling all members of society to participate in society's economic life. Smith and Friedman would oppose this notion of social justice because they think it lacks standards specific and impartial enough to be enforceable and therefore, if enforced, would violate individual freedom. And yet certain initiatives supported by Smith and Friedman argue in the opposite direction (e.g., education).

A third surprise is the emphasis that Adam Smith places upon benevolence as an important virtue in society, which in certain ways relates to love and solidarity in contemporary Catholic teaching. Even though Smith thinks that benevolence lacks the impartiality of justice, he nonetheless regards mutual love or affection as essential for a good life. If justice is the pillar of society, benevolence is the ornament that embellishes human existence. "Society may subsist," Smith says, "though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it" (1759, p. 86). And yet Smith suggests that the human being's "natural love for society" serves as an important element. Because human beings take delight in contemplating the orderly and flourishing state of society, they enact and enforce legislation that preserves its existence. In contrast to CST, Smith sees benevolence emanating from nature, which he calls reason, principle, conscience, or "the man within" (1759, p. 137).

CST regards charity or benevolence as the mainspring of justice, first of all, by charity's concern for the well-being of persons and by expressing itself in a mutual and interdependent manner. Justice may be understood as a specification of love. Love calls for recognizing the dignity and rights of our neighbor, and justice determines how this is concretely carried out (Synod of Bishops, 1971, p. 293).

Finally we note the similarity in what the two traditions say about love of self or self-interest. Both CST and CEL emphasize that love of self is important, and yet both traditions clearly state that it needs to be constrained by justice and love of others. Both traditions recognize that people are motivated by love of self, and that they generally care for themselves better than others. Both traditions warn of the evils of the social assistance state, and both traditions point to the creativity of individual initiative and private property. Further, CST and Adam Smith hold that God wants people to love themselves for their own sake, so that love of self is a moral good. Lastly, both traditions recognize that self-interest can be destructive, so both traditions agree that a well functioning society requires a government that develops and enforces the rules that protect us from our injustices toward each other.

B. Potential areas for further dialogue

We end by posing three questions for further dialogue. First, how would CST with its emphasis on social justice, and by extension communitarianism, that aim to change social conditions largely through the assistance of government, address Friedman's criticism of big government, which he thinks lays extra burdens on taxpayers and favors private interests? Pope John Paul II in certain respects agrees with Friedman's criticism of big government. Yet in other respects this pope in the same document (1991) raises a counter challenge to him and to individualism. As we reduce government's involvement in the economic sector, increased responsibility for guiding and exercising human rights in the economic sector must be assumed by individuals and various private groups. We ask, secondly, whether CEL would be willing to broaden its conception of justice to assume these kinds of responsibilities. Finally, we ask whether modern economists, who claim Adam Smith as their intellectual inspiration, interpret him correctly. A group of writers (Werhane, 1991, pp. 109, 180; Evensky, 1993; Fitzgibbons, 1995, pp. 140–141) persuasively maintain that many economists, including the Chicago School, misinterpret Smith. While rightly emphasizing self-interest as the motivator, they fail to equally emphasize the ethical dimension, especially justice.

Notes

¹ We recognize the collaboration of Rose and Milton Friedman, but since we refer to works written by Milton Friedman alone, as well as to their joint works, we make attribution to Milton Friedman only.

² CST may be viewed as one form of communitarianism by its insistence on shared public values. Communitarianism, however, is a fairly recent movement, whereas Catholic social teaching has a much longer history.

³ We treat the concepts of the impartial spectator and justice below. ⁴The common good in Catholic social teaching refers to shared public values that persons and groups cooperatively pursue by establishing conditions and institutions that allow individual persons and groups to flourish.

⁵ According to Smith's interpretation of Aristotle, the negative and positive senses respectively of commutative justice ". . . consists in abstaining from what is another's, and in doing voluntarily whatever we can with propriety be forced to do" (1976, p. 269).

⁶ Two issues deserve passing reference here. The first is that it is sometimes tempting to label CEL as consequentialist and CST as deontological. The previous paragraph makes clear that while Friedman may be a consequentialist, Smith might better be thought of as a mixed consequentialist as he refers to intentions and motives as the sole determinants of the morality of an action. Further, the fact that CST considers intentions, the act itself, and its consequences to be important in determining the morality of an action implies that CST is not solely deontological. The second is that since CST regards intentions, the act itself, and its consequences all to be important in determining the morality of an action, then perhaps moral

judgments may be problematic. This may well be; the field of Catholic moral theology certainly has controversy and contestability. Nevertheless, this second issue lies well beyond the scope of the present paper.

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