The Capitalist Spirit: Toward a Religious Ethic of Wealth Creation

Peter L. Berger, ed.

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Several months ago I enjoyed a television program on Bill Gates, founder and president of computer software giant Microsoft Corporation, whose entrepreneurial enterprise has made him a billionaire. Despite the predictable attempt by network news producers to vilify him for the usual class reasons, Gates came across as far less ambitious for or attached to money than most people who have little, a man having great fun just doing what he most likes to do and, incidentally, serving millions of people in the process. For Gates, business, finance, and economics seem a lighthearted game. I can't imagine him behaving like Chrysler Corporation Chairman Lee Iacocca, whose recent invectives against Japan give the impression more of a spoiled brat who can't stand to lose than of a mature adult. Perhaps that's because Gates has enough of the child in him to enjoy the game, while Iacocca doesn't even know it's a game anymore.

Gates is not alone among the weathy in his insouciance toward wealth. When the stock market crashed in October, 1987, Wal-Mart Stores Inc. founder and late Chairman Sam Walton lost, in a single day, a couple of billion dollars. Asked repeatedly by reporters, "What's it like to lose that much money in a single day?" Walton repeatedly responded, "It's only paper." Strangers found it hard to believe his easy-come, easy-go attitude, but his lifelong neighbors in Bentonville, Arkansas—just a few miles from my home at the time—found it consistent with everything they knew of the man who still drove around in his old Ford pickup wearing blue jeans and a battered cowboy hat and showed up unscheduled at Wal-Mart stores to greet customers and gather carts in parking lots. Sam, as everyone in northwest Arkansas referred to him, was just being honest. While he played the game with gusto, he knew it was a game.

Unfortunately, most economists, and most theologians writing about economics, have lost sight of the game—myself, I confess, all too often

Reviewer

E. Calvin Beisner is author of Prosperity and Poverty: The Compassionate Use of Resources in a World of Scarcity *and* Prospects for Growth: A Biblical View of Population, Resources, and the Future. *He is a Visiting Lecturer at Covenant College, GA, in economics, government and public policy.*

among them. We take economics too seriously, if the perspectives of Koheleth in Ecclesiastes and Paul in 2 Corinthians (and elsewhere) are any measure. Consider Paul's attitude:

> But this I say: He who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. So let each one give as he purposes in his heart, not grudgingly or of necessity; for God loves a cheerful giver. And God is able to make all grace abound toward you, that you, always having all sufficiency in all things, may have an abundance for every good work. As it is written: "He has dispersed abroad, He has given to the poor; His righteousness endures forever." Now may He who supplies seed to the sower, and bread for food, supply and multiply the seed you have sown and increase the fruits of your righteousness, while you are enriched in everything for all liberality, which causes thanksgiving through us to God (2 Cor. 9:6-11).

Must we always take Jesus' remark, "The poor you have with you always" in such a melancholy manner, or might we, granted its timing, recognize in it a humorously casual attitude that grows out of a vaster perspective on life and time?

Such thoughts occur to me after reading Richard John Neuhaus's delightful essay "Wealth and Whimsy," the last in *The Capitalist Spirit,* edited by Peter Berger. "Economics," Neuhaus writes, "…appears as the dismal science precisely because it is in such stark contrast to the freedom of economic activity, which is anything but dismal. Efforts to theologize economics tend to produce dismal theology" (pp. 144-5). Amen to both assertions.

Unfortunately, although there are some excellent essays in *The Capitalist Spirit,* there are also some examples of the "dismal theology" and "dismal economics" that too readily come from theologians trying to theologize economics. First the bad news.

Laboring through the details of Talmudic law in David Novak's "Economics and Justice: A Jewish Example" makes it all too apparent why Jesus rebuked the Pharisees and scribes by saying, "All too well you reject the commandment of God, that you may keep your tradition…making the word of God of no effect" (Mark 7:9,13). Novak, a congregational rabbi, professor of modern Judaic studies at the University of Virginia, and scholar of Jewish law and ethics, struggles laboriously to bring Talmudic law and mishnaic commentary on lending to life. The patient was dead on arrival.

Novak is concerned chiefly with the sabbatical year law of debt discussed in Deut. 15. According to Novak and rabbinic tradition, "All loans during that year were to be canceled" (39). The obvious problem with such a requirement, which has prevented many economists from taking Biblical law seriously, is that it creates an instant incentive for borrowers to default on their debts, which naturally means that lenders will be unlikely to lend. All a borrower need do is wait until the sabbatical year, and—voilà!—his debt is canceled!

Novak explains the tortuous machinations the rabbis, particularly Hillel the Elder in the first century B.C., employed to escape this requirement. Hillel introduced "a procedure called *prosbul* to enable the repayment of loans during the sabbatical year without literal violation of the biblical law" (p.40). The procedure was for a lender to say before a court, "I herewith turn myself over to you judges X and Y in such and such a place, that any debt owed me I may collect at any time I want." This had the effect of putting the court in charge of collecting the debt, and since the court was an impersonal institution and the law addressed only persons in personal relationships, the court was exempt from the law and could collect the debt. (One might as well argue that since the commandment not to murder addresses persons in personal relationships, one may get around it by hiring an institution to do

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With all the genius of the Pharisaical school that could condemn Jesus for healing a man's hand on the sabbath, Hillel—and following him the whole history of rabbinic ethics—missed the real meaning of the sabbatical law and, finding the counterfeit meaning unlivable, dreamed up a method of avoiding it that violated the real meaning.

In reality, the sabbatical law did *not* require the *cancellation* of debts during the sabbatical year—*pace* modern English translations that make it appear that it did. A literal and non-prejudicial translation of Deut. 15:1-3 is "At the end of seven years you shall *make a release*. And this is the form of the *release*: every creditor who has lent anything to his neighbor shall release it; he shall not require it of his neighbor or his brother, because it is called the LORD's release. Of a foreigner you may require it; but you shall release your claim to what is owed by your brother." Nineteenth-century commentators C.F. Keil and Franz Delitzsch point out that the law, particularly in its use of the Hebrew *shamat* (verb) and *shemittah* (noun), meaning "release," "points unmistakably back to Ex. xxiii. 11" and so "must be interpreted in the same manner here as there." Ex. 23:11 instructed, "...the seventh year you shall *let* [your land] *rest (shamat)* and lie fallow." "And as it is not used there to denote the entire renunciation of a field or possession," Keil and Delitzch observe, "so here it cannot mean the entire renunciation of what had been lent, but simply leaving it, i.e. not pressing for it during the seventh year."[1] The *shemittah* required was temporary, just as the weekly sabbath rest and the seventh-year sabbath for land and workers was temporary.[2] Observing the law simply lengthened the time needed for debts to be repaid, which might tempt some potential lenders to grumble but would not dry up all loans, particularly if, as seems likely from the context (Deut. 14:22-15:18), the law applied solely to emergency loans to help the poor, not to commercial loans.

Because pre-Christian rabbinic tradition mistook this law, as it mistook so much of Biblical law, the rabbis sought a way around it. But *prosbul* eviscerated the law by enabling leaders to collect—through the legal fiction of the court as impersonal institutional third party—debts even from the poor during sabbatical years.

Novak's point in discussing *prosbul* is to illuminate the contribution of rabbinic tradition to the development of market institutions, particularly commercial lending through which capital could be applied to the most needful of enterprises. True—but it hardly warrants such painful wanderings in the wilderness of Talmudic law.

Novak's belabored chapter follows on Robert M. Grant's "Early Christianity and the Creation of Capital," first in the book, a plodding tour of some of the more obvious Biblical and early patristic comments on wealth. Grant ignores some of the more pregnant passages, such as Prov. 22:7, "The rich rules over the poor, and the borrower is servant to the lender"—from which a great deal of sound inference may be made about the importance of capital formation. He mishandles other passages, like the parable of the great banquet in which Jesus represents some people as refusing the invitation because they had just bought field or oxen or had just married. Of this Grant writes, "Luke [sic] criticizes those who offer typical excuses for not working, such as the need to visit a field just bought or to examine oxen recently acquired, or the fact of a recent marriage" (p. 11). Far from a criticism for not working, Jesus' comment condemns the first two for putting their commerical concerns ahead of entry into the Kingdom of God.

Grant's discussion of the parable of the talents, one of the most fertile for economic thought, is shallow and abbreviated at best, characterized by the failure to infer *anything* from "the rather cryptic moral" with which Jesus ends it, "more will be given to him who has, but even what he has will be taken from him who does not have." Grant sandwiches into his article an interesting discussion of Roman wealth and attitudes toward it. The upshot of his essay is that early Christianity paid little attention to capital formation and tended toward an other-worldly perspective that contributed little to economic betterment.

Now the good news. In bright contrast to Grant's and David Novak's essays is Michael Novak's (no relation) "Wealth and Virtue: The Development of Christian Economic Teaching," in which the author of *The Spirit of Democratic Capitalism* and other seminal books drives, through a history of Western thinking on the ethics of enterprise, to his now well-known but by no means exhausted insight that God's making humans in His image implies His making them "to become creators." "There is clearly a need for a full-fledged ethic of wealth production," he writes, "for economic systems designed to encourage such production, and for the practices and habits that allow it to take place and that make it humane" (p. 78). The full realization of God's image in man implies that "Every man and woman has a fundamental right to engage in personal economic enterprise," and "Existing systems should be scrutinized in the light of how they assist, or block, the exercise of that right" (p. 79).

People who, like me, suspect that there is more agreement than disagreement with Christian ethics in the economic moral philosophy of Adam Smith and even David Hume[3] will find Michael Novak's extended discussion of their ideas (pp. 61-74) enlightening and refreshing.

Novak summarizes nine arguments that Hume, Smith, and others set forward in favor of the turn toward capitalism: (1) The commerce inherent in capitalism opened up possibilities for self-improvement and action to a world once dominated by poverty and stasis. (2) "… by ending dependency, the rise of commerce and industry would awaken the rural poor out of the slumbers of idleness." (3) Commerce directs energies away from war and the redistribution of wealth and toward cooperation and the production of wealth. (4) Commerce brings people together in fertile mixes. (5) "…a commercial society would mix together the ancient social classes," lowering or even eliminating class barriers—a fact to which the great socio-economic mobility of market societies attests. (6) Market activities bear fruit in increases in popular knowledge, skills, and specializations. (7) "…markets require forms of civilized behavior: patient explanation, civil manners, a willingness to be of service, and a willingness to reach satisfactory mutual consent." (One can hardly think of a more fitting reason to exclude Iacocca from the ranks of capitalists than this.) (8) "…the replacement of agrarian ways (with their relative isolation and taciturnity) by commercial ways (with their city bustle and rapid talk) tends to awaken one of the most precious, high, and rare forms of moral development: the civic need for the virtue of sympathy"—by which Adam Smith meant not empathy but "getting out of oneself imaginatively and actually seeing and feeling the world from a perspective not one's own—not exactly as that other person happens to be seeing it, but as a ideal observer from that person's perspective might see it." (9) The pursuit of the virtue of sympathy "helps the person of commerce to be a little more objective than others, to see a little farther, and to discern needs and possibilities that have not yet been served" (pp. 64-8).

Hume and Smith, Novak insists, were no starry-eyed idealists. They never lost sight of human depravity. But they saw in commerce a means of taming and directing the passions by providing for them "a new focal point: the development of wealth from commerce and industry."

> They argued that the powerful and the passionate could obtain in an orderly way the very fruits that they had been seeking through anarchic and warlike means. Commerce and industry would

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yield them an abundance and material comfort far beyond their present rough and often harsh daily circumstances, while simultaneously energizing and empowering the large populations of the rural poor. It would require peace rather than war, and it would require respect for the law; only under these conditions could long-term commercial and industrial contracts be carried out and international commerce raise the standard of living for everyone [pp. 70-71].

One can only hope that Novak's essay will spur many readers to explore Smith's *Theory of Moral Sentiments* and Hume's E*ssays, Moral and Political.*

George Weigel, in "Camels and Needles, Talents and Treasure: American Catholicism and the Capitalist Ethic," argues persuasively that Catholic theological ethics stood, at the time of his writing, at an opportune moment for reassessing capitalism and recognizing its liberating and civilizing tendencies. His attempt to present past American Catholic thought as moderately friendly to capitalism would be less convincing if it were not for the appearance, since he wrote, of Pope John Paul II's *Centesimus Annus* (1991), which (drawing heavily and at times obviously from Michael Novak) largely endorsed capitalism and the ethic of wealth creation. *Centesimus Annus* fairly slams the door on the pro-socialist interpretations of such earlier encyclicals as *Laborem Exercens* and *Sollicitudo Rei Socialis,* which were ambiguous until the Pope himself drew from them the implications he apparently intended. Particularly helpful is Weigel's exploration of how the phrase "preferential option for the poor," now solidly embedded in Catholic moral philisophy and usually taken to demand a socialist or redistributivist turn for the economy, can be understood instead, granted the record of history, to suggest a preference for capitalism instead.

The most feisty essay in the book, Walter Block's "Private Property, Ethics, and Wealth Creation," is a systematic apologetic for libertarianism along traditional lines: (1) basic premise, self-ownership (at least in inter-human relations, although Christians recognize that under God we are only stewards, not owners, of ourselves); (2) private property must be "safe from invasion." "The real question," Block insists, "is not whether human beings have property rights; it is, rather: How shall they be divided up? May they be individual, or must they be communal?" (p. 109). His answer: they cannot be communal, for that requires either autocratic control by one or a few at the top or the impracticable necessity of polling every human being alive before taking action anywhere. Again following traditional libertarian lines, Block argues that the real conflict is not between capitalism and socialism, with either of which libertarianism *may* be consistent so long as the relationships involved are voluntary rather than forced, but between voluntarism and coercivism. Granted his suppositions, Block's logic drives inexorably to his conclusions: that all governmental interventions into the market other than to police it against coercive violations of persons and property are illegitimate, including the vast majority of regulation, all subsidies, and of course forced wealth redistribution.

Particularly important is Block's discussion of the distinction between negative and positive ("welfare") rights (pp. 122-6). "Traditionally, negative rights were derived from the right to be free of violence" and fleshed out "the nonaggression axiom." Positive rights, however—"to food, clothing, shelter, meaningful experiences"—"are communal 'rights,' for the enforcement of which a coercive socialist state is needed." Through several points of contrast, Block argues that negative rights are legitimate, but positive rights are not: (1) Negative rights are timeless. A... caveman had a right to be left alone [and so do we today]. The same does not hold for positive rights. Did a caveman have a right to a modern level of food, clothing, shelter, and medical care?" (2) Negative rights are realistic and realizable; positive rights are neither. In theory, "We could, if we all resolved to, keep our mitts to ourselves and not murder, rape, or commit mayhem on other people.... But could we, merely by resolving to, achieve a world where all positive-rights obligations are being met? No. It is simply impossible...to give everyone in the world...the same level of income that North Americans now enjoy." (3) A negative-rights view suffers no trouble from the fact that natural forces sometimes destroy persons' property, health, and even lives; but a positive-rights view, which insists that all have a right to equal conditions, is forced to say that hurricanes violate people's rights when they smash their homes. (4) Negative rights admit that changing pesonal conditions may be legitimate, but under positive-rights theory one person's increase in any good implies another's relative diminution—since positive rights are not merely equal rights but rights to equal things. (5) The positive-rights view destroys the very concept of charity, for the recipient may legitimately claim that any excess in the giver's wealth over his own violates his positive right to equality of condition. (6) Negative rights can truly be equal (all have an equal right not to be molested), but positive rights cannot, since there are differences of condition that simply are not susceptible of equalization. Furthermore, advocates of positive rights cannot justify either (a) limiting the equalization of wealth to any geographic boundaries ("A welfare system that would make the North American recipient a very rich person indeed were he to live in Bangladesh can hardly be justified, especially on the egalitarian grounds of the welfare rights philosophy"—p. 125), or (b) limiting equalization merely to wealth, which, after all, is less important to human happiness and dignity than such things as intellect and talent:

> Suppose there were a machine that could transfer IQ or beauty or talent from one person to another. Should we force those who havemore of these attributes to share them, via this machine...? That would be real equality, compared to which the cry for transfers of money from rich to poor pales into insignificance. Such a nightmare vision of positive rights is of course not compatible with negative liberty. Rather, it is part and parcel of a brave new world of indistinguishable, interchangeable human beings. That is where the philosophy of forced egalitarianism leads us to, ultimately" (p. 125).

Block's closing argument that libertariansim is compatible with Christianity seems an afterthought and amounts to a rather shallow (if true) appeal to the commandment "Thou shalt not steal." He relegates to an endnote (pp. 164-5) the discussion of whether, and to what extent, our belonging to God rather than solely to ourselves might color our understanding of self-ownership and self-determination. His insistence there that "we are each stewards of our own bodies, answerable only to God for how we treat them; no power on this earth—religious or secular—has the right to interfere with how we treat ourselves, for to do so would be to trespass on the relation between human beings and God" betrays an almost absolute incomprehension of Biblical covenantalism, in which Scripture teaches obligations toward others through covenantal relationsips that go beyond mere nonaggression.

The Capitalist Spirit contains some excellent and some poor essays. The worth of the former makes the book worth study by Christians interested in economic ethics. ■

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1 C.F. Keil and Franz Delitzsch, *Biblical Commentary on the Old Testament,* 25 volumes in 10 (Grand Rapids: Eerdmans, 1976), *The Pentateuch,* vol. 3, p. 369.

2 See the extensive evidence for this view in E. Calvin Beisner, *Prosperity and Poverty: The Compassionate Use of Resources in a World of Scarcity* (Westchester, IL: Crossway Books, 1988), pp. 58-62.

3 Although Hume has the reputation of an atheist or an agnostic, it is more likely that he was a theist whose arguments for theism ran along the lines of Joseph Butler: practical and common sense. See J.C.A. Gaskin, *Hume's Philosophy of Religion* (New York: Barnes & Noble, Library of Philosophy and Religion Series, 1978).