

The Catholic Ethic and the Spirit of Capitalism

Michael Novak

New York: The Free Press, 1993. ISBN: 0-02-923235-X.

In his latest book, *The Catholic Ethic and the Spirit of Capitalism*, Michael Novak describes the moral foundations of democratic capitalism in Catholic thought, especially as they have been articulated in papal documents from 1891 to the present. He follows the lead of Max Weber, who analyzed the contribution of Calvinist ethics to defining the spirit of capitalism in the early years of its ascendancy. While appreciative of his insights into what makes up the spirit (as opposed to the institutions) of capitalism, Novak sees Weber's focus on the worldly asceticism of capitalists as incomplete and ultimately dissatisfying as a motive for entrepreneurship. He finds an appreciation for democratic capitalism developing in papal thought over the last one hundred years, based on its fit to human nature.

In earlier works, like *The Spirit of Democratic Capitalism*, Novak seized upon the idea of presenting capitalism not as a perfect system but as one of three spheres which together provide for a remarkable flourishing of the human spirit. Democracy, free markets, and a free moral-cultural sphere together protect basic human rights in politics, economics, and moral-cultural life. Here, too, Novak emphasizes the mutual interdependence and complementarity of these spheres. Thus, the fears of many Christian thinkers about capitalism—its capacity to promote rampant individualism and materialism—are legitimate concerns. But the critics have failed to notice that in practice capitalism tends to be tamed by democracy (since the majority must sense that they gain from the system), and by moral and cultural values. Thus, capitalism, in context, has been more humane than its severest critics have feared. Novak dubbed this tri-partite system, practiced throughout the West, Japan, and Australia, "democratic capitalism."

In this book, Novak explores more deeply than before the moral foundations of democratic capitalism and the tasks which people living under

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such systems are called to undertake. First, regarding the moral foundations of democratic capitalism, Novak calls attention especially to the insights of Pope John Paul II, who could, he says, be justly referred to as a philosopher of liberty, but more important is a "philosopher of creativity." While this pope has stressed the primacy of freedom, saying that "human nature...is made for freedom," he has also called for the recognition of a "second liberty," that of personal economic initiative.

Better than any other pope, John Paul II understands the vocation of human beings to be creative. We are made in the image of God to be co-creators with God. Thus, freedom must be accorded us to create in many marvelous and diverse ways. Furthermore, he specifically recognizes the creative role of entrepreneurs who search out new possibilities to meet human needs, and who create communities in the form of firms where many people cooperate to achieve a common goal. Though not esteemed by classical thinkers, such individuals serve the common good in ways that have, over more than two centuries, lifted the standard of living of millions of people worldwide.

In sum, this pope connects the success of capitalism to the capacity of Judaism and Christianity to inspire new visions and diverse creative action by women and men, drawing on God's own creative nature and purpose for them. Therefore, human freedom is not to be understood as freedom from all restraint; it is not an end in itself. Instead, human freedom is an "ordered liberty," the exercise of freedom which does not violate human nature.

What is this human nature which is not to be violated by free men and women? It is a dual nature. We are both self-interested and other-interested. We have both a unique personal calling and destiny, and a universal calling and destiny as children of the same God. All the great diversity of human talent and

insight is, it seems, necessary to reflect the infinite variety within God's own being. We belong to national and cultural communities, to which we naturally feel loyalty, and to the whole human race. Both nationalism and universalism are natural to humans. We must not, however, succumb to the dual temptations to extreme exclusion, on the one hand, or homogenization on the other. This pope, says Novak, correctly understands how crucial the three-fold system is to human flourishing. Markets elicit powerful creative forces by joining talent and incentive in such a way that both personal gain and the common good are achieved. Democratic, limited, government protects the freedoms of people to associate with each other in a multitude of ways—in families, churches, schools, neighborhood improvement organizations, etc.—to serve the common good as they understand it.

As a result, Novak defines social justice in a way that is at once different from that of the left, and more demanding than that of libertarians on the right. Liberals have talked as if social justice were what results when governments intervene in various ways to ensure equality of outcomes for different social and ethnic groups. Thus, many Christians have been upbraided for failing to practice social justice when, instead of lobbying government for some redress, they have tutored disadvantaged kids or worked in soup kitchens. Novak would turn the tables upside down. He wants to recover the sense that social justice is a virtue practiced by people choosing to collaborate for some common good. These are the practitioners of social justice, those who commit their own time, energy, and resources to meeting the needs of others to whom they are connected by interest, proximity, and humanity.

This social justice to which Novak calls Christians and others of good will is more demanding than some conservatives would have it. It's not enough, he says, to recognize that markets have lifted millions out of poverty and then leave the task of

bringing the rest out of poverty entirely to markets. Like the pope, he is not a radical capitalist. Some things cannot be achieved by markets; some things should not be bought and sold; and some communities lack the basic resources needed to access markets. The answer? Let markets do what they can; work through government to write rules that protect and encourage the participation of the poor (in saving, entrepreneurship, etc). In addition, many creative, private initiatives should be designed to assist the vulnerable and provide access to education and other capital resources which make humans more productive and self-supporting. And if the task is daunting? So be it. God says we can do no less than try; and by God's grace our efforts will be blessed.

As the reader might gather, I find Novak's work useful. He has a rich understanding of human nature, economic and political systems, and Christian vocation. He clearly conveys the main lines in the development of papal thought on social issues over this century. Exercising genuine personal and intellectual humility, Novak goes out of his way to avoid making claims for any uniquely Christian political stance across the spectrum of what he calls reasonable left to reasonable right.

In addition to the large themes just summarized, Novak explores such issues as why the intellectual elite has failed to perceive the genius of democratic capitalism and its dynamic capacity for change in response to human moral and other concerns. He also asserts that economists and theologians are drawing closer together as they both focus on human choice. It is here that I find Novak least convincing. While he rightly notes

that some economists, like James B. Buchanan, are investigating the moral capital that underlies human choice, most economists are neither well-equipped nor well-disposed to analyze the role that moral values and their development play in market outcomes. Such, however, is a clear challenge to the members of ACE.

Finally, Novak offers a number of examples of needed reforms of the social welfare system which, he believes, better respect the freedom and creative potential of poor people. What these examples share is an emphasis on asset-building, by encouraging saving and human capital development. They are not new, but their relationship to the spiritual, moral, and creative aspects of human nature is clarified by Novak. When private and public sectors work together to empower poor families to look after themselves, Novak says that the results are mutually reinforcing, a "beneficent circle." Furthermore, he argues that the emphasis should be on developing the moral and social capital of individuals, families, and communities, which enable them to work together for self-improvement. This is the practice of social justice as virtue.

For those who prefer linear thinking, Novak's book can be frustrating. At several points, for instance, he repeats himself, even quoting the same material twice. However, I find the repetitions sometimes useful, just as a good lecture repeats and amplifies the main points throughout. Although Novak has developed many of these ideas in earlier writing, this particular work challenges both economists and non-economists with a picture of economic activity which is both inspiring and realistic. ■

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