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Property for People, Not for Profit: Alternatives to the Global Tyranny of Capital

Ulrich Duchrow and Franz J. Hinkelammert. 2004. London: Zed Books. ISBN 1-84277-478-6. \$25.00 (paper).

Reviewed by Robert A. Black,¹ Houghton College.

The primary question for the authors of this book, as it was with Karl Marx and Friedrich Engels² in 1850, is the one of “property.” Writing during the 9/11 terror attacks is significant. “In Latin America, this day recalls the fulfillment in 1973 of the Nixon and Kissinger plan for intensive destabilization in Chile which aimed to oust the democratically elected socialist President Salvador Allende” (p. x). Private property has generated this international economic and political instability. “The question is this: how can we overcome this vicious cycle of imperialist terror, the global economy, and the fundamentalist resistance to them?” (p. x). The book promises alternatives to Cold-War extremes of private ownership or state socialism and to today’s extremes of global capitalism or the religious terrorism that it inspires.

Structure of the Book

The book contains eight chapters (plus introduction), two appendices (“No to Patenting Life!” and “The Cochabamba Declaration” on rights to access to water), an extensive bibliography, and a workable index. Three chapters review the history of private property’s ideology and practice. Chapters four and five address contemporary criticisms of global capitalism and neo-liberalism. Chapters six and seven present alternative ideologies, a new dependency theory and liberation theology, and alternative property arrangements. Chapter eight poses a “confessional” challenge to the Churches: will they follow “God or Mammon”? Each chapter merits a closer look.

According to the introduction, as global capitalism re-emerged “after the fall of the Berlin Wall in 1989,” it “subjugated the globe again...with devastating effects...in all parts of the world” (p. 1). “Resistance is flaring up” against a “system geared purely to profit maximization and thereby having no regard for” human life and nature (p. 1). Targets of resistance are, as expected: the International Monetary Fund (IMF), World Bank, World Trade Organization, and Group of Eight. The media are complicit. Even capitalism’s critics refuse to discuss the question of property. Duchrow and Hinkelammert declare “This taboo must be broken.” The authors plan to unmask the history of “secret components of the system:” (1) an “absolute form of private property,” (2) “certain mechanisms of money,” and of course (3) “the market” (p. 2). Key to “stopping this disastrous trend” is

“for property to be liberated from its random and destructive forms and to be committed not just to society but also to life” (p. 4).

Chapter one traces the rise of a destructive “money-property nexus” back to “the late eighth century BCE,” in a conversion (according to Aristotle and Plato) from *oikovoμike*, producing and distributing wealth for household (*oikos*) and community use, to *khreμastike*, the “boundless” and “destructive” individual accumulation of an “infinite” stock of valuables” (p. 5). Complicit were Temple taxes, collecting tribute, and nascent debt bondage (p. 6). Greece contributed the land-holding-citizen and non-citizen distinction, “commercialization” of land, “debt slavery,” and “trade in foreign slaves” (p. 11). Rome added legal distinctions between holding a possession and owning property (p. 11), and absolute legal rights to destroy property, including slaves and animals (p. 12).

The authors assert that “[A]ncient Israel, the Jesus movement, and the early Church” provide options (p.13). Old Testament challenges to absolute property include freeing Hebrew slaves, limits on land sales, the jubilee (canceling debts, returning property, and freeing slaves), and harvesting restrictions that leave the “fringes” and tailings for the poor. Jesus similarly limits absolute property: we “forgive our debtors” and He frees slaves “this day” (p. 23, citing Luke 4:1ff). Jesus confronted “property-interest-seizure-debt slavery” by challenging the rich young ruler of Mark 10: 17–22 to “give [or return] all you have to the poor and then follow Me.” Zaccheus’ conversion and restitution of excess taxes (Luke 19:1–10) highlights returning stolen property, not merely giving to the poor (p. 24). Jesus also confronted the Temple tax system’s “iron rules of the highest monetary profit” that ignores “the real lives of people created by God” (p. 25).

Chapter two describes capitalist market society as it emerged late in the medieval period in diverse forms, wherein the “individual accumulates wealth and power,” displacing “the property-money economy of antiquity” (p. 30). Key factors were the Church’s acceptance of indulgences in payment for and *de facto* legitimizing of usury, and a “modern individuality” arising in the Great Plague (when “keeping one’s distance” from others became prudent) and the gun (an impersonal weapon, deadly and anonymous from a distance—but what of bow and arrow? p. 30). Property and money emerge again, as the “material basis of calculating individualism” (p. 31). In England, emancipating serfs (freeing slaves?) and enclosing land initiated the process. Textile production and trade further fueled it, as did extending the “absolute right of property to immaterial...bills of exchange, patents and copyrights, as well as to the enforceability of all private financial contracts” (p. 33). Thomas Hobbes justified individual, market, and a sovereign to maintain order (pp. 34–40). Bernard Mandeville’s “private vices” as “public virtues” and Adam Smith’s “invisible hand” of

the market” require only minimal government to enforce laws of property and contracts (p. 39–40). Yet fascist dictatorship supplanted democracy whenever property was threatened (p. 40–41).

Chapter three explains how John Locke’s ideology is crucial to constitutional protections of property in market democracies (p. 2). “US wars against Iraq and Afghanistan and Nato’s Kosovo war” violated human rights in the name of human rights (p. 43). A brief history of such “inversions” traces their ideological roots to Locke’s development of Francisco de Vitoria’s ideas (pp. 46–47). For Locke, war against indigenous people in North America and India was “legitimate,...a consequence of the natural equality of all people. This use of force does not violate human rights but is the consequence of their faithful application” (p. 47). In contrast to Hobbes’ natural “war of all against all,” Locke’s “state of nature” includes an established “civil society” that enforces “natural law” of property and contract (p. 47). Every man everywhere is an “Executioner of the Law of Nature;” thus “naturally every Englishman” everywhere is defender of property rights, with “a Right to punish the offender” (p. 48, citing Locke).

Yet Locke’s expression of natural law is “an annihilation mentality” that punishes the “‘degenerate’ human being who has ‘declared war against all mankind’” (p. 49). Any “resistance to the expansion of the bourgeoisie” is an “aggressive war.” Civil society must respond in “defense of humanity” and peace (p. 51). This is a “just war” (p. 53). Thus “Locke legitimizes the war of the bourgeoisie to conquer the world and acquire all its wealth” (p. 54).

Chapter four seeks to hold “property-owners accountable to society” (p. 77). The authors first trace the historical development of the German constitution, with references to U.S. law. Of interest are protections of “private ownership of the means of production” even when “in conflict with others’ interests” (p. 85). The chapter then describes commercial practices by which legally sanctioned “globalized capital” increases profits at the expense of “nature and social cohesion” (pp. 90–91): “‘just-in-time’ production,...out-sourcing production” (read that, Nike), capital-intensive production that replaces “labor with technology,” “mergers” that limit competition, “pressuring [foreign] governments” for more favorable treatment abroad, evading taxes by transnational strategies, encouraging national debt rather than higher taxes, and privatizing state enterprises and the “environment and elements basic to life” such as sources of water and patents on genes (pp. 91–95). Various national and international institutions and policies allegedly encouraged this “globalized casino economy” and enforced a “dictatorship of property” (pp. 95–108).

Chapter five takes a more mystical and even more polemical turn, explaining the current war on terrorism as the “Bible of Bush against the

Koran of the Taliban.” The authors draw parallels to the suicide-murders of the 9/11 terrorists that will trouble many Americans: “Whoever condemns the attacks on New York also has to condemn the strategy of globalization that is directed towards the increase of capital property.” A troubling dialectic is at work too, as the thesis of global capitalism clashes with the antithesis of anti-capitalist terrorism, and the synthesis is “the mysticism of death.” Ulrich and Hinkelammert say that “In the new terrorism, the system raises contradictions to itself. The opposites conflate to become one” (p. 134; for an earlier expression of such a dialectic, see Barber 1996). Thus “In the supposed battle between good and evil,” the authors choose neither, preferring instead the “dignity of humanity in a commonweal” (p. 138).

Chapter six celebrates Latin America’s “renewed dependency theory,” after the “hurricane of globalization [after 1973] that led to the renunciation of the [Latin American] project of industrialization and development” that used import-substitution policies (p. 141). In the 1960s, writings on *dependencia* adapted Lenin’s theory, that the export of capital exploited foreign workers, to Latin American experiences. Current dependency theory recognizes a new polarization between first and third worlds (pp. 145–150) and a need to address environmental destruction and limits to growth (p. 150). The state should “protect uncompetitive simple goods production” while thwarting “non-productive” global capital (p. 152; note apparent contradiction here). A “new protectionism” at national borders and even between a nation’s regions will promote “local and regional systems of division of labor...separated from the competition of capitalist enterprises oriented toward capital accumulation” (p. 153). The state should hem in capitalism with a “Tobin tax” on global capital transfers, “redistribution of income and property,” and “stronger public...pensions” (pp. 153–154). The authors add that the “currently fashionable ideology of privatization must be questioned radically” (p. 154).

Chapter seven seeks refuge from “neo-liberal, global capital” in liberation theology, in “life and the common good,” and away from “boundless accumulation of capital...indirectly programmed to destroy life.... This is where the reorganization of ownership comes in, to overcome the ideology of privatization” (p. 156). While historically the “insipient property-money mechanism” has given us winners and losers, the “Bible fundamentally sides with the loser” (p. 157; but compare Exodus 30:15, Job 34:19, Psalm 49: 1–2, and even Proverbs 22:2). Ulrich and Hinkelammert contend that a “perspective of the common good starts with the weakest.... If they can live, all can live.” They endorse “proponents of liberation theology” who criticize “modern ideologies that...defend the power of the market” over the weak (p. 157).

The authors reject “liberal ideology claiming” that the market coordinates

“intentional egoistic, profit-maximizing competition...for the common good” (p. 159). Therefore “all economic...institutions and actions must be reconstructed according to the logic of the survival of all” (p. 159). The authors seek more thorough government control of issuing money and tighter control of private banks; elimination of international “tax oases;” “abolition of anonymous trusts, no-name, numbered accounts;” “uniform” taxes on TNCs; and a “global tax inspection authority” (p. 197). They seek to democratize international financial organizations (IMF and World Bank) to eliminate “finance-driven imperialism” (p. 199).

Citing the Church’s successes opposing apartheid in South Africa and supporting the Jubilee 2000 campaign for debt relief, Chapter Eight enlists Church support in the battle against global capitalism. The “hopeless over-indebtedness of poor countries” is only a “symptom.” The “whole financial system” caused “the debt crisis,” pointing to the “fundamental significance of the property issue” (p. 206). The authors call Churches to be “forceful actors in civil society” and to “work together with social movements” (p. 207), becoming, in spirit, theology, and practice, “confessing churches” (p. 208). Drawing on Bonhoeffer’s 1936 article “Question of Church Community,” the authors call churches to stand against “the indirect effects of an intentional system that promises wealth, while admitting to being absolute and without alternative, which destroy life and are causing the deaths of people and nature” (p. 211).

The authors state that, in the process of confessing, churches must invest reserves

...with social and ecological responsibility...; withdraw their money from all commercial banks engaging in financial transactions for property accumulation on the transnational markets, and invest in their own cooperatives, local and regional banks...; and sell... stocks in companies that make their profits by the rules of the global market, without commitment to society and life (pp. 216–217).

In addition to these “practical steps” confessing churches must also engage in political action and petition governments “to end their neo-liberal policies with regard to the global market” (p. 220). The authors offer more than a dozen policy changes, including “progressive taxes,” public ownership of land, and “re-regulation of the interest rate on transnational markets” (p. 220–221, referring to the Federal Reserve’s 1979 policy change away from interest-rate targeting).

Assessing the Book

Left-leaning scholars will be most likely to enjoy the authors’ update of long-standing anti-capitalist themes from Marx, dependency theorists, and liberation theologians. Neo-conservatives will probably tire quickly

of familiar jargon in a new setting. Those who appreciated the World Council of Churches' support of socialist revolution and reforms in previous decades may also favor the authors' call, in solidarity with the WCC, for ecumenical support for reform of property relations. Critics will question whether the authors really prove that global capitalism is entirely "destructive," or whether they merely restate views unquestioningly held by capitalism's radical critics. Theologians may also wish to see a less selective, more complete form of their radical exegesis of all Scripture regarding property rights, wages, trade, money, Temple taxes (Jesus paid the tax, for example), and so on.

The book is beneficial for those unaware of a radical criticism of neo-liberalism. While critical, the book shows how the neo-liberal justification for the U.S. invasion of Iraq has roots in Locke, to depose threats to human freedom and to establish civil society. The authors also support Jacques Chirac's January 27, 2005 call for a tax on international money transfers. Their book updates the Christian left's concerns with burgeoning world capitalism, and explores current socialist proposals. It further reminds Christians not to identify whole-heartedly with the ideology of global capitalism.

The book, however, exhibits various difficulties. Certain "proofs" of the evils of property and capitalism seem incomplete and less than convincing, relying on rhetorical devices: loaded words, overgeneralizations, oversimplifications, special pleading, and all-or-nothing thinking. For instance, in saying that "capitalism functions only with the fundamental institutions of property and contract," they ignore a third critical factor: tort and liability law (based on Old Testament law) that limits the totality of property's power. The authors also ignore extremely liberal bankruptcy rules (just tightened in the United States) that have limited the grip of debt bondage. Chapter six's choice between "life enhancing production" of dependency theory and "capitalist property" seems a false dichotomy: feudal-style commercial restrictions proposed by the authors historically limited production of useful wealth, delaying for example Germany's development until the 1800s. Argentina was the world's sixth largest economy until, in the 1930s, it adopted import-substitution policies that the authors prefer. The authors also ignore any benefits of relatively free enterprise and make no mention of Amartya Sen's contention that severe famines arise mainly where commercial freedoms and civil society are severely restricted (consider North Korea in the 1990s, China in the 1950s, and the Ukraine in the 1930s, for examples).

The book raises but does not fully address broader political issues of holding property in the public interest. What is the "public interest" and who will judge? The authors want to include "everyone" but have already mapped out a required plan for true Christians. When future questions

arise, who is to judge and will they be, to use George Stigler's phrase, "regulatory saints"? The book expresses no cautionary concern about unintended consequences of big supra-national government and its right to tax. Will it truly eliminate poverty or will it create further enclaves for the powerful who exploit the weak? The United Nations' role in the oil-for-food scandal is not encouraging, nor are Haiti's experiences under Aristide's liberation theology of violence (Sirico 2004) and Chavez' more recent troubles with socialism in Venezuela. As Friedrich Hayek warned in *The Road to Serfdom*, the answers to "Who will decide and for whom?" are not always pleasant (1944, pp. 101ff).

When the authors question Locke's defense of natural law and specific rights to private property, they seem to attack the broader philosophical basis of their call for rights to access to water (pp. 174 and 228). If this is not based on the right to life, then on what does it rest? A basis for "rights" in conflict is needed. And their general attack on Locke's philosophy shows more irony than subtlety.

Certain assumptions in the book's arguments deserve attention. The author's criticism of property, money, and the global economy and their proposals for a different system assume that production of goods varies inversely with the extent of private incentives in the economy. Most economists would assume the reverse. Even John Maynard Keynes (1936, p. 374) assumed that a certain amount of inequality of wealth and its private incentives promoted productive output. The authors also implicitly assume a separability of the two types of economic activity. Is it practical to separate *oikovoμike* and *khreμastike*, to pull out the economic weeds and leave the wheat undisturbed? Are we able to untangle the motives that mix in each human heart? Moreover, how much of the *khreμastike* sector actually contributes to *oikovoμike*?

The authors also accept Lenin's and dependency-theory's assertions that transnational corporations prey primarily on poorer countries. Given historical patterns of direct foreign investment by capitalist nations, Mark Blaug (1986, p. 260–261) has said that, while the "brute facts marshaled by Lenin and his disciples are all too often beyond dispute," the "inferences they have drawn from them" constitute an "elegant fiction." Evidence continues to suggest that developed nations are primarily investing in and "exploiting" each other, and that the standards of living of their workers grow while doing so (this is so even in the United States after 1970, once we correct for a substitution bias in the Consumer Price Index used to estimate real wages).

The treatment of money and wealth also seems simplistic. Would it not also be wise to mention that certain accumulations of money and other wealth do contribute to the preferred *oikovoμike*? Is a pension fund not helpful to those left behind on the death of a spouse or parent? Have we

learned nothing about the economy and the use of money, since Aristotle? What else might we say of the efficiency of money in promoting the work of a steward (*oikonomos*)? In an all-or-nothing radical perspective, however, such nuanced interpretations of the international monetary economy are disallowed out of hand.

The ideology and practice of capitalism both need constant critical review, but is a heterodox extreme preferable? The Bible does not favor the pure freedom of contract that undergirds pure capitalism (e.g., the author's Old Testament reference to leaving the fringes and not reaping twice). Nor does the Bible, as Marx did, condemn wage labor and private ownership of productive wealth. The Law established liability for damages done by one's ox only after establishing private property rights to it (and after limiting another's freedom to covet the ox). For a more balanced criticism of the ideology of capitalist freedoms, I prefer chapter five of Brian Griffiths' *Creation of Wealth* (1984).

Finally, the authors' protest against property and global capital—specifically against the rights of intangible property, free contract, and the export of jobs—seems especially troubling given the copyright page of their book. There the authors assert their copyrights and the exclusive rights of Palgrave Macmillan to U.S. distribution. The book for U.S. distribution was, moreover, typeset in London and printed and bound in Malta, where in 2000 the per capita income was roughly 1/3 that of the United States. Despite its ideological professions to the contrary, the book testifies to our practical preferences for private property rights, free contract, and global trade.

Endnotes

- 1 I benefited from a first reading and discussions of the book with economics students in the international economics class at Houghton College, fall 2004.
- 2 Karl Marx and Friedrich Engels wrote in the next to last paragraph of the *Communist Manifesto* (1848) that their movements “bring to the front, as the leading question in each, the property question, no matter what its degree of development at that time” (1964, p. 62).

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