

# **ECONOMICS**

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An address delivered in the Chapel of St John's College, Winnipeg, Sunday,  
24 March, 1974

## I

Nearly two hundred years have gone by since Edmund Burke's lament for ancient wisdom: 'the age of chivalry is gone. That of sophisters, economists and calculators has succeeded; and the glory of Europe is extinguished for ever'.<sup>1</sup> Though few of Burke's other ideas have made much way with enlightened opinion of the past two centuries, his scorn for Economics has found favour in each succeeding generation. The view persists that the study of Economics is somehow rather low, mean and nasty. Victorians called it the Dismal Science, and associated it with parsimonious Scotchmen and Middle Class Dissenters with provincial accents. Our own age is more severe. Members of the American Economic Association were pained, but not surprised, to be told at their Annual Meeting in 1969

...that economists are the sycophants of inequality, alienation, destruction of the environment, imperialism, racism and the subjugation of women...<sup>2</sup>

To some extent, no doubt, all this is only a last vestige of aristocratic prejudice against trade and commerce and those who engage in these. Economics is supposed to be concerned with profits and losses, hiring and firing, money and banking, dollars and cents. These are rather sordid activities that no gentleman would willingly engage in. The only truly noble activity is to ride about the country on horseback rescuing damozels from other gentlemen.

The prejudice was, and perhaps still is abetted by popular misunderstanding of the Christian religion. According to St Matthew, 'Jesus went into the temple of God, and cast out all them that bought and sold in the temple; and overthrew the tables of the money-changers.' (Matt 21:12) St Paul warns us that 'the love of money is the root of all evil' (I Tim 6:10), and in another passage, describing the duties of a bishop, requires him to be '...not given to wine, no striker, not greedy of filthy lucre...' (I Tim 3:3). Concern for money, or 'filthy lucre', is seen to be unworthy of a Christian. In New Testament times the word for tax-collector, or 'publican', was almost synonymous with 'sinner'.

## II

But there is a deeper sense than these in which Economics gives offense to the cultivated mind; a sense which has very little, if anything, to do with the subject-matter of the discipline.

Strictly speaking, indeed, Economics has no 'subject matter'. It is not a body of knowledge about things like banks and factories and trade unions. It is rather *a method of thought* for coping with certain problems which do occur in banks and factories and trade unions, but which also occur in many other areas of human experience not commonly thought of as 'economic'.

Suppose, for example, that I can spend the evening in any of four ways: playing Bridge, singing madrigals, reading Tolkien to my children, or simply dozing in front of the fire. I enjoy each of these very much and would really like to do all four, but life is too short. I can do either of the first pair and no other, or a sequential combination of the second pair, or (possibly) of three and two. I must choose what seems to me to be the best mix in the light of many factors: the probable availability of singers or Bridge-players, the bargaining power of my children, the moral disapprobation of my wife if I choose the fourth option, and many others.

So far as my choice is rational I will then have performed an *economic* act. By 'rational' I mean a choice that is consistent with all that I presently know and expect about what is available, and how I would rank all possible combinations with respect to each other.

It is in the same way an *economic* act when a General decides to deploy two brigades to intercept the enemy whilst keeping the third to guard his base; or when St John's College decides to confer one honorary doctorate upon the Archbishop of Rupert's Land and the other on the President of the Winnipeg Grain Exchange. In each case someone is required to allocate scarce resources between competing ends: which is precisely what the science of Economics is all about.

I want you to note carefully how very important the concept of *scarcity* is in these examples. In a perfect world I should play Bridge and sing madrigals and read to my children and doze in front of the fire this evening. But this is not a perfect world. There are only four precious hours between the end of the washing-up and bed-time. Likewise, if the General could have his way, he would send all three brigades to find the enemy and keep another whole division to defend the base. But he has only one division to deploy. Similarly, if the College Council could get away with it, they would confer honorary Doctorates of Divinity upon every man, woman and child in the Province who might possibly contribute to the building fund. But to do so would cheapen the distinction and so defeat the purpose.

Leisure time is scarce for me. Soldiers are scarce for the General. Honorary degrees (of any value) are scarce for the College Council. And so we have to *choose*. Choice and scarcity are bound up together. The science of Economics, which studies their connexion, is a constant reminder of the limits set by Nature on our freedom. This, I believe, is the basic reason why Economics and its practitioners are so unpopular. Economists face the facts of the human condition and use reason to make the best of what is inevitably a very bad job. The fact of scarcity, with all its implications, is about as welcome to the average man or woman as the fact of Wolfe's defeat of Montcalm to a member of the *Parti Québécois*. The use of reason only makes it worse, as Burke explains further on in the passage I began by quoting from:

All the pleasing illusions ... are to be dissolved by this new conquering empire of light and reason. All the decent drapery of life is to be rudely torn off. All the super-added ideas, furnished from the wardrobe of the moral imagination, which the heart owns and the understanding ratifies, as necessary to cover the defects of our naked, shivering nature, and to raise

it to a dignity in our own estimation, are to be exploded as a ridiculous, absurd and antiquated fashion.<sup>3</sup>

The iconoclasm of Economics is an affront to something that lies deep in almost all of us. The Victorians hated the Dismal Science, I suppose, because the Malthusian theory of population mocked their false god of Progress. Present-day Marxists and radicals hate what they call 'bourgeois' Economics because it only concerns itself with what *is* and what *can be*; never with what *ought to be*.

### III

Yet all of us, whether radical or not, are sometimes afflicted by intimations of a better world. Political utopians dream of a society in which goods and services are distributed 'from each according to his ability, to each according to his need'. Reformers of every kind present us with plans for the abolition of war, protection of the environment, control of the population, improvement of the species, encouragement of the Arts, and the furtherance of Justice. All of us, however sceptical and world-weary, are compelled to admit if we are honest that the enthusiasts and ideologues, misguided and self-conceited as they may well be, have glimpsed some part of a truth we have failed to see. This world ought not to be a grim and sordid place where millions die in misery and squalor, where the strong exploit and oppress the weak, and where even the strongest live in a Hobbesian state of nature. It ought to be a place where all can dwell in peace and freedom; where poverty, crime and injustice are no more: a world from which the curse of scarcity has finally been lifted.

But no sooner have we put it in this way than we know the dream is hopeless. The laws of the Dismal Science are absolutely binding and unbreakable. All things have a cost. No good thing is obtained in this life without giving up something else. Even if all other things were perfectly abundant, *time* is in short supply, and all too soon we die. Long before that, in most cases, we run up against scarcity in countless other ways.

Many years ago an Irish economist called Vivian Walsh published a remarkable little book called *Scarcity and Evil*<sup>4</sup> which deserves to be more widely known. In it he shows that even in a strictly moral sense the human tragedy is closely linked with the concept of scarcity. Consider a doctor whose patient is a pregnant woman. (The example is mine, not Walsh's.) Suppose he is faced with the choice of aborting the foetus to save the mother's life, or risking the woman's life to save the unborn child. The destruction of human life is in itself a bad thing. Yet in this case the doctor is absolutely compelled by Nature to choose between two evils. It is not for me to say, here and now, which might be the lesser of these two evils. But in any case that is beside the point. What matters is that all of us from time to time, with the best will in the world, are obliged by the fact of scarcity (in its most general sense) to do things that are evil in themselves.

The inescapable necessity of suffering and evil in this world is the constant theme of tragedy. Long before the economists' 'new conquering empire of light and reason', poets and writers of every age and culture had set before us the elements of our situation.

On the one hand we know, or believe that we know, the right and the good. On the other, we see that the right and the good are forever beyond our reach.

The classic statement of the relation between Scarcity and Evil is contained in the ancient Hebrew myth of the Fall of Man. Adam (which simply means ‘Man’, as you know) was created ‘in the image and likeness of God’. (Gen 1:26) The Garden of Eden is a place of freedom and abundance; an image of Heaven, where scarcity is unknown, choice unnecessary, and Economics irrelevant. But something goes wrong. Adam uses his freedom to disobey: and as an inevitable result is expelled from Eden and placed under the curse of scarcity.

...Cursed is the ground for thy sake; in sorrow shalt thou eat of it all the days of thy life; thorns also and thistles shall it bring forth to thee; and thou shalt eat the herb of the field; in the sweat of thy face shalt thou eat bread, till thou return unto the ground; for out of it wast thou taken: for dust thou art, and unto dust shalt thou return. (Gen 3:17-19)

#### IV

In strictly academic terms, this is as far as we can go. If this were a lecture offered by the Department of Economics I should be obliged to stop at this stage; or incur the charge of abusing academic freedom by trying to indoctrinate my students with my own personal beliefs.

The chief glory, and (I suggest) the chief purpose of St John’s and the other church colleges is that we provide a place in this university where the search for knowledge is not required to stop at exactly the point where it starts to be interesting. The object of this series of addresses<sup>5</sup> is to show the relation between certain academic disciplines and the Catholic faith. Economics, as I have shown, is the scientific study of scarcity. The shortest way to make the connexion with Christian faith is to remind you of the passage from St John which has just been read as the Gospel for today, the Fourth Sunday in Lent; the account of a miracle, reported in various forms by each of the four Evangelists, and generally known as ‘The Feeding of the Five Thousand’.

‘Jesus then lift up his eyes and saw a great company come unto him’ (John 6:5); and is confronted with the problem of scarcity in an acute form: for the only food available to feed a crowd of about five thousand, we are told, is ‘five barley loaves and two small fishes’. He makes the men sit down, takes the bread, blesses it, and gives it to his disciples to distribute. Likewise with the fishes. When all had eaten their fill there were twelve basketsful left over.

All the miracles of Christ are acted parables, not least in this case. The most important purpose is not to fill empty bellies. When the Lord sees that the crowd will make him king by force because ‘they did eat of the loaves and were filled’ (John 6:26) he warns them: ‘Labour not for the meat that perisheth, but for that meat which endureth unto everlasting life’ (John 6:27). When they plead with him to give them ‘the true bread

from Heaven' (John 6:32) he answers: 'I am the bread of life: he that cometh to me shall never hunger; and he that believeth on me shall never thirst' (John 6:35).

The Feeding of the Five Thousand is a formal repudiation of scarcity; a sign, or at least a promise, that the curse of Adam is lifted. But St John's Gospel tells us more than that. In the first place, Divine abundance is not offered as a relief from this world's scarcity. This world is transitory and provisional, and the few short years we spend here are little more than Kindergarten for Heaven. Secondly, and even more important, the one and only link between this world of scarcity and the promised world that transcends it is Christ himself. 'I am the bread of life: he that cometh to me shall never hunger; and he that believeth on me shall never thirst'.

I need not point out here, I suppose, that these truths can never be matters of merely scientific inquiry. As Hume remarked with perfect orthodoxy (if doubtful sincerity), 'Our most holy religion is founded on *Faith*, not on reason'.<sup>6</sup>

But with the aid of Christian faith we can take higher ground than would otherwise be possible, and thereby see the relation between what, to the narrowly secular eye, are irreconcilable opposites.

Sophisters, economists and calculators are right. In this world there are no free goods. Even breathing fresh air costs time and energy. Wisdom lies in recognising the limits set on our freedom by Nature, and learning to live as rationally as possible within them.

But Burkean Tories, Victorian Liberals and Marxian radicals are also right. Men and women are surely made for something better. It is morally outrageous that we should be for ever bound by the iron laws of the Dismal Science.

The economist sees clearly – all too clearly, the radicals would say – the grim reality of the Fall of Man. The radical romantic senses vaguely – all too vaguely, the economist would say – the glorious possibility of Redemption. But with the stereoscopic sight that faith affords we can bring the two pictures into focus and so perceive the extra dimension that either lacks.

The Fall is true. Redemption is true. But Redemption is unimaginably larger and more glorious than any earthly expedient for multiplying loaves and fishes. For 'Jesus said unto them, I am the Bread of life: he that cometh to me shall never hunger; and he that believeth in me shall never thirst.'