fully served by further reflection on these facets of Christian thought on economic justice.

Much of *WPHD* may leave a Christian economist desiring a more extended conversation with the authors about whether and how markets serve the biblical ends of love and justice. In addition, as other participants in the symposium note, it will likely leave the reader wishing for a direct dialogue on these matters between the authors representing the Bandow and Schindler groups. Yet it represents a significant contribution to the ongoing scholarly evaluation of the ends served by markets. It serves a noteworthy purpose in adding to a discussion in which Christian economists must continue to be engaged.

**References**


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**The Market Economy and Human Community**

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*Wealth, Poverty and Human Destiny* presents a dialogue, of sorts, between Christian representatives of, first, a market-affirming “liberalism” and, second, a form of conservatism that is quite skeptical toward markets as the basis for economic interaction. This line-up of opposing arguments is likely to strike many readers as rather unusual in our day and age, when strong support for markets is often considered part of the right wing of the ideological landscape, while opposition to market mechanisms is viewed as a defining feature of the left. Those with some historical awareness will recall, however, that the political species we Americans are now apt to call libertarians were once called liberals and even radicals. Indeed, here in Europe they are often still known as liberals, although certainly not as leftists.

The root meaning of “liberal” is, of course, free or freedom, and economic liberals have been those who advocate and promote the economic freedom of the individual against the restrictions imposed by both state
power and tradition. What “conservatives” have sought to conserve in the face of such liberalism has varied. Often enough, it has been state-supported privilege—vested interests that have stifled economic initiative to the detriment of economic growth and welfare on a wider scale. This sort of conservatism is what Adam Smith chiefly opposed in his day, and it is what Smith’s disciples have opposed in latter-day kleptocracies and socialist states.

There is, however, a quite different sort of economic conservatism, one that has opposed economic liberalism and individualism because of their disruptive effect on human relationships and community. One of the prominent early representatives of this conservatism was the British essayist and historian Thomas Carlyle, perhaps best known to us for naming our field the “dismal science.” In his 1839 essay *Chartism*, Carlyle lamented that

Cash Payment [has] grown to be the universal sole nexus of man to man…. Cash payment the sole nexus; and there are so many things which cash will not pay! Cash is a great miracle; yet it has not all power in Heaven, nor even in Earth. “Supply and demand” we will honour also; and yet how many “demands” are there, entirely indispensable, which have to go elsewhere than to the shops, and produce quite other than cash, before they can get their supply!

Carlyle saw the *homo economicus* of our theory put into practice as people came to appear to each other as “buyer and seller alone,” losing the capacity for the non-market human transactions that enrich our life. To be sure, few today will be drawn to the alternative that Carlyle commended: a romanticized, quasi-medieval social structure of deference and paternalism. Yet his lament still resonates in our own experience, and one hears a distant echo of it in many critiques of markets, including those within the pages of this book.

A more direct and obvious influence on the market-skeptical essays in this volume is the century-long tradition of Roman Catholic reflection on the market economy and the socialist alternative, particularly as this reflection has been presented in the papal encyclicals of 1891 through 1991. Leo XIII started it all with *Rerum Novarum*, a response to the “new things” of modern industrial capitalism and the industrial proletariat. The pope promoted an alternative vision of a modern economy, one rooted in the Catholic tradition of a distinctively Christian social order, harmonious and participatory even if unavoidably marked by differences in status, wealth, and power. He expressly advocated labor unions as a means of
voice, participation, and pursuit of economic security for the working class, even while he ruled out the class warfare being fostered by the rising Marxian labor movement.

*Rerum Novarum* was followed by *Quadragesimo Anno* in 1931 (literally “in the fortieth year” after the previous encyclical) as the world economy was reaching the depths of the Great Depression. This encyclical specifically endorsed a mixed economy with a substantial government sector. Fifty years later, in 1981, *Laborem Exercens* offered John Paul II’s reflection on the meaning and dignity of human labor and the potential for the abuse of this dignity both in market economies and, especially, in socialist economies. Finally, John Paul II marked the hundredth year of the series with *Centesimus Annus*, notable particularly for its very positive reflections upon the effects of markets and economic individualism while still setting forth a Catholic communitarian perspective and rejecting stronger forms of laissez-faire individualism.

In *WPHD*, Schindler chooses contributors who share one or another version of this communitarian perspective. He himself is a Catholic professor of theology, and most of his slate of contributors are also theologians. On the other hand, Bandow chooses market-affirming contributors from the ranks of (more or less) libertarian economists and theologically astute, neoconservative social critics including Novak and Neuhaus. Bandow is himself a policy analyst at the libertarian Cato Institute.

**I. The Arguments**

As is often the case in such a mixed company of contributors, the arguments of the different sides often fail to meet head on. The libertarian economists are more systematic in their evidence; the communitarian theologians more anecdotal and more apt to assert general claims without specific evidence. Both sides link empirical claims to moral arguments, but these are largely different sorts of arguments. Several of the economists, notably Hill and Griswold, along with the co-editor Bandow, compare the effectiveness of markets to that of socialism and other forms of statism in generating wealth and alleviating poverty. They thus address two of the three elements of the book’s title well enough, but they have much less to say about the third element, human destiny. The communitarians have nothing positive to say about socialism and statism—they are offering a conservative critique, not a leftist one—but they have much to say about human destiny and about the consonance (or rather lack of consonance) of the market economy with human nature as understood by Christians.
They propose, of course, that an economy more in keeping with human nature and the nature of human community would also do better at meeting human needs.

The pro-market side as a whole does not neglect the issues of human destiny and human nature, however. Griswold celebrates markets as cultivating virtue. Novak offers a theological defense of “democratic capitalism” as the best context for the exercise of human subjectivity and creativity, solidarity and community, generating dynamic growth that has liberated many people from poverty. Gregg, moral philosopher at the Christian libertarian Acton Institute, presents a particularly astute reflection on economic individualism from a Christian perspective, including from the perspective of Centesimus Annus. Markets, he argues, provide the context for the proper exercise of human autonomy. Morse gives particular attention to the need to “humanize” the market economy, tempering radical individualism with concern and care for those who are legitimately needy and dependent. In her view, a free society should support the freedom, dignity, and prosperity of all, not only of those capable of making an economic contribution and thus being rewarded by the market.

The dominant theme of the communitarian argument is that a free-market economy is inescapably intertwined with a faulty understanding of human nature and destiny, and that it therefore promotes an instrumentalist or utilitarian treatment of the human person at the expense of community, love, and human fulfillment. According to Schindler, true community is based on gift and gratitude, while the self-interest promoted by the liberal economy destroys such community and leads to a deep sense of “homelessness.” “Liberal economic rationality does not work,” writes Walker. “And it does not work because it is not formed in Christ’s poverty of spirit” (p. 50), but rather in a faulty view of rational economic behavior that results in a faulty calculation of profit and welfare. A liberal economy may have some success for a time, according to Walker, because it draws parasitically on virtues that have their source elsewhere. But the liberal economy continually undermines these virtues, leading eventually to its own demise as well.

The problem with the freedom of the free market, according to Cavanaugh, is that the freedom may be used for sinful and destructive ends as well as for virtuous and constructive ones; the market values one as well as the other. Long attributes Adam Smith’s reliance on self-interest and his metaphor of the invisible hand to Smith’s “implicit theology” (p. 100), the Stoic doctrine of providence in seeing human vices as well as virtues contribute to the ultimate good of the whole. Crawford joins
in the critique of Smithian self-interest, arguing that “non-self-interested communitarian relations” (p. 157) are another important feature of human action that liberalism does not take into account. He points to a broader range of motivations in family life, religious communities, and other relationships: “Realistically, it would seem, all human relations contain some ‘mixture’ of self-interest and disinterest. Presumably, then, even economic exchange relations could contain a ‘nobler and deeper’ element” (p. 159).

II. The Communitarian Economy in Theory and Practice

So how would an economy based on such principles work in practice? Is it a viable, realistic alternative to the economy we have today? Several of the communitarian authors bristle at the charge that they have no realistic program to put their ideals into practice. They have obviously heard such criticism often, although it is strangely absent in the pro-market writings of the present volume. The economists here applied their criticisms more to socialism and statism, the alternatives of the left, rather than specifically to the views of the communitarians. This is a fault in the conception of the book. Perhaps the pro-market contributors were insufficiently briefed about the views of their dialogue partners, or perhaps they lack the imagination to understand and respond to a critique of the market other than from the political left.

At least some of the communitarians indeed lack a realistic program—an alternative, presumably, to the market as a means of organizing and structuring value-producing economic interaction. Co-editor Schindler calls in his concluding reflections for “an economy of gift and gratitude” (p. 349) expressly different from Adam Smith’s vision of the market economy. In Smith’s famous words,

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard for their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages (cited by Crawford, p. 156).

For Schindler, by contrast, such a transaction reduces the production process, the good produced, and both parties in the transaction to mere instruments of and for profit. Much better, he argues, is another approach:

The baker who works for the sake of love—however much he may or may not conceive of what he is doing explicitly in theoretical terms—approaches the making of bread, the bread made, the other
for whom the bread is made, and indeed himself as invested in the process and the thing, as a gift. He makes the bread—which is to say, he gratefully gives himself over to the making of the bread—simultaneously for its own sake and for the sake of another (p. 362).

Perhaps we can all agree that it is good for any worker to value one’s work as a means of serving some human need rather than simply of earning a paycheck. Nevertheless we might doubt that it is realistic to expect workers to have the vision and energy to “work for the sake of love” (p. 362), particularly if, unlike Smith’s baker, they have no direct connection to the end beneficiary of their labor and perhaps even no clear idea of what end products—what consumer goods—they labor is helping to produce. But even if we did accept Schindler’s argument, how is it an argument against the liberal market economy? What is there in markets that presents people from working thus? What is the realistic form of an alternative economic structure that promotes the labor of love more than markets do?

If there is an alternative to the market economy with its frequently anonymous transactions, then it is something like the medieval village where economic transactions are all face-to-face. But that is an economy without an extensive division of labor and the economies of scale that that brings—without, that is, Smithian gains from trade. It is an economy without extensive long-distance commerce, either within a country or internationally, and without the resulting opportunities to benefit from differences in regional comparative advantage—without, that is, Ricardian gains from trade. The alternative to an integrated market economy based on anonymous transactions is, indeed, an economy where deep regional poverty and periodic famine are much more widespread, and where material standards of living even in richer regions are far closer to those of contemporary sub-Saharan Africa than to those of even the less-well-off modern industrial economies.

A modern economy requires anonymous transactions. Moreover, any economy that is to function tolerably well requires the coordination of production with consumption. This happens through the transmission of information and incentives—information about shortfalls in supply over against demand, and incentives to draw in the entrepreneurial energy and labor that can fill the gap. As we economists well know, this transmission of information and incentives is the essential economic function of free price formation in markets. Socialist economies, which sought to institutionalize an economy of love using state power, proved immensely
wasteful of resources and unable to satisfy consumer wants precisely because they lacked such a mechanism. Similarly, a non-statist economy of love, gift, and gratitude simply cannot manage without markets. No matter how much one may love, one cannot have sufficient, detailed information about the concrete needs that one’s labor can satisfy except by reference to markets and freely formed prices. Economic action on the basis of incentives—indeed of profit opportunities—is a proper response to one’s finite knowledge about how to serve others. It is much more than a response, proper or not, to one’s individualistic desire for personal gain.

Schindler and several of his contributors show no appreciation for the practical problems that any economy-wide institutions, markets or otherwise, must at a minimum address. However, one of the communitarian writers, Walker, does present a program that is at least worth some attention. It is not exactly a program for comprehensive institutional change—a change in the “rules of the game” of the market economy at the national and international level. Rather, it is a program for change in local institutions and for the accommodation of these institutions at higher levels.

Walker emphasizes that what he favors is not a socialist or statist solution but rather a decentralized one. Indeed, much of his critique of the market is that it gives rise to centralized corporate control of the economy that mirrors in some respects the faults of centralized political control:

Let us be frank: the charge of “unrealism” is often a thinly veiled unwillingness or inability to imagine an economy driven by a set of priorities other than the ones already in place. I am not arguing that the government take over the production and distribution of goods and services. But today the specter of a centrally planned economy is a red herring. Not only does the liberal economy have a symbiotic relationship with the state; it also unduly favors the concentration of economic power in big corporations (who else can maintain economies of scale?) that, allied with technology, have a massively disproportionate influence on many aspects of daily life, from the average citizen’s access to the news to the scientist’s research in his university’s laboratory. What I am arguing for is precisely that we turn our efforts towards a decentralization of economic power in favor of the locality, the scale of which allows for genuine political deliberation about the most efficient use of resources without the coercion involved in central planning. Of course there must still be a national and international market, but these higher levels must be structured so that the input of subsidiary political units, for example the city, are allowed to protect the individual from the encroachments
of big government, big business, and for that matter, big media (p. 43).

Walker’s proposal is not specific enough to critique in detail, because he does not offer a real case either for the supposedly massive influence of big corporations on daily life, particularly in limiting people’s economic opportunities, or for the possibilities of local political units to counteract such influence. I venture to doubt that he or anyone else can make such a case. In a free market economy without special privileges, big corporations can propose, but they cannot impose. They can offer buying opportunities, investments in production facilities, funds for research in university laboratories, and much else, but these are actions that generally expand—not limit—people’s opportunities, and people are in any case free to reject them. Big corporations do, of course, introduce new competition to localities, which both expands opportunities for consumers (or workers) and reduces opportunities for the local competitors.

Where communitarians like Walker do have a case is in the fact that change is disruptive to the existing economic structure and social fabric, and this disruption does have negative (as well as positive) effects. The coming of Walmart brings the demise of Main Street, precisely because consumers vote with their feet and with their dollars, preferring the advantages of price and selection to whatever “economy of gift and gratitude” (p. 349) there may be in buying from the small shop of one’s neighbor. There may sometimes be a role for local politics in opposing or mitigating such disruption, but this is hardly a departure from the current structure of economic and political institutions. Furthermore, as some of the libertarians in this volume point out, the political process often supports particular local vested interests rather than the general public good.

Another of the communitarians, Cavanaugh, points to another alternative that is sometimes indeed demonstrably practical: the founding of new communitarian organizations that participate within the existing, larger-scale institutions of the market. He specifically discusses the example of the Mondragon Co-operative Corporation, founded by a priest in 1956 in the Basque region of Spain. Worker-owned and -governed, it employs 60,000 in a range of manufacturing pursuits. The Mondragon project is based on the papal encyclicals and more specifically on distributism, the ideal of the widest possible ownership of property, popularized early in the twentieth century by G. K. Chesterton and Hilaire Belloc. “At Mondragon, they believe that labor hires capital, instead of capital labor” (p. 123), writes Cavanaugh. “For Belloc—and much of the Catholic tradition on
property going back to Aquinas—the ownership of property is natural to human beings and allows them to develop their own capacities. Property is thus essential to human freedom” (p. 125).

A Christian supporter of markets can join the communitarians in applauding the Mondragon project, and indeed one can wish for more projects like it. Widespread ownership of property, including specifically workers’ ownership and control of their own productive capital, is indeed to be desired. Such projects do require substantial entrepreneurial initiative, however, as was exercised by the Mondragon priest Jose Maria Arizmendiarieta. Such projects cannot be mandated or imposed by any central authority; they can only arise locally through the ideological convictions of organizers and workers that the projects are worthwhile. If such projects are truly viable, we can expect them to flourish within the larger institutional setting of markets. Indeed, in the United States, worker cooperatives receive special tax advantages.

Economic progress requires entrepreneurship—the pursuit of opportunities for gain (in our context, the pursuit of profit opportunities arising within markets). As economists will quickly appreciate, there are quite substantial transaction costs—costs of persuading and organizing—involving in establishing a worker cooperative. Many workers seem to prefer the separation of ownership from labor supply. The problem with socialism, as Oscar Wilde is supposed to have said, is that it leaves one with no free evenings. The relative rarity of worker cooperatives is probably a good indication that these transaction costs are prohibitive, that is, that worker cooperatives are generally less efficient than the more common sort of entrepreneurship that hires labor (and that indeed hires capital as well).

An economy of love and gift and gratitude is impossible on a large scale, but it can flourish on a small scale among friends and neighbors and in voluntary communities. Within families (Gary Becker notwithstanding), the socialist ideal is commonly realized: from each according to one’s ability, to each according to one’s need. In religious communities—local congregations, orders, occasionally communes, and other groupings—a similar brotherly sharing may flourish, sometimes to the point of voluntary socialism. Secular socialist kibbutzim have also proved viable, although only for about two generations before participants lose their motivating ideology. But as twentieth-century history amply shows, it is not possible to institutionalize an economy of love on a larger scale or on a non-voluntary basis. Even to attempt to do so requires coercion and, indeed, totalitarian suppression of the individual.
The Christian communitarians represented in this volume do not want anything like that, of course. Quite the contrary. But they need to be clearer about what it is that they do want—what specific changes in economic institutions or what specific new forms of organizations to participate in the existing institutions of the market economy. They need serious economic analysis to address how these institutions and organizations would operate, and how they could be started. Until they do address these matters, they are indeed utopians.

III. The Technological Imperative and the Market

One theme of several of the communitarians in this volume, including Schindler and Walker, is that the market economy is tied up with the oppressive dominance of technology over people. Davis devotes an entire essay to this theme by introducing the thought of George Grant, a Canadian “red Tory” (that is, conservative social democrat) academic and public figure of the 1950s to 1980s. Grant comes across here as something of a North American Jacques Ellul. In Grant’s thought, capitalism has been wedded to technological science throughout the modern era in together pursuing the mastery of nature, including specifically human nature. It is a widespread delusion, according to Grant, to see technology as solving all our problems and eventually making everyone free, equal, and prosperous. Rather, he sees technology as foreclosing important possibilities as well as opening them. The coming culmination of this, according to Grant, is a “cost-benefit analysis of human life” that brings tyranny in denying “the rights of the unborn and of the aged,…the mentally retarded, the insane and the economically less privileged” (cited in Davis, p. 282). Grant’s alternative, as much as one can make out from Davis’s essay, is, first, to question the assumptions behind optimistic beliefs about progress through technological science; second, to hold to universal moral truths in the face of supposedly value-free but actually often immoral science; and ultimately to recognize that “we are not our own,” that our essence as human beings is not in a freedom to do as we please but rather in our creatureliness.

Interestingly, pro-market contributor Neuhaus briefly offers a partly similar view of technology, although not of its connection to capitalism:

One still hears it said that science and technology are neutral, capable of being used for either good or evil, and there is an important measure of truth in that. Increasingly, however, it is recognized that science and technology take on a life of their own, moving ahead step by step in obedience to a dogma of progress…. Efforts to check
or hold accountable that apparently inexorable movement require a renewal of the political (p. 305).

By the political, Neuhaus means, “free persons deliberating the question of how we ought to live our lives together” (p. 304). The specific areas of false “progress” that Neuhaus argues should be held accountable to deliberation—specifically to moral deliberation—are “reproductive technologies, cloning, eugenics, and related developments.” Neuhaus compares “the threatening totalitarianism of science and technology” to “the ideas of economic determinism that drove the socialist totalitarianism of the past century,” and he sees the new threat as one that “Catholic social doctrine must more effectively confront” (p. 305).

I am in sympathy with the view of both Grant and Neuhaus that a sometimes destructive technological imperative exists, although I am not persuaded that it is nearly so pervasive as Grant (or for that matter Jacques Ellul) seems to have thought. There remains the question of how this technological imperative is connected to the market economy. At the most basic and direct level, the market economy offers greater scope than other social systems for all sorts of profitable economic initiative, including both for highly beneficial developments and for projects that ultimately prove destructive of human values. (We will not dwell here on the beneficial role of the market economy in unleashing positive technological creativity. This is a familiar theme, included even in the writings of Marx, but it received only brief attention in this volume.) When Neuhaus calls for a “renewal of the political” (p. 305) and the introduction of moral considerations, he is implicitly calling for the imposition of restrictions upon market outcomes. Libertarian co-editor Bandow tacitly accepts this. As economists, we should perhaps say that the justification for intervention here is moral externalities.

The connection between the market economy and the technological imperative runs deeper, however, than the scope for action afforded by free markets. Grant is correct in seeing a connection as old as modernity itself, but I would argue that this connection is more a matter of common roots than of continuing collaboration. The great theme of modernity—and of its twin sibling liberalism—is that of pursuing a better future through freedom of action and the rational application of means to ends. Since early modern times this has given birth to a great many things: to modern technological science; to liberal economics in both theory and practice; to socialist economics; to a host of political programs ranging from constitutional democracy to totalitarian communism; to rationalist skepticism toward
received morality, social institutions, and religious teaching; to the myriad cultural artifacts of modernism; and finally to a skeptical reaction against modernity and liberalism itself—what we know as postmodernism and postliberalism. The fruits of modernity and liberalism have been varied indeed. There has been much to applaud and much else to condemn. Often it has been unrestrained instrumentalism—the swallowing up of the human person in the rationalistic application of means to ends—that has had the worst effects, whether in politics, economics, technology, or culture. What has chiefly distinguished the positive from the negative manifestations of modernity and liberalism has been an acknowledgement of limits: limits resulting from human finitude and problems of information, limits to human moral perfectibility, and limits to what humans ought to do to each other and to nature. The continuing value of moral absolutes, and indeed of revealed religion, has been proved again and again.

IV. Christianity and Liberalism

The most profound reflection in *WPHD* is that of Neuhaus in an essay chiefly about the liberalism of John Paul II. More than anyone else (although Novak and Morse come close), Neuhaus recognizes that the relevant issue for the economic and social order today is not one of whether conservatism or liberalism should prevail, but rather a question of what kind of liberalism will prevail.

Neuhaus notes that liberalism “is a wondrously pliable term,” applicable to the most extreme laissez-faire libertarianism, “the republican liberalism of virtue,” and “the communitarian liberalism of Tocquevillian civil society” (p. 291), among others. Schindler and other conservative critics lump all this together, according to Neuhaus, and associate it all with their indictment of capitalism. In Neuhaus’s paraphrase of this indictment,

> Liberal dogma and market dynamics are the mutually reinforcing foundation and end of a social order that is entirely and without remainder in the service of individualistic choices by the sovereign, autonomous, and unencumbered Self. The wages of liberalism is consumerism, and consumerism is all-consuming. The end result is what some critics call “liberal totalitarianism” (p. 293).

By contrast, Neuhaus commends John Paul II’s *Centesimus Annus* as an invaluable guide to what is valuable and what is faulty in liberalism. The pope credited modernity and liberalism for developing an understanding of the individual and individual freedom. As a consequence for our thinking, according to Neuhaus,
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 collectivisms 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**


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

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Given 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.