
**DISTRIBUTISM AND
MARGINAL PRODUCTIVITY
The Application of Natural Law
to Public Finance**

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1. Introduction – Distributists versus Marginalists

The application of ethical principles to public finance, and more particularly, an analysis of public finance in terms of “natural law theory,” are not widespread undertakings. Natural law and the idea of the common good are prominent in Catholic social teachings, often under the rubric of “distributism,” especially since *Rerum Novarum*, and its follow-on Encyclicals in the twentieth century. There has been little discussion in that tradition of particular fiscal policies. In many respects this is deliberate. The Catholic social justice tradition has eschewed such proposals as beyond its capabilities – an unacceptable interference in the deliberations of governments and the democratic consensus. Rather social justice is often conceptualized as providing the broad principles for the flourishing of just economic institutions within the overall context of a Christian life. The studied neglect of particulars has often led critics to accuse proponents of Catholic social teachings as engaging in vacuous generalities mewing for specific policy proposals.

The so-called marginalist revolution in economics began swiftly and intensely in the early 1870s. Diverse luminaries, such as Leon Walras, Carl Menger, Friedrich von Wieser, Stanley Jevons, Alfred Marshall and John Bates Clark advanced a vision of economic science that was distinctly anti-classical, i.e. *contra* Adam Smith, David Ricardo, Karl Marx and John Stuart Mill, distinctly antagonistic to economics as an integrated social and political undertaking, stridently mathematical and suavely homogenizing in its dealings with the unique factors of production. The intellectual indifference to the condition of humanity and to the need for dignity in labor that seemed to be a consequence of marginalist theory, and the existential horror of rapid industrialization and urbanization, led to the forceful Catholic response found in *Rerum Novarum*. Nevertheless, natural law, in its various articulations, continued to