

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.

Poverty, Government, and the Meaning of Economics

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What 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.

I. Poverty and Government

The conservatives' argument about government and distribution is based on some very audacious claims that are not documented, and on arguments that are not carefully thought through. Schindler's liberals do not dispute any of these propositions, since their papers address different issues entirely. I will begin by reviewing three important premises of the conservatives' argument, and discuss some of their internal problems. Then I will challenge all three of these propositions. In a later section, I will deal with the issues that Schindler's liberals bring up.

The basic argument of the conservatives goes like this:

1. Poverty in the sense that Christians mean it must be defined in absolute terms. The mere existence of a certain level of inequality in a society does not necessarily mean that anyone in that society is actually poor (Hill, p. 2; Novak, pp. 62, 74; Bandow, pp. 317, 320). A thousand years ago, pretty nearly everybody was poor (Griswold, p. 231). The implication is that in industrialized societies today, nearly nobody is poor (Griswold, p. 223). A situation of inequality is preferred to perfect equality if the incomes of the least well off are higher in the unequal situation (Hill, pp. 3–4; Griswold, p. 231). Complaints about inequality are based merely on envy, which Christians should not endorse (Bandow, p. 319; Hill, p. 4).

2. There is a distinction between the poor who deserve help and the poor who do not deserve help (Morse, p. 193). Children, the elderly, and people who are sick or disabled deserve help (Novak, p. 70; Morse, pp. 180–1). People who do not work hard or who make poor life choices do not deserve help (Bandow, p. 321). Among the undeserving poor are mothers of children, single or married, who should be supported by the children's fathers, so that the mothers can stay at home and care for the children (Novak, p. 71; Morse, p. 194).

None of the writers in this book discusses the working poor, so it is unclear whether the conservatives consider them deserving or not. This is a problem, because one of the big changes in the political atmosphere in the United States over the last 25 years is a change in attitude toward the working poor. In the early 1980s, most people did not consider them deserving, and the Reagan-era welfare reforms were designed to exclude them from the "safety net." This was based on Charles Murray's argument in *Losing Ground* (1984) that the working poor would never accept help and would not need it. Over the next two decades this argument was discredited, and the Clinton-era reforms were based on the idea that people who "work hard and play by the rules" deserve help.

To hold that the working poor are undeserving, the conservatives would have to maintain that market wages and prices always reward hard work and good intentions. Hill points to evidence from controlled experiments that differences in work effort can account for as much as a ten-fold difference in earnings (pp. 4–5). He seems to draw the conclusion that many market-based earnings differences are the result of differences in work effort (pp. 5–6), which would mean the working poor do not work hard enough. Hill (p. 10) and Bandow (p. 319) both claim that some poverty is due to failure of government to protect individual rights, especially property rights. The victims of these failures might be deserving, even if they work. They do not give any examples, so it is hard to know exactly what they have in mind. Hill has no problem with family inheritance playing a large role in determining the distribution of opportunity and wealth (p. 10), which is inconsistent with the idea that the market distribution should only reward individual merit.

There is some daylight between Bandow and the others on this issue. Bandow understands that earnings differences have to do with the marketability of people's output more than with effort, and he is fine with that. Let Michael Jordan and Barbra Streisand earn their millions (p. 321). (One wonders what he thinks of truly bad singers who earn millions.) Bandow takes the libertarian position associated with Robert Nozick that such differences are just, simply because they are the outcome of uncoerced exchanges (p. 333). But libertarians believe that no poor people should get help, and that's a position that Christians surely cannot endorse, and none of the writers here do. If uncoerced exchanges still leave some people poor, the deserving among them should be helped, but is work enough to make one deserving? Bandow doesn't say. Bandow also takes an ambivalent position about unions. He holds they are necessary to protect the rights of the poor (pp. 323, 334), but thinks they drive up prices unjustly (p. 315).

Another interesting aspect of Bandow's article is that he keeps arguing against positions taken by John Cort and Andrew Kirk, and disapprovingly quotes their writings (pp. 310, 317, 324). But neither is a contributor to this volume, and there is no documentation of the quotations. In fact, there is no documentation of anything in Bandow's piece.

3. Helping the poor is properly the job of churches and other organizations of the moral-cultural sector, and must never be undertaken by government. Government is too remote and bureaucratic to make proper judgments about who is deserving and who is not (Hill, pp. 8–9; Morse, pp. 188, 207). More importantly, when government becomes

involved in taxes and transfers for the purpose of redistributing income, it inevitably becomes oppressive. Redistributing income leads to the kind of oppression symbolized by Hitler's Holocaust, the massacre of the kulaks by Stalin, or the killing fields of Pol Pot (Hill, p. 7; Novak, p. 58; Bandow, pp. 322–323). Moderate welfare states have all failed, suffering from “bloated public budgets, imploding public pension systems, bulging jail populations, counterproductive work incentives, and hobbled national economies. Individuals, families and communities were destroyed by authoritarian paternalism, with a panoply of disastrous social pathologies ensuing” (Bandow, pp. 307–308. He does allow for a “safety net,” however: p. 317).

On the other hand, market-oriented reforms in mainland China have placed that country on the way to democratic capitalism, a path pioneered by Taiwan and South Korea (Bandow, p. 323; Griswold, pp. 233–234). These writers never criticize dictators who favor the church or make market-oriented reforms, no matter how many of their opponents they murder. One thinks of Franco and Pinochet.

Since I believe that all three of these premises are wrong, I will devote the major part of my essay to challenging them.

1. Poverty is always defined in the context of a particular society. The best definition I know of poverty is “the lack of opportunity to fulfill God's callings.” Such opportunity involves access to the goods and services necessary to maintain a dignified life in society, opportunity to develop and use one's labor and other resources to provide as much as possible for oneself, and opportunity to make one's own economic decisions (Tiemstra *et al.* 1990, pp. 234–235).

Consider Griswold's thought experiment. He claims a society where everyone makes \$1000 is less good than a society where half the people make \$2000 and half make \$20,000. In the latter, he claims, the poor have more access to necessary goods than in the former. But this is unlikely to be true. In the former society, everybody rides the bus. In the latter society, many people have private cars, and there are no busses. The fraction of the poor who can't afford a car are in trouble, especially if there are not enough of them to generate demand for jitneys or combis. They are cut off from health care, educational opportunities, church, competitive shopping, and worst of all, jobs. They need help, but of course they are not deserving. In many communities in the United States today, you cannot escape poverty if you do not own or cannot drive a car (Fletcher *et al.* 2002). A similar problem occurs in the housing market. Unequal incomes drive up the relative price of housing, meaning that the lower end of the market gets

housing that has “filtered down,” and consequently is subdivided into very small units and is in dilapidated condition.

We know quite a bit from comparative international data about the effect that income inequality and relative poverty have on social problems such as crime, education, pollution, and health. Relative poverty drives up the cost to government and moral-cultural institutions of dealing with such social problems, and is a drag on economic growth (Tiemstra 1992). The idea that greater inequality will cause the least well off to benefit from economic growth is contradicted by the data. We know that because of increased inequality in the United States over the last 30 years, the average worker has not benefited from economic growth. The median real wage for non-supervisory workers is still well below its 1972 peak.

If everybody was poor in ancient times, why does the Bible go on so much about poverty? Why does the Bible insist that some people give money to other people “so that there may be equality,” if all of them are poor? (2 Cor. 8:13) The Bible never offers an absolute definition of poverty, nor for that matter a firm definition of a just wage or price. The biblical record on the poverty issue makes sense only if poverty is a relative social phenomenon. All of the objections that Bandow offers to the “just wage” concept (p. 340) apply equally to the “absolute poverty” concept.

The idea that any complaint about inequality must be based on envy is simply a case of attributing the worst possible motives to those with whom you disagree, without having any grounds for doing so. This is not an ethical way to make an argument. It is as if I were to claim that the conservatives’ position is motivated only by their greed, and consequent unwillingness to part with their own money to help others. I am sure the conservatives would be offended by that.

2. Followers of God have an obligation to help all poor people without passing judgment on whether or not they are deserving. A society that meets the biblical standards of justice will offer support to all of the poor regardless of their circumstances. This means that we will help some people who are lazy or opportunistic, but it is up to God to judge them, not us. Jesus always made clear that he helped people because of their need, and sometimes their faith, not their works. The type of help that is offered should be designed to be the most effective based on the causes of the poverty at hand.

Morse almost gets this right in her discussion of “the law of the gift” (pp. 201–205). In fact she is following Calvin and the church fathers before him in acknowledging that all of our access to wealth and material resources comes to us as a gracious gift from God, and not because of

our own merit. We are merely stewards, not owners, of these resources. What Morse does not do is follow Calvin in reaching the only logical conclusion: we have no more right to the money in our pocket than the beggar on the street does. In fact, if we have two coats and he has none, he has more right to our second coat than we do (Luke 6:29). I have written on this at greater length elsewhere (Tiemstra 2002).

The idea that some limit on economic inequality is a desirable feature of a society does not stem from some idea that everyone is equally virtuous or hard working. It is based on the idea that all people bear the image of God, and that all people are loved by God. Therefore the people of God have an obligation to love all people equally and provide for them to live a life in which they can respond to God's callings to them. An excellent introduction to this line of thought is Wolterstorff (1983, ch. 4). A more modern and thorough account is Hicks (2000).

Morse offers a story from her own life as an example of what families should do to support their own (pp. 208–212). She has taken into her home and cared for a Romanian orphan boy as well as her desperately ill mother-in-law. This necessitated postponing completion of her book, and fitting her publicity tour around doctors' appointments and the availability of respite care. Her only regret is that she relied too heavily on hired help. Morse's generosity and care are admirable, but since she is so immodest as to propose this as a model, let me point out the obvious. Morse's work is very remunerative, and she has an extraordinary degree of control over her own time. The choices that she has are not available to the overwhelming majority of American families. To suggest that her experience is applicable to people of average means is out of touch with reality.

A great deal of the poverty in this country results because the jobs that are available to many folks do not pay very well, even though they require very hard work. Anyone who doubts this should read works like Barbara Ehrenreich's *Nickel and Dimed* (2001). Then compare the work effort of a front-line worker in a house-cleaning service with the workload of a corporate CEO, who is paid hundreds (not tens) of times more, and whose 60-hour "work" week includes dinner parties and golf outings. The market does not always and only reward hard work or virtue, and there is no reason to think that the distribution of market incomes has any important moral properties. The major social institutions need to do something about this. Businesses have an obligation to pay their workers fairly. Scripture is very clear about this (e.g. James 5), and so is the tradition of Christian social thought. There is no mention of the responsibilities of business to treat their workers well in this book. At the bottom of this is a faulty theory of

markets, but more about that later.

3. Government is empowered to establish justice in society. Justice includes proper care for the poor and, if possible, the eradication of poverty. Government should make use of the infrastructure of the moral-cultural sector of society to accomplish these ends, but the charitable sector does not have the resources on its own to address the poverty problem adequately.

It is not clear why the volunteer deacons at First Presbyterian Church would do a better job determining who needs help than the professional social workers down the street at the county welfare office. In a lot of cases, they are the same people anyway. Though Morse dismisses this concern (p. 188), churches can be inappropriately judgmental in their attitudes toward the poor.

The problem with Hitler's Germany and Stalin's Russia was not that the tax rates were too high. In the end, taxes and transfer payments are only money. In the larger scheme of things it is just not that important. The comparisons made by these conservative writers between democratic welfare states and oppressive dictatorships are bizarre. When it comes to oppression, I am much less worried about high taxes than I am about an American President who seems to think he has the legal authority to incarcerate and torture anyone he wants without charges and without trial.

Access to the legal system and to the political arena in the United States requires substantial resources, which is why the poor often do not have adequate access, and the political system in our country represents the interests of the rich and powerful much better than those of the poor (Phillips 2002). The biblical concern about oppression of the poor is less about legal injustice causing income poverty than about the tendency of the system to neglect the interests of those whose lack of wealth leaves them legally powerless. Bandow worries that government action will violate the commandment against theft (p. 316), but the main worry of the reformers and the church fathers was about rich people stealing from the poor. The Heidelberg Catechism, question 110, about the eighth commandment, stresses inaccurate weights and measures, fraudulent merchandising, and excessive interest. That concern reflects the priorities of the Bible as well, as in passages like Leviticus 19, which talks about employers holding back wages, or Proverbs 16, which talks about just weights and measures in commerce.

Bandow's claim that the moderate welfare states have all failed does not stand up to the facts. The welfare states of Western Europe have lower

rates of crime and incarceration than the United States. They perform better on almost every measure of educational achievement and health than we do. They have fewer teenage pregnancies and fewer abortions. The U.S. budget deficit is a bigger proportion of GDP than that of any of the euro-zone countries. The United Nations Human Development Index places the United States fourth in the world, behind Norway, Sweden, and Canada, and tied with Belgium and Australia (UNDP 2003, p. 149). We only rank that high because we are ahead of the others in per capita GDP.

II. The Meaning of Economics

Schindler's liberals devote their space in this volume to exploring the meaning of economic activity in market economies. However much business managers may want to behave in a way that reflects Christian values, the inner logic of capitalism and the environment of competition make it impossible for them to focus on anything other than economic efficiency, profitability, and the maximization of shareholder wealth. These powerful institutions, and the wealthy and powerful people who control them, transmit these values to the employees in the workplace, who have to pursue the organization's objectives in their jobs. We all then carry these values with us into our private lives, which tend to be more and more governed by a concern with wealth and economic status. These values are reinforced by the media, which are controlled by wealthy corporations, directly through ownership and indirectly through advertising, and reflect these corporate values.

The claim that these liberal writers are making is that this distortion of human values and motivations is intrinsic to the nature of capitalism. It is clear that their understanding of capitalism has been influenced by the defenses of it that are offered by the conservatives. Both sets of writers seem to accept a theory of capitalism that is based on a version of Austrian School economics, in which innovation and change drive growth, and economic development and growth are of primary importance. They believe that in a modern market economy, competitive pressures become very intense. This is especially true in the age of globalization, when markets are no longer confined to national boundaries, but the competitive process spans continents. As we all learned in introductory economics, businesses have no choice under these circumstances but to maximize profits. Any other choice leads to bankruptcy.

The conservative writers want to claim that the freedom offered by a market economy enables people to live by whatever values they choose, hopefully Christian ones. Novak says, "Empirical research seems to

confirm the primacy of spirit, and to disconfirm merely materialistic accounts of human behavior” (p. 54). He also stresses the “subjectivity of society,” the ability of people to act, rather than merely behave (pp. 56–57). Novak even claims that “materialism” is on the wane, because people are buying more services rather than material goods (p. 53). Of course, this has nothing do with the larger point about the preoccupation with wealth. Griswold claims that multinational corporations bring high environmental and labor standards with them when they invest in less-developed countries, and that as incomes grow, these countries adopt these higher standards as their own (presumably by government regulation) (p. 225). Bandow concludes, “Liberal economics merely allows people to think of themselves in a certain way; it does not make them do so, nor would making the economy illiberal cause them to cease doing so” (p. 327). Bandow even claims, astonishingly, that “the market rewards honesty and trustworthiness” (p. 328). His example is the failure of the Arthur Anderson accounting firm. He does not seem to understand that this came about because of SEC regulation and enforcement of the securities laws, i.e., government action, not the market. But when it really matters, economic development and growth trump all other values for the conservatives, so they contend that there really are no choices. Griswold fears that including provisions for higher labor and environmental standards in trade agreements will become a drag on economic growth (p. 237), and he approves of the pressure on governments to create a “more friendly business climate” for foreign investors and local entrepreneurs alike (p. 219). Bandow disparages “above-market wages” as “charity carried out under the guise of business” (p. 339). He also believes that “Private monopolies usually break down quickly due to competition” (p. 331). If the competitive process is so intense that there are really no choices, then Schindler’s liberals are right, and Christian values have no place in a market economy.

My own view is that this account of how the market economy works is not useful, precisely because it places too much stress on the process of competition and the inevitability of market equilibrium outcomes (Tiemstra 1993, 1994). That is not the way the world really is, and its a good thing too. Businesses and individuals do have choices to the degree that they enjoy market power, and market power is more pervasive than generally thought. Globalization tends to privilege the power of businesses over the other sectors of society, and the values of economic growth over other values, but there are ways to correct that. So Schindler’s liberals are wrong that materialism and preoccupation with wealth are intrinsic to the nature

of market economies. Freedom and choice are possible, and we can live as Christians in a capitalist world. Christians should be entering the business professions, in order to spread their influence, and counter materialistic values.

By failing to address the social responsibilities of business in this work, the conservatives leave the liberals' argument unanswered, and pass up the opportunity to address the deeper causes of poverty and injustice. Society has the right to expect businesses to conform to the moral norms that God requires for justice. When businesses do not live up to these responsibilities, it is no surprise that people turn to government to address problems like poverty, sustainability, and civil rights.

III. Conclusion

This book is disappointing, because it should have been better than it is. The authors represented here are distinguished scholars with long records of productive contributions to Christian social thought. But this book is inadequately researched, sloppily thought through, and carelessly edited. Instead, I recommend reading Gushee (1999) or Carlson-Thies and Skillen (1996).

More importantly, this book will confirm for many people all of their worst stereotypes of the evangelical community. Schindler's liberals seem to be only interested in airy abstractions far removed from anything practical. The conservatives come off as arrogant, self-righteous, and above all judgmental. These are the things that drive people away from the church and away from God. Our Lord Jesus was none of these things. When a common prostitute came to wash his feet, his disciples expected him to send her away. She was not deserving of their help. Jesus did not turn her away, but forgave her (Luke 7:36–50). If we want people to accept Jesus' message and join the Christian church, we need to bring our thinking and our doing closer to his model.

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Wealth, Poverty, and Human Destiny: A Selective Review

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My aim in this essay is to review those parts of this theologically-rooted collection that consider "whether and to what extent the global [my specific charge in what follows] market economy helps the poor" (vii).

Two things attracted me to this task. One was the emphasis on globalization, income distribution, and poverty, which has been an area of special attention for me for a quarter-century. The other was the hope