

It is a mistake to pit, as some do pit, modern individualism against a more organic Catholic understanding of community. Rather should we enter into a sympathetic liaison with the modern achievement of the idea of the individual, grounding it more firmly and richly in the understanding of the person destined from eternity to eternity for communion with God. The danger of rejecting individualism is that the real-world alternative is not a Catholic understanding of *communio* but a falling back into the collectivism that are the great enemy of the freedom to which we are called (p. 296).

In the view of Neuhaus, *Centesimus Annus* achieved a fruitful and realistic synthesis between the ideals of liberal individualism and those of conservative communitarianism. This is a synthesis that affirms the value of the human person over against all oppression.

Neuhaus argues further, following the pope, that liberal individualism cannot ultimately be protected by the legacy of modernity. Rather, it can be preserved only by the recognition that “the individual, the family, and society are prior to the State” (John Paul II, cited by Neuhaus, p. 300) and that the state is subject to a higher authority. Without such a recognition, the modernist-liberal project of social change ultimately gives way to oppression. Neuhaus writes, “The unlimited state, whether based on Marxist atheism or the engineering designs of Enlightenment rationalism, aspires to totalitarian control” (p. 300). In the pope’s words, “As history demonstrates, a democracy without values easily turns into open or thinly disguised totalitarianism” (cited by Neuhaus, p. 302).

The battle today is over the soul of liberalism.

## Reference

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## **Capitalism, Wealth and Poverty: How Should Christians Evaluate the Liberal Economic Order and its Consequences?**

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**G**iven the apparent historical triumph of capitalism, how should Christians react? Some view market capitalism as incompatible with Christian moral and social teaching, blaming it for contributing to income inequality and poverty. Others defend capitalism because it, more than any other economic system, facilitates wealth creation

and has enabled millions to escape from poverty. Christians continue to differ in their views about the role that the state should play in redistributing income and promoting justice in labor markets.

How should Christians evaluate the liberal (free-market) economic order? Does it contribute to human flourishing or is it a system that is fundamentally flawed? Is capitalism an integral part of a system by which technology masters human nature rather than serving human needs? These and other important issues are debated in *WPHD*. Half of the authors argue that a free-market economic system is beneficial to the poor and essentially compatible with Christian teaching. The remaining essayists view the dominant capitalist economic order as inherently flawed. They “regard it as depending on a philosophical liberalism that is not neutral but fundamentally opposed to Christian theology and social thought” (p. viii).

Bandow lists some of the important economic questions considered by the essays. What explains the prevalence of poverty and inequality in a world of growing wealth? Does free market capitalism help or hurt the poor and powerless? The essays also raise questions about the amount and nature of freedom that is desirable as well as the appropriate institutions and regulations that should be used to facilitate and constrain freedom.

Bandow’s group of authors construe contemporary open, market economic systems as generally good for the poor. In their essay Stackhouse and Stratton assert that “the ‘free market’ usually provides the best opportunity for individual human development and for increasing social participation of groups living in poverty” (p. 431). Schindler’s group of authors generally disagree with the above statements. They raise questions about what are appropriate goals for an economic system, the anthropology implicit in the liberal economic order, and whether its outcomes are just. In a summary essay, Schindler challenges the views of the first group of authors, raising questions about the meaning of key terms, such as “open,” “good,” “free,” “poverty” and “social participation” (p. 348).

This review discusses some of the consequences of the liberal economic order in light of the essays in *WPHD*, with particular emphasis on whether free markets benefit the poor or result in widespread poverty and injustice. In discussing wealth and poverty, some of the authors not only consider the question of how to raise the living standards of those who suffer material poverty, but they also discuss the conditions that lead to ontological “poverty,” the lack of meaningful participation in society. Several of the critics of capitalism question the very conceptions of wealth and poverty

that are prevalent in the liberal market economy. This review essay also considers the argument that the liberal market order, with its emphasis on freedom, results in a technological dynamic that impoverishes us all by fragmenting people's relationships to God, others and the environment.

The remainder of this essay is divided into three parts. The next section considers the problems of poverty and income inequality and what role the state should play in relation to the market in addressing these problems. Following that I discuss the relationship between capitalism, technology, and the environment and how that influences human wellbeing. The concluding section ties the issues together in addressing the broader question of the compatibility of Christian thought with an economic order based on free markets.

### **I. Wealth, Poverty, and Inequality**

In the first essay, Hill presents the case for a system of limited government in which the distribution of wealth is the result of free exchange in the market. His argument has three components. First, concern for material inequality is a harmful distortion "of an appropriate and laudable human motive, a desire to help the infirm, the suffering, and the unfortunate" (p. 1). Second, redistribution of income requires inequality of political power, which is a source of far greater injustices than income inequality. Third, redistribution involves structuring the rules that govern economic interaction in such a way as to inhibit wealth creation, which is the most important means of poverty amelioration.

Hill uses public choice theory and evidence as the basis for a convincing argument against redistribution of income by means of government programs. Evidence shows that economic growth has resulted in reduced poverty in those parts of the world where there is "strong but limited government that enforces the rule of law, freedom of contract and private property rights" (p. 13). He does not deny that those who are well off have a responsibility to help those who are less fortunate, but emphasizes that wealth creation is the best way to fulfill that responsibility.

A very different view is expressed by Long, who emphasizes the poverty and inequality that result from the exploitative practices of some corporations. He argues that Christianity "must continue to be open to socialism in a way that it cannot be open toward capitalism" (p. 101). Long describes two corporations to help explain how theology might inform an understanding of economic exchanges. The first corporation he describes operates a lobster and shrimp plant off the coast of Honduras. The workers

earn only 75 cents per hour, resulting in a tremendous disparity between their living standards and that of the owners of the plant. He concludes that this corporation is unjust, engaging in what are obviously corrupt practices. The second corporation that he describes treats its employees well and contributes much to the community in which its plant is located.

There are two problems with the views of capitalism and justice presented by Long. First is the question of what constitutes injustice. Referring to the example of the lobster and shrimp plant, Bandow argues that the disparity in wealth between the owners of a firm and its workers is not necessarily proof of injustice. Long assumes that the wickedness of this corporation should be obvious to all, but does not specify any standard by which to identify corrupt practices or unjust wages. The Scripture nowhere specifies a standard of justice that is based on abstract income and wealth distribution. While Colossians 4:1 seems to imply that workers should be paid fair wages, large disparities in income and wealth might be defensible based on differences between what the owners and workers contribute to the enterprise, including the amount of money invested and the risks taken. While agreeing that the poverty of the workers is unacceptable, Bandow points out that the situation calls for charity, arguing that the rich factory owners have an obligation to be generous to their poor neighbors. The owners' possession of wealth, however, does not necessarily mean "that they have sinned in their economic relations" (p. 334).

Long is critical of "Adam Smith's stoic theology" that views the kind of exchanges found in the lobster plant as a "social fact." This stoic theology leads some "to accept the idea that there is an economic providence intrinsic to social reality whereby sacrifices are required by some for the sake of a future development that will justify those sacrifices" (p. 100). He contrasts Smith's theology with Catholic social teaching and its commitment to the just wage and the concept of intrinsic evils. The flaw in Long's analysis here is that he attributes the low wages of the workers to the actions of the owners of the corporation, rather than the lack of alternative economic opportunities. By implying that the corporation is to blame for the poverty of the workers, Long fails to consider the possibility that the decision of the plant owners to invest in an area where there is such poverty likely raises the workers' living standards.

The second problem with Long's exposition of inequality and injustice is his view that socialism might make it possible to substitute "a noncompetitive system in which the interests of owners, shareholders, and workers need not—by some necessity of a natural social fact—be pitted against each other" (p. 101). This is a utopian view that reflects

a fundamental misunderstanding of human nature, scarcity, socialism, and capitalism. As Bandow notes, “socialism, by concentrating power and surrendering the economy to political control, intensifies social competition and conflict”(p. 312). While socialism relies upon coercion, cooperation between owners of capital and workers characterizes a free market economy. In a free market, owners of a business firm are not likely to be very successful in the long run if they see themselves as competing with their workers.

Cavanaugh in “The Unfreedom of the Free Market” argues for a positive definition of freedom that goes beyond the opportunity to engage in informed voluntary exchange. Freedom should be evaluated by some standard of human flourishing and the ends of human life, a standard that is violated, when, for example, a worker is paid less than a living wage. Rather than advocating state direction of economic activity, he believes that churches should take an active role in fostering economic practices that are consonant with the true ends of creation.

Cavanaugh’s critique of capitalism emphasizes the disproportionate power that corporations have compared to workers. Yet, as Bandow points out, corporations face a variety of constraints on their power, such as the need for highly trained employees and the importance of a stable political and legal environment. Paradoxically, it is the power of corporations to shift production in response to cost differences that benefits some of the poorest workers in the poorest nations.

The relation between capitalism and poverty implied by both Walker and Schindler raises some fundamentally different questions. Walker notes that a chronic condition of poverty “does not consist primarily in a lack of material goods,” but “in a lack of meaningful participation” in the “communion of giving and receiving that alone can unlock for the individual the wealth of his being as a person” (p. 33).

The notion of poverty discussed by Walker and Schindler relates to questions about the nature of capitalism, technology, and the relation of humans to their physical environment. These issues are what primarily concern Berry in his essay that is included in the appendix. The role and consequences of technology were also of concern to George Grant, whose ideas are summarized in an essay by Davis.

## **II. Capitalism, Technology, and the Environment**

Grant, a Canadian moral and political philosopher, was concerned about the “need for order or limits in a world that had embraced human freedom in the form of technological science,” and “corporate power as the means

of improving the human condition” (p. 272). Grant viewed the state as an essential instrument in the effort to counterbalance corporate power, maintain order, and preserve Christian culture.

In Grant’s view, technology is not neutral. Technology and capitalism have mastered nature, including human nature. North American civilization has fallen prey to the delusion that technology will solve all our problems and eventually make everyone free, equal, and prosperous. Legalized abortion illustrates the failure of liberalism to protect humans from the imperatives of technology.

Neuhaus also recognizes some of the dangers associated with science and technology that have taken on a life of their own. He does not view the amoral application of technology as an inevitable consequence of capitalism, but instead sees an important role for political deliberation to restrain technology and hold people accountable to use it for moral purposes.

Berry is concerned with the attitude toward nature that is exemplified in the way that modern technology is used. The “environmental crisis” results from the human household or economy being in conflict with the household of nature. Rather than imitating natural processes, the modern capitalist system views nature as a source of supply of raw materials to be mined.

Berry is critical of the role played by the corporation in our modern economy. We give proxies to corporations to produce and provide all of our food, clothing, and shelter. Corporations and governments are expected to provide services that were once made available informally and inexpensively by households or communities. The environmental crisis does not stem from our surroundings but from our failure to take economic responsibility for how our lives impact the natural, God-given world.

We live in an era of sentimental capitalism, which holds that “everything small, local, private, personal, natural, good, and beautiful must be sacrificed in the interest of the ‘free market’ and the great corporations which will bring unprecedented security and happiness” in the future (p. 417). This process is exemplified in agricultural and land policy. The U.S. government has contributed to the problems of agriculture, which Berry characterizes as high costs and low prices resulting in waves of farm failures, the enlargement of destitution and the degradation of the countryside.

There are some important truths in Berry’s critique, but it also includes some major errors. While Berry is correct in his assertion that government agricultural policy has not helped farmers, he does not accurately describe

the farm problem. In spite of the failures of agricultural policy, the incomes of most farm families have been rising over time. While Berry implies that economic conditions have forced many people out of their chosen vocation of agriculture, he does not provide evidence that former farmers and descendants of farmers are less satisfied with their current jobs than they were as farmers. Most of those who have left farming earn more for their labor than they or their ancestors earned in agriculture.

As Bandow notes, Berry's essay reflects "profound philosophical and spiritual unease with modern economies" (p. 336). His concerns about the disruption that a dynamic capitalist economy brings to local communities deserve serious reflection. His proposed solutions, however, are neither realistic nor desirable. He calls for extensive government intervention through progressive income taxes, stronger labor unions, stronger enforcement of antitrust laws, and government controlled agricultural prices.

Bandow points out some of the contradictions and flaws in Berry's critique of the modern market economy. He seems to ignore the benefits generated by capitalism and technology, such as how higher yields and lower costs in agriculture have made it easier to feed the poor. Technology and economic growth often result in a better environment by reducing the amount of cultivated land needed to feed a growing population and reducing pollution and waste from industrial production.

Berry's essay suggests that he has a deficient understanding of how the global economic system works. The program of industrial capitalism, he says, is to make too cheap and sell too high, which requires the market for labor and raw materials to be depressed relative to the market for retail commodities. As Bandow notes, Berry's assertion that competition usually leads to the dominance of one producer in each industry is contrary to the experience of firms in a wide variety of businesses.

One of the costs of our modern economic system, according to Berry, is the loss of the principle of vocation, whereby people choose the work they do because they are called to it. The "total economy" replaces vocation with economic determinism, where people have "no choice but to do the work (if any) that the economy prescribes" (p. 425). What he does not consider is that the modern economy may actually increase the variety of career options from which to choose so that people can specialize in work that is more consistent with their natural abilities. Modern methods of production also free up more time for leisure, during which people may pursue their calling.

One element of Berry's criticism of the corporation deserves serious

consideration. The law treats the corporation as a person, yet the corporation lacks many of the important attributes of persons such as aging, personal descendants (who provide hope for the future), and the ability to experience remorse. His critique falls short, however, in that he does not present a realistic alternative to the corporation in its present form.

Stackhouse and Stratton, by contrast, provide a defense of the corporation. The modern corporation has its roots in the religious institutions of Judaism and Christianity. One of the strengths of the corporation as it has developed in the West is that it includes people from many families and nations. Most “opposition to the corporate economy has faltered, failed, or invited forms of social and political control that have proven worse than what it opposed” (p. 456).

The question of who runs the corporation and whether it is run according to moral principles is important. Stackhouse and Stratton view the movement of business leadership toward professionalism as a step in the right direction. Professions in the classic sense involve “dedication to principles and purposes transcending material gain and recognition” (p. 460).

It is an open question whether professions such as business management “can cultivate an inner sense of meaning in our time” (p. 462). Stackhouse and Stratton note that our view of the corporation does not usually include covenantal patterns of relationship nor do we often discuss a trusteeship model of management. It is important for managers to think about these kinds of things in order to cultivate a society that is morally rich and guided by spiritual principles.

None of the pro-market essayists give adequate consideration to Berry’s concern about the implications of viewing the corporation as a person or to related questions about who is responsible for the actions of the corporation. If the goal of the business corporation is construed to be profit-maximization, then what, if any, obligations does it have to employees and their families and to the communities where it is located? Does the fact that there is no person or small group of persons who is ultimately responsible work against covenantal relationships between corporations and their workers? Do corporations have adequate incentives to adhere to a long term plan of resource stewardship that accounts for the wellbeing of local communities and future generations? Perhaps Christians should think more about ways to reform corporations to address these concerns without sacrificing the tremendous economic benefits that have resulted from the corporate organization of production.

Stackhouse and Stratton also discuss the relationship between technology

and the environment. They argue that the dominion mandate combined with the impact of sin implies that humans should reorder nature to the good. While in other religions, science was a means that enabled people to conform more perfectly to the cosmic order, Christianity has led people to use technology to transform the world. Without spiritual roots to provide a regulatory moral guide to the use of technology, it “could become a peril and not a resource for the human future” (p. 453).

Schindler is more critical of the way technology has been used to transform nature. While not denying the importance of active engagement with the natural world, he argues for the importance of seeking to understand and adjust our actions to the cosmic order of things. Modern technology is often developed and applied without consideration of the purpose for which God created man and nature. Thus, for example, the computer influences the way we think about the world, emphasizing acquiring, manipulating, and controlling data in place of such habits as “patient interiority, contemplativeness, of wonder, of sustained mutual presence” (p. 408).

### **III. Conclusion: the Compatibility of Christianity with a Liberal Economic Order**

The theme that repeats itself in the essays by the critics of the market order is the question of purpose. Walker is critical of the market’s alleged neutrality with respect to the question of the “objective good of the person.” Davis emphasizes Grant’s concern with how technology has transformed the way we think by substituting the pursuit of freedom and progress for the pursuit of what is good. The perceptive question we are left with by the critics of the liberal economic order is whether in its emphasis on freedom, that order constrains the ability of the state and other institutions to foster pursuit of what is good in human society.

One of the most common criticisms of the liberal (free-market) economic order is that it is premised upon unbridled individualism. Neuhaus in his essay argues that individualism is one of the signal achievements of modernity. He acknowledges that there is a “problem with the contemporary distortion of the individual as the autonomous, unencumbered, sovereign Self” (p. 296). Individualism and an organic Catholic understanding of community are not opposing ideas, if the idea of the individual is grounded in an understanding of the human person as destined for communion with God. The real-world alternative to individualism is not community, but collectivism.

Crawford, in an essay entitled “The ‘Bourgeois Family’ and the

Meaning of Freedom and Community,” discusses the relationship between individualism and community in a liberal economic order. He notes that liberalism, while seeing community as essential, has a conception of community that arises within an understanding of freedom that remains fundamentally “indifferent” to it. Crawford is critical of “the liberal abstraction of freedom from community and love.” Within a liberal framework, familial freedom is only a possible actualization of freedom. The result is that the family tends to mimic the structures of the free market so that the family is viewed as a “voluntaristic” community. He argues instead for a creational sense of freedom and community, where “freedom arises within the relationship with others who engage our capacity for mutual belonging” (p. 169).

The emphasis on each human life as a gift is emphasized by several of the authors chosen by Schindler, but also by Morse in her essay “Making Room at the Inn.” Morse’s contribution emphasizes how the impersonal welfare state fails to address the fact that dependent people need human relationships and personal care. She also recognizes that the utilitarian view of the needy characteristic of our modern free market economy also results in a failure to love them and provide the personal care that they need. Morse argues that while those who are dependent have legal rights, they also have cultural rights, which impose obligations on their relatives and neighbors.

In responding to Morse’s essay, Schindler argues that while she implies that the economic system can be separated from a utilitarian culture, she presupposes the very logic of utilitarianism as the basis for her praise of capitalism. He questions whether her vision of humanizing the free society is feasible if the economic culture continues to be based on the primacy of “instrumentalized self-interest.” Capitalism is both an economic and cultural system, and thus cannot be separated from the utilitarian anthropology on which it is based without being radically transformed.

The essays by Schindler and some of the other authors that he chose are helpful in pointing out that capitalism in its present form has some major flaws. It is connected to the liberal social order derived from the enlightenment, an order which emphasizes individual autonomy and economic growth based on self interest. There is plenty of room for reformation of this liberal social order, even at the most fundamental level. A greater economic role for the state, particularly one that emphasizes redistributing income or regulating market transactions, is not the answer to the problems of capitalism. Hill, Bandow, and other defenders of

a market system do an excellent job of pointing out the advantages of free markets and the problems with coercive intervention by the state. As Bandow points out, there is no reason to expect that becoming less free would make us more virtuous.

The critics of capitalism fail to make a convincing case for direct regulation of economy activity or government redistribution. Perhaps the state can play a different role that takes account of some of the fundamental concerns raised by Schindler and the authors he selected. There may be things that the state can do to counterbalance the emphasis on self interest and personal autonomy of the liberal order. Other institutions may also be able to play a role in this. The ideas expressed by the critics of capitalism would be more credible if they spent more time discussing creative ways to transform capitalism that do not include substituting socialism or greater state mandated income redistribution.

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### **Poverty, Government, and the Meaning of Economics**

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**W**hat we have here are two books within a single pair of covers. The essayists chosen by Bandow (for the purposes of this discussion I am treating only contributions of Hill, Novak, Morse, and Griswold, along with Bandow's own) are called "liberals" in this book, as in classical liberals who believe in free markets and limited government. This terminology is very misleading for the average reader. In common American political terms, they are "conservatives," and that is what I will call them. They all are directing their writing here at making a case that government should not be involved in policies aimed at reducing income inequality, either within the United States or abroad.

The essayists chosen by Schindler (here I will consider Long, Cavanaugh, and Crawford, along with Schindler's contribution) are called "socialists." This terminology is confusing, because they are not socialists in the sense that economists normally use the term, and they mostly seem to believe in a position that in common American political terminology would be called "liberal." I will call them "Schindler's liberals." Their essays are directed at making a case that a modern democratic capitalist economic system is not neutral with respect to the moral values and goals of agents, but biases their choices in ways that privilege the pursuit of wealth over other human values that are more important to Christians.