

*Doing Well and Doing Good:  
The Challenge to  
the Christian Capitalist*  
by Richard John Neuhaus

New York: Doubleday, 1992. ISBN: 0-385-42502-3, \$22.

This is a difficult book to review. It is about the economy but there is very little economics in it. It is an interpretation of Pope John Paul II's encyclical, *Centesimus Annus*, but it comes across as neoconservative "spin" control. It is meant to be a presentation of Catholic Social Thought (CST) but Neuhaus's personal economic predispositions keep intruding. It is loosely organized with excursions into theology, history, church discipline and so on, all with cool logic and flights of rhetoric juxtaposed in a fascinating if ultimately unsatisfying mix.

The book jacket and promotion literature are misleading. They say: "The spirit...is calling for a very new thing: to make money—even lots of it.... There is nothing bad to say about hustling to make a buck...it benefits everyone if you do." The text of the book is more sophisticated than that. "Hustling to make a buck" is good *if* done honestly and morally. However, no attention is given to distinguishing between moral and immoral business behavior. His one example of Michael Milken becomes an attack upon limiting incomes no matter how high. The book is not concerned about grappling with business ethics. More accurately it is concerned with promoting "the clear conclusion...that capitalism is the economic corollary of the Christian understanding of human nature and destiny" (p. 184).

At its core the argument goes like this: CST has always condemned socialism and been suspicious of free market capitalism. But capitalism has changed and in its new form of democratic capitalism (as in the United States and Germany) is embraced (if conditionally) by Pope John Paul II. A free economy is necessary for political liberty and is the source of the creativity that drives economic growth. That freedom of initiative and consequent economic growth make possible the reduction of poverty and the opportunity for human development. The agents of this creativity and growth—capitalists—do good while doing well. Thus they are doing God's

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**REVIEWER**

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work of co-creation and should be seen as such.

Clearly, "doing business" should be seen as an activity that needs to be informed by Christian values. Also, clearly, *some* business activity increases the common good but that *does not* make every act of business holy or even acceptable. Putting waitresses on split-shifts and keeping their hours worked below the minimum required to earn health care and retirement benefits, while good competitive practices, seriously impair family life and human development.

In addition, market failures such as imperfect information, externalities, public goods, unequal opportunities, and monopoly mean good individual actions can result in bad economic outcomes. In fact, a partnership between government, business, and intermediate institutions such as labor unions is necessary to get the most out of the capitalist system.

Neuhaus agrees that markets must be controlled—sometimes—but his argument is always in the abstract. On the other hand, his arguments against controls are richly detailed and concrete. The key to his position is the argument that it is not the market system that causes problems, but rather human sinfulness. Attempts to apply economic and political remedies usually make the problems worse:

One need not believe that capitalism is driven by nothing more than greed in order to recognize the ugly dynamics of greed that both drive and corrupt the free economy. To recognize such wrong is not the same thing as having a remedy for it. *Centesimus* underscores in many ways the danger of remedies for the abuse of freedom that turn out to destroy the free economy itself. Contrary to libertarian ideology, John Paul knows that the market is not always self-correcting. The answer to the abuses of the free market is not always to be found in the economic system, he says, but is finally moral and spiritual. Those who want a technical or

legal fix for human sinfulness will find that answer unsatisfactory (p. 195).

A few pages earlier Neuhaus says: "If one believes that the origin of all goods and creativity is in the conjunction of divine grace and human freedom, it should not come as a surprise that there is a *benign* pattern in how the world works... except when human sin and stupidity get in the way of its working" (p. 190, emphasis added). Thus the focus is not on structural or systemic characteristics of capitalism but on individual human behavior that is shaped culturally and morally but not, apparently, economically.

One way of understanding Neuhaus' interpretation of *Centesimus Annus* is as neoconservative "spin control." For example, when discussing John Paul's condemnation of consumerism, he says: "The question is not, certainly not most importantly, a question about economics. It is first of all a cultural and moral problem requiring a cultural and moral remedy" (p. 52-3). This overlooks the fact that a continuous expansion of sales, including thorough product diversification, planned obsolescence and style changes, is the heart of a profit-driven economy.

Later he admits that John Paul is not against systemic and structural change, "rightly understood." How is it to be rightly understood? "The 'new capitalism', what Berger calls 'the capitalist revolution' ...is now to be embraced as the cause of social justice" (p. 214). However, in CST there is more to structural and systemic change than this.

In commenting on the problems of economic development, John Paul II

...calls for a concerted worldwide effort to promote development, an effort which also involves sacrificing the positions of income and power enjoyed by the more developed economies.

This may mean making important changes in established lifestyles, in order to limit the waste of environmental and human resources, thus

enabling every individual and all the peoples of the earth to have a sufficient share of those resources (par. 52).

Neuhaus interprets the phrase, “sacrificing the positions of income and power enjoyed by the more developed economies,” as meaning faster growth in poor countries than in rich ones causing a consequent decline in the relative income of the advanced countries. This is certainly a convenient interpretation for Neuhaus’ neoconservative position. His interpretation of “important changes in established lifestyles” is even more ingenious. He writes: “...the sentence about ‘established lifestyles’ is most likely a vestigial rhetorical fragment that somehow wandered into the text and is notable chiefly for its incongruity with the argument that the Pope is otherwise making” (p. 224).

Neuhaus uses the device of calling policies he doesn’t like socialist or totalitarian, and since CST has condemned them, that is the end of that. For example, he refers to the “frankly socialist” (p. 234) policy of redistributing wealth with no further argument needed. Or again: “John Paul says that the state cannot arrange to give everyone a job because to attempt to do so would mean taking control of the entire society. *That, of course, is what totalitarianism attempts to do*” (p. 263, emphasis added).

One of the more frustrating devices that Neuhaus uses is to imply or suggest rather than directly argue a point. For example: “The theory of the state that is propounded *sometimes sounds* very much like what political scientists call the ‘night watchman’ state or ‘umpire’ state” (p. 248, emphasis added); “Vatican-watchers have opined” (p. 137); “At places he seems to be suggesting” (p. 257).

Neuhaus correctly points out that at the core of our social and economic problems are the decline of religious faith and moral values, the weakening of the family, and the decline of mediating institutions such as local churches, neighborhood associations, and so on. His claim

that the cause is the expansion of state activity in education, welfare, and economic regulation is more dubious and certainly not sustained by careful argument or presentation of evidence. He ignores the possibility that free markets may contribute to these problems through the need for labor mobility, competitive practices that result in declining real wages that require additional wage earners per household to maintain living standards, and an elevation of self-interest that erodes morally based cooperative behavior.

Neuhaus also doesn’t discuss what life was like for the majority of people before government intervention in economic life when the only “safety net” was private charity. His claim that “voluntarism in America, always strong, has dramatically increased in recent years” (p. 270) is presented without argument or evidence. To expect private individual efforts to take care of our problems is unsubstantiated. In addition, Christians have communal obligations not just personal ones.

This is not to claim that government programs work well. Many do not. Neuhaus’ one policy suggestion should be carefully considered: “In education, child care, and care of the elderly, for instance, devices such as tax credits and vouchers can financially enable families to better assume responsibility for their own” (p. 271). Whether this approach would work remains a much debated issue.

Two questions need to be addressed: Is John Paul’s application of faith to the economy well done and is Neuhaus’ interpretation of John Paul accurate? In terms of the first question, Neuhaus does not take a critical stance but rather acts as an expositor. The second question is important for anyone deciding to read Neuhaus’ book.

The claim made by Neuhaus that Pope John Paul II is a convert to something called democratic capitalism is strange because in fact *Centesimus Annus* differs little from the past 100 years of CST, which has always condemned state socialism *and*

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free market capitalism, as does Pope John Paul II. It has always pointed to, explicitly or implicitly, a socially regulated market system, as does Pope John Paul II. It has never been socialist like some versions of liberation theology. It has never condemned profit making as such, only its abuses. It also has lauded the role of private property in protecting political liberty and for providing incentives for production (See Pope John XXIII, *Mater et Magistra*, pars. 57, 109-112 ).

In the light of the collapse of communism in Eastern Europe, Pope John Paul II recommends use of markets for efficiency but warns of the risk that a “radical capitalistic ideology” could spread (*CA*, par. 42) that refuses to acknowledge that social regulation is necessary to achieve a truly human society. If it is claimed that Pope John Paul II has “baptized” capitalism, of whatever variety, as the theologically correct system, wishful thinking has been substituted for critical reading (*CA*, par. 43).

In this country, both liberals and conservatives support markets. The economies of Sweden, Germany, Japan, South Korea, France, South Africa, and Brazil are all built upon markets. The issue that divides people is how much and what kinds of social regulation are appropriate, how much trade-off is there between efficiency and equity. There is little in *Centesimus Annus* to support the free market policies of the U.S. in the 1980s and much that would oppose the burdens placed upon the poor by those policies.

If Neuhaus is in fact defending socially regulated capitalism against socialism, he is setting up a “straw-man.” CST has always taken that position. If he is defending free market capitalism against socially regulated capitalism, he will find little support in *Centesimus Annus*. If he is defending less social regulation over more, he is no longer dealing with theological issues but with prudential judgments over which equally orthodox Roman Catholics, not to mention other Christians and people of good will, can disagree. ■