



**RELIGION,  
ECONOMICS  
AND SOCIAL  
THOUGHT**



**PROCEEDINGS  
OF AN  
INTERNATIONAL  
SYMPOSIUM**



**EDITED BY:**

**WALTER BLOCK  
IRVING HEXHAM**



**THE FRASER  
INSTITUTE**





# **Religion, Economics and Social Thought**

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## Preface

### **Ethics and public policy**

This book is an attempt to bridge the gap between two academic disciplines, economics and theology. As such it may be appropriate to reflect upon the approach of this new interdisciplinary study, “economics-theology.”

One drawback with economics as a specialized field of study is that in many cases public policy recommendations do not follow directly from its analysis, however rigorous. It is for this reason that economists often disagree as to the implications of economic findings, even if not on the findings themselves. This “value-free” aspect of economics, we hasten to add, is only a shortcoming from the perspective of public policy decision-making. From the vantage point of economics as a science, the attempt at value-freedom is of course an advantage, even a prerequisite.

The branch of theology which attempts to deal with man’s relation with his fellow man has no such disadvantage. On the contrary, values are central to the whole enterprise, not banished from the outset, as in the discipline of economics. But this benefit comes only at the cost of other advantages. Lacking an economic perspective, the findings of moral theology are no more capable than are those of economics of affording, *by themselves*, a reliable basis for public policy formation. It is perhaps for this reason that theologians, too, find themselves so sharply divided on policy prescriptions.

Ethical principles of some kind are necessary for sound public policy, but are not sufficient. Economic analysis is necessary, but not sufficient. The two together, we believe, are necessary and sufficient for the construction of a normative social theory which relates to what are usually thought of as the “economic” aspects of human existence.

This book, however, is more than the thin end of the wedge for an interdisciplinary study of “economics-theology.” It is also an at-

tempt to draw into dialogue both economic and theological representatives from all points on the political spectrum.

The Canadian Conference of Bishops is on record as calling for just this sort of dialogue. In their “Ethical Reflections on the Economic Crisis” (reprinted in the Fraser Institute publication, *Focus: On Economics and the Canadian Bishops*, pp. 68–76) the bishops call for “a real public debate about economic visions and industrial strategies involving choices about values and priorities for the future direction of the country.” Our volume may be regarded in some respects as a response to their call for meaningful dialogue.

It is an important mission to which we are called by the bishops. Given widely divergent opinions on public policy issues, we can either talk or fight. Surely the former is preferable. But discourse is not enough. Dialogue, meaningful dialogue, is necessary, if we are not to pass each other as “dark ships in the night.”

### **A bridge**

This book is thus an attempt to bridge several gaps: between economists and theologians; between “Conservatives” and “Liberals”; between Marxists and free market advocates; between centralists and decentralists. It is an attempt to ensure that hitherto separate universes of discourse are brought into hailing distance of each other.

The present book, like its companion volume *The Morality of the Market: Religious and Economic Perspectives*, is based on the proceedings of a conference held by the Liberty Fund in conjunction with the Centre for the Study of Economics and Religion, a division of the Fraser Institute. It is remarkable in its coverage of divergent and even conflicting points of view on economic, political and theological issues. It is unusual, too, in that the participants come to grips with the views of opposing schools of thought on numerous issues. This was partly a function of the “round-table” discussion style, and partly a result of choosing paper-givers and commentators on the basis of their different perspectives.

The purpose of the conference was to present representative accounts of the principal traditions of theological social thought in Christianity, Judaism and Islam, and to expose these to criticism from both theologians and social scientists. The chief objective of the book is therefore to inform. What have the Christian churches, and the other great religious traditions, believed and taught about the way



human societies ought to arrange their economic affairs? Its secondary objective is to stimulate critical thinking about those traditions, particularly about their relevance—if any—to the industrialized, secular, pluralistic and international world of late-twentieth century capitalism.

The conference organizers (Walter Block of the Fraser Institute, Paul Heyne of the University of Washington, and Anthony Waterman of St. John's College, Winnipeg) began with a broad and somewhat crude classification of the multifarious traditions: this classification shaped the conference and has determined the form of the present book. First and foremost come the many Christian traditions: not because of any bias on the part of the organizers, but simply because Christianity dominated the intellectual life of Western civilization from St. Augustine to Karl Marx. Because of this dominance, all serious thinking about any question was carried out in terms of Christian categories. All dispute (with very few exceptions) was dispute between Christian and Christian. Hence the very great variety of disagreement among Christians, to which our classification does little more than pay lip service. In Islam and Judaism by contrast, especially the latter, external pressures put a premium upon agreement.

Within Christianity, of course, the most venerable and fully-worked-out body of social thought is that of the Church of Rome. The organizers' decision to exclude the Eastern Orthodox tradition, though perhaps justifiable, is the most serious lacuna in this book. In practice, any detailed account of pre-modern Catholic thought was also excluded, for Father James Sadowsky's paper on "classical" social doctrine actually begins with the encyclical *Rerum Novarum* of 1891. According to that document, a "natural" right to private property exists which the state cannot remove. The putative evils of capitalism, attacked by Leo XIII and Pius XI, are actually caused—Father Sadowsky argues—by state intervention. "What was wrong with Roman Catholic social thought in the nineteenth century was not so much its ethics, as its lack of understanding of how the free market can work."

### **Liberation Theology**

It is paradoxical that Gregory Baum's paper on the recent shift to the Left in Roman Catholic teaching, which he identifies as taking place since 1971, reveals that the intellectual process which led to this shift

began with the rediscovery by Jacques Maritain of the medieval tradition of Catholic social thought. But in Latin America by the end of the 1960s many influential Catholics had come to believe that the human goals implicit in Christianity can only be realised by a definitely socialist economic and political order. The "Liberation Theology" which articulates this conviction was clearly to be seen in the encyclical *Octogesima Adveniens* (1971) and at the episcopal synod in Rome of the same year. Recent utterances by the U.S. and Canadian bishops have increasingly depended upon this way of thinking.

Outside the Roman Church, the earliest post-medieval tradition of social thought is that which emerged in Great Britain towards the end of the eighteenth century. The intellectual alliance of Protestant Christianity with the newly developed political economy of Adam Smith and Thomas Malthus (himself an Anglican priest) turned out to have strongly conservative social and political implications. Poverty and inequality are inevitable in this view, and more or less unaffected by legislated changes in social and economic institutions. This life is a state of "discipline and trial" for eternity; charity can not, and must not, be compulsory; and the institutions of private property, marriage, wage-labour and competition are on the whole more beneficial than harmful. Anthony Waterman's paper shows the origins of this tradition in Malthus's first *Essay on Population* (1798) and its development by J. B. Sumner, Thomas Chalmers and others. Paul Heyne's traces its propagation in the United States (in Chalmers's version) through the writings of Francis Wayland (1798–1865), Baptist Minister and President of Brown University from 1827 to 1855.

As confidence in *laissez-faire* waned during the nineteenth century, Protestant social thinking began to turn towards socialism. Ronald Preston traces the beginnings of this movement in mid-Victorian England and outlines its subsequent development. By the end of the nineteenth century it was acceptable in the Church of England, almost fashionable, to profess socialist beliefs, and the Lambeth Conference of 1897 commended socialism in general terms. The twentieth century has seen much development and much internal schism among Christian socialist bodies in Britain, Canada, the United States and several other countries, but this philosophy still claims the allegiance of many theologians.

Christian socialism made its presence felt in North America not so much by the intellectual conversion of the social and ecclesiastical

elite as by a grass-roots movement known as the “Social Gospel.” One of the most distinguished and influential figures in that movement was the theologian Reinhold Niebuhr. The other paper in this section, that by Roger Hutchinson, explores the implications for Christian socialist thought of Niebuhr’s rejection of his early Marxism. Awareness of the pervasiveness of sin in all human arrangements, while consistent with the political pursuit of social justice, is a safeguard against uncritical reliance upon particular programmes and ideologies.

The fourth section of this book—the very existence of which is an admission of failure on the part of the organizers—is a catchall for three of the more important aspects of Christian social thought which could not be fitted in to the first three classes. They have nothing in common save their unclassifiability.

#### **A miscellany**

The first paper, by Bob Goudzwaard, describes what is theologically a highly exclusive and somewhat peripheral tradition: that of Dutch Neo-Calvinism. Groen van Prinsterer (1801–1876) and Abraham Kuyper (1837–1920) were the Fathers of a spiritual and political awakening of the Dutch Church and people. Kuyper founded the Free (Calvinistic) University of Amsterdam, and a newspaper, a political party and the Christian labour movement. Kuyper’s practical application of Reformed Christianity was “anti-revolutionary” not “counter-revolutionary”; and more successfully than most other nineteenth century Christian traditions promotes the solidarity of employers and employees in a capitalist society.

The third paper, by Canada’s Anglican Archbishop Edward Scott, describes the totally inclusive attempts of the World Council of Churches to say something meaningful on behalf of all Christians and Christian bodies. The World Council is composed of some three hundred different Christian churches, each with its own understanding of authority and order. The work of the General Secretariat on behalf of the Assembly is wide-ranging, and public statements on social issues are only a small part of its business. Member churches have the right to dissent from public statements and to criticize them. Issues are presented by member churches and consensus is sought on the proper application of Christian principles. Yet despite the immense possibil-

ity of disagreement and dispute, a broad “ecumenical consensus” has generally been obtained on such matters as “racism, militarism and human rights.”

The remaining paper in this section, an account of minority thinking by John H. Yoder, amounts to a comprehensive rejection of all other formulations of Christian social thought reported in this book. For if, as Yoder suggests, it is not possible in principle to see the social system as a whole, then “letting the world go to the dogs in its own way is a proper thing to do.” Yoder illustrates his theme by examining selected examples from a “thin strand of Christian cultural tradition”: early monachism, the *patarini* of medieval Milan, the movements begun by St. Francis of Assissi (c. 1200) and by Waldo (c. 1180), the Czech Brethren of the Hussite Reformation, and the various Anabaptist sects which emerged during the “Second Reformation” in the sixteenth century. The vision of Christian community and voluntary Christian poverty common to all of these “represent an incarnate proclamation of the Lordship of Christ to all possible worlds in which food and shelter are needed.”

The fifth section contains two accounts of Judaic attempts to relate the ethical doctrines of the Hebrew religion, first framed for a small agricultural nation in ancient Palestine, to the vastly different social and economic conditions of the Diaspora. Meir Tamari shows how Talmudic teaching was developed to accommodate the needs of Jewish mercantile communities in medieval Europe. Secondly, Ellis Rivkin attempts a general survey, from the standpoint of Reform Judaism, of the evolution of Judaic social thought over a vast sweep of history from Moses to twentieth century America.

Medieval Jewish communities practised price control in the sale of wine, meat and other items essential to ritual observances. The Talmudic law of *ona'ah* was developed in a way closely parallel to the contemporary Christian doctrine of the “just price,” despite the attempt of Maimonides (1135–1204) to limit it to the basic necessities. Competition, free entry and location of firms were limited by “the religious considerations of mercy, justice and the general well-being of the community” embodied in the *Herem Hayishuv* and the *Marufia*. All of these doctrinal developments, Tamari suggests, were the result of the special circumstances of Jewish communities in medieval Europe, under which “it was no longer true that competition was the best means of maximizing communal welfare.”

## Adversity

Whereas Meir Tamari's paper is a detailed case-study intended to throw light on the *method* by which Judaic social teaching evolves in response to changing economic conditions, Ellis Rivkin's is a "broad-brush" history of that evolution. To Adam and Eve, "God gave dominion over all that He had created." The expulsion from Eden and the curse of Adam are omitted from Rivkin's theology: "God had not doomed humankind to eternal scarcity. Scarcity was a vibrant challenge, and not a tragic destiny." The remainder of his story is therefore one of continual human victory over temporary adversity, though he points out that the treatment of Jewish minorities during the Middle Ages and later fluctuated with the state of the economy. However, "whenever capitalism spread and triumphed, Jews were emancipated." As a direct consequence—according to Rivkin—a "radically new form of Judaism" (i.e., Reform Judaism) could thus emerge, which could say "'Yes' to modernization and Westernization; 'Yes' to capitalism's promise of overcoming scarcity; 'Yes' to the free-choosing, risk-taking individual; and 'Yes' to scientific and critical thinking."

Though by comparison with Judaism, Islam has played but an insignificant part in the social ethics of capitalist civilization, an Islamic contribution by Imad Ahmad was included in the conference and is printed in this book. There are three reasons for this. In the first place, migration has brought increasing numbers of Muslims to live and work in the midst of Western, formerly Christian societies. The cause of mutual understanding is served by information about the ethical beliefs of immigrant minorities. Secondly, the rise of Islamic nationalism, and the economic power of certain Islamic states, has made the study of Islam a matter of practical importance to contemporary capitalism. Thirdly and most importantly, the religious basis of Islamic social thought, like that of Christianity and Judaism, has its ultimate source in the same events: the call of Abraham and the revelation to Moses upon Sinai. A view of the similarities and differences to be found in the Islamic version of this common tradition is certain to be instructive and enlightening to Christian and Judaic readers.

The most obvious difference, it would seem from Ahmad's paper and the remarks of his commentators, is the altogether different treatment in Islam of the sacred texts. Although four main schools of

interpretation are distinguished, the literal text of the Holy *Qu'ran* (believed to be the actual speech of God dictated to, and faithfully recorded by, the Prophet) is given a definitive importance that no Christian or Jewish theologian has ever been able to ascribe to the literal text of the Bible. For whereas the *Qu'ran* is a unified document specific to a time and place, the Bible is a library of books from widely different times and places, bearing the marks of constant revision and full of ambiguity and internal inconsistency, even contradiction. As against the speculative, open-ended and evolutionary nature of Christian and Judaic social thought therefore, that of Islam is more purely exegetical and juridical. In many practical details however, such as the importance of contracts, the existence of property rights, the propriety of accepting interest, and the obligation to pay taxes (*Zakat*) for social welfare, Islamic doctrine appears to approximate the contemporaneous teachings of Christianity and Judaism.

The arguments, confrontations and strongly held positions maintained in this book range widely over the spheres of economics, politics, sociology and theology. The Fraser Institute is pleased to publish the findings of our panel of scholars as a signal contribution to each of these fields. However, due to the independence of each participant, their views may or may not conform, severally or collectively to the views of the members of the Fraser Institute.

Walter Block  
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# **PART ONE**

## **CATHOLIC SOCIAL THOUGHT**





## Chapter 1

# Classical Social Doctrine in the Roman Catholic Church

James A. Sadowsky

What I call the “classical” social doctrine is that which prevailed among Roman Catholic thinkers from the encyclical *Rerum Novarum*<sup>1</sup> (1891) until the middle of the twentieth century. An “encyclical” is a papal letter addressed to the bishops in the Roman Catholic Church articulating the pope’s position on some matter that is of importance to the Church. While what is set forth in encyclicals possesses great authority, it does not in and of itself possess the force of definitive Catholic doctrine. Positions can change with the passage of time. That this is so will become obvious from Dr. Baum’s account of the developments that have occurred since the Second World War.

I have chosen to write about this encyclical of Leo XIII because more than any other single document it guided the thinking of Catholics on socio-economic questions during the first half of our century: most treatises on these questions were inspired by *Rerum Novarum*.

### **The encyclical *Rerum Novarum***

As stated, the encyclical was written in 1891. Marx had died in 1883, and Engels was to die in 1895. The important treatises on classical economics had already been completed, and the age of Austrian economics had begun with the publication of Menger’s *Principles* in 1871.

Our encyclical does not pay much attention to any of the writings of the great economists. Yet if one wishes to understand the workings of the market, that is exactly what one has to do. What Leo XIII was striving to do was to improve the living conditions of the worker, and quite properly so. But to do so one must know what causes the poor conditions and what brings about the good. A doctor has to know whether to intervene in the course of nature or to let nature take its own course. Leo assumed that poor working conditions and poverty were in large measure due to a lack of good will on the part of employers. If that is the case, then it is appropriate to remedy that lack. But suppose that this is not so. Or suppose there is ill will, but that it is being exercised in some other, unnoticed direction. The question is whether the evil is accomplished through market forces alone, or by their being sabotaged by governments acting on behalf of favoured businessmen. We shall return to these questions after presenting the main points of the encyclical.

Here is Pope Leo's summary of the problem that he thought needed his attention:

After the trade guilds had been destroyed in the last century, and no protection was substituted in their place, and when public institutions and legislation had cast off traditional religious teaching, it gradually came about that the present age handed over the workers, each alone and defenceless, to the inhumanity of employers and the unbridled greed of competitors . . . and in addition the whole process of production as well as trade in every kind of goods has been brought almost entirely under the power of a few, so that a very few exceedingly rich men have laid a yoke almost of slavery on the unnumbered masses of non-owning workers. (6)

No socialist, no liberation theologian could have brought forth a stronger indictment. But if one is expecting the pope to propose the socialist remedy as his own, one is heading for a severe disappointment:

To cure this evil, the Socialists, exciting the envy of the poor toward the rich, contend that it is necessary to do away with private possession of goods and in its place to make the goods of individuals common to all, and that the men who preside over a municipality or who direct the entire State should act as administrators of these goods. They hold that, by such a transfer of pri-

vate goods from private individuals to the community, they can cure the present evil through dividing wealth and benefits equally among the citizens. (7)

But their program is so unsuited for terminating the conflict that it actually injures the workers themselves. Moreover, it is highly unjust, because it violates the rights of lawful owners, perverts the functions of the State, and throws governments into utter confusion. (8)

If the worker cannot use his wages to buy property, which under socialism he could not do, his right to dispose of his wages as he sees fit is taken from him. His holdings are “nothing but his wages under a different form.” (9) In other words, socialism dooms the worker to remaining forever under the very wage system it deplors. “. . . inasmuch as the Socialists seek to transfer the goods of private persons to the community at large, they make the lot of all wage earners worse, because of abolishing the freedom to dispose of wages they take away from them by this very act the hope and the opportunity of increasing their property and of securing advantages for themselves.” (9)

### **Private property**

But even more important is the claim that a regime of private property is demanded by human nature itself. Unlike the animals, man must plan for the future. He can do so only if he is able to possess the fruit of his labours in a permanent and stable fashion. (10, 11) It is in the power of man

to choose the things which he considers best adapted to benefit him not only in the present but also in the future. Whence it follows that dominion not only over the fruits of the earth but also over the earth itself ought to rest in man, since he sees that things necessary for the future are furnished him out of the produce of the earth. The needs of every man are subject, as it were, to constant recurrences, so that, satisfied today, they make new demands tomorrow. Therefore nature necessarily gave man something stable and perpetually lasting on which he can count for continuous support. But nothing can give continuous support of this kind save the earth with its great abundance. (12)

The ownership of the earth by man in general means only that God did not assign any particular part of the earth to any one person, but

left the limits of private possessions to be fixed by the industry of man and the institutions of peoples. To use the technical phrase, ownership in the original state was negatively rather than positively common: owned by no one but capable of being converted into property by anyone. (14)

How does one convert the unowned into property? By working on that, which up to that time, has not been owned. By so doing one "appropriates that part of physical nature to himself which he has cultivated." He stamps his own image on the work of his hands in such a way that "no one in any way should be permitted to violate this right." (15)

Those who would deny to the individual the ownership of the soil he cultivates while conceding to him the produce that results from that activity forget that the modifications he introduces into the soil are inseparable from it: he cannot own one without owning the other. (16) To use another example, it is nonsense to say that a person owns the statue he has carved but not the substance he has hewn into that form. There is no way in which he can carry away the statue while leaving behind the stone.

In sum, here is Leo's indictment of socialism:

From all these conversations, it is perceived that the fundamental principle of Socialism which would make all possessions public property is to be utterly rejected because it injures the very ones it seeks to help, contravenes the natural rights of individual persons, and throws the functions of the State and public peace into confusion. Let it be regarded, therefore, as established that in seeking help for the masses this principle before all is to be considered as basic, namely, that private ownership must be preserved inviolate. (23)

Running through the encyclical is the theme that man's natural right of possessing and transmitting property by inheritance must remain intact and cannot be taken away by the State; "for man precedes the State," (6) and, "the domestic household is antecedent as well in idea as in fact, to the gathering of men into a community." (10)

At most, the State could modify the use of private property but never take away the basic right to its ownership and ordinary exercise.

Forty years afterwards Pius XI indicated his agreement with this teaching in *Quadragesimo Anno*:

Hence the prudent Pontiff had already declared it unlawful for the state to exhaust the means of individuals by crushing taxes and tributes. "The right to possess private property is derived from nature, not from man; and the state has by no means the right to abolish it, but only to control its use and bring it into harmony with the interests of the public good." (35) However, when the civil authority adjusts ownership to meet the needs of the public good it acts not as the enemy, but as the friend of private owners; for thus it effectively prevents the possession of private property, by Nature's Author in His Wisdom for the sustaining of human life, from creating intolerable burdens and so rushing to its own destruction. It does not therefore abolish, but protects private ownership; and, far from weakening the right of private property, it gives new strength.<sup>2</sup>

So it would seem that both for Leo XIII and Pius XI socialism in the sense of the generalized ownership of the means of production is out of the question. But they do allow for interventionism. The question is: how much interventionism?

### **Monopoly and state ownership**

Leo XIII does not discuss the extent of legitimate nationalization of property; but Michael Cronin, who was in general a highly regarded interpreter of Catholic ethics, lays down the limits of state ownership in a fashion that I think would have won the agreement of both Leo XIII and Pius XI:

If State nationalisation should reach a point where the pressure of State restriction begins to be felt by private persons, so that it can no longer be said that these persons have ample and full opportunity for private enterprise and investment, or if such a point has even been definitely approached so that there is danger to the private person's right of free enterprise and investment, then the State has already passed the limits of lawful monopoly. Also, if there be anything which is of such fundamental importance to the economic life of the community that to nationalise it would give the State a kind of modified ownership over all wealth, gravely hamper the freedom of private owners in every department of commerce, and so introduce conditions almost equivalent to those of socialism, then nationalisation in such a case would seem to be forbidden as imperilling the liberty and welfare of the community.<sup>3</sup>

Cronin would allow the state to set up a monopoly only for very grave reasons, and only after full compensation has been made to existing owners.

There is all the difference in the world between monopolies owned by private individuals and monopolies set up by the State. The private individual or company which establishes a monopoly succeeds in doing so, not by forbidding a particular line of business to others, but as a result of open competition and by utilising the lawful expedients which competition brings into play; and supposing that only lawful expedients are utilised, a private company has quite as good a right to acquire a monopoly in open competition with others, as an individual has to win a race or to secure a prize by examination. But, on the other hand, when the State contemplates setting up a monopoly in any line of business, it forbids all others from entering that line of business, and thus effects a serious encroachment on the liberty of the subject. Such encroachment can only be justified by very grave reasons of public policy and necessity.<sup>4</sup>

Cronin's thinking on the subject of monopolies represents a high degree of sophistication. Few have been aware of the distinction between the type of "monopoly" that results from the consumers' refusing to deal with more than one producer of a good, and the "monopoly" that results when the State uses force to ban all but one producer of the good. Here we must digress on the nature of competition.

If the State's ban on competition brings about a result that would not otherwise have occurred, this means that those consumers who would have preferred to buy from some other firm are now prevented from doing so. Injury is done both to those firms that would have entered the market and to the consumers who would have preferred an alternative. In the absence of governmental interference the consumers are able to choose between a single seller and many. It is well to note that the monopoly Adam Smith deplored was precisely that which was brought about and kept in being by the power of the State. The term "monopoly" was never used in his day to designate the sole producer of a commodity, except when that uniqueness was caused by state intervention.

One often hears that the free market envisaged by Smith and his contemporaries no longer exists. Now if this means that there is far more government intervention in the economy than Smith would

have accepted, then of course the claim is true. But this is not what the charge generally intends. Instead, the market is said to be unfree because the size of firms is far greater than Smith supposed they ought to be. According to this view, Smith thought that for the market to be free, and for prices to be “competitive,” it must consist of firms so small that the withdrawal of a single one could have no effect upon the price of a given product.

Never mind that it is a logical impossibility for a firm to be that small. The whole thing is creative history. Nowhere does Smith attribute the success and freedom of markets to the smallness of the firms that make up an industry. For him the freedom of the market consisted of but one thing: the absence of government interference. As to the size of the firm that would result from the freedom of the market, he was perfectly willing to let the chips fall where they might. In his mind competition existed whenever there was legal freedom to enter the market.<sup>5</sup> As long as the market was free in his sense *all* prices were *eo ipso* competitive. The only time there would be a monopoly price, as distinct from a competitive price, was when the monopoly resulted from state action: thereby bringing about a price different from that which would have been obtained in the absence of government interference.<sup>6</sup> In any case, as long as governments permit free trade across national boundaries, one is not the single seller of a good unless one is the only seller of that good in the entire world. Otherwise the only hardware store on the north-west corner of Q Street would have to be declared a monopoly. As long as there are two in the entire world, the price differential can hardly exceed the transportation costs.

There is small likelihood of there being any great number of genuine market-formed monopolies: exceedingly few cases where we could speak of the only seller in the entire world. And even in such cases, a firm must meet certain conditions if it is to remain a monopoly. Above all, it must sell its goods at a price lower than the price at which its *potential* competitors could afford to sell. Once it ceases to do so, the potential competitors turn into *actual* competitors.

### **Papal criticism of capitalism**

Most critics of capitalism in our own day tend to regard competition as a beneficial force. They recognize that it makes for lower prices, better quality, and increased protection for employers. If anything,

their complaint is that business is not sufficiently competitive. In the light of this it may seem strange to see Catholic authorities of the last century blaming the economic evils of their day on competition. Leo XIII, for example, says that “the present age handed over the workers, each alone and defenceless, to the inhumanity of employers and the unbridled greed of competitors.” (6) Pius XI makes the following remarks:

In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds who administer them at their good pleasure.

This power becomes particularly irrestible when exercised by those who, because they hold and control money, are able to govern credit and control its allotment, for that reason supplying so to speak the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dares breathe against their will.

This accumulation of power the characteristic note of the modern economic order, is a natural result of limitless free competition, which permits the survival of those only who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience.<sup>7</sup>

One of the great problems we encounter when dealing with what purports to be a criticism of capitalism is that of discovering exactly what kind of capitalism is being criticized. An attack against one kind may be totally irrelevant when directed against another kind.

For our purposes we can distinguish between two kinds of capitalism: *laissez-faire* capitalism and State capitalism. The advocates of *laissez-faire* capitalism want the activities of the State to be restricted to the punishment of fraud and violence and the protection of property rights. The State, is not a participant in the economy except as customer. This implies no intervention either on behalf of or against any business interest. According to this creed the only thing that the State is capable of doing for business in general is to follow a strictly hands-off policy.

*Laissez-faire* capitalism excludes all subsidies and tax-exemptions,



and in particular, it entails completely privatized money and a de-regulated banking system. Money is any good which will exchange for all other goods, and is decided by the market.

## Money

Most foes of *laissez-faire* and many of its champions have failed to notice that in actual fact the money supply is entirely under the control of the State. It alone is allowed to issue money; and under legal tender laws, all are forced to accept it as payment for the goods we sell. This enables the government of a closed economy to increase the money supply at will. If there is no corresponding increase in production, each unit of money buys less than would otherwise have been the case. It is this phenomenon that people call inflation. Not only does it have the effect of large scale counterfeiting; it greatly inhibits money from performing its function as a calculating device that enables us to compare the relative prices of different goods. If it continues long enough, money becomes worth so little, and calculation so difficult, that people abandon it altogether and flee into barter, as happened in the Germany of the twenties.<sup>8</sup> None of this could occur if the monetary system were in the hands of the people. The market would choose by a process of trial and error some commodity whose supply could not readily be increased. One possibility would be gold. Suppose, however, someone finally discovers the philosopher's stone. The supply of the money commodity starts to increase; money prices start rising; calculation becomes more and more difficult. Absent legal tender laws, people are free to use or not to use the gold as the medium of exchange. Little by little, they start switching to some other metal that is less susceptible to increase, such as platinum. The inflation is nipped in the bud. Thus we see that, left to its own devices, the market has a built-in mechanism that stops any inflation before it can get off the ground. According to *laissez-faire* doctrine, government does not have to provide us with a sound currency. All it has to do is to let us alone.

What is the source of investment in a society where money is privatized? It can come only from pre-existent money. If money is to be available for investment, those who have it must reduce the portion they spend on consumption. Ultimately, the course of investment depends on the decisions of thousands of individuals who decide

how much to invest and to whom they shall entrust their money. Lending institutions must either give satisfaction or go out of business.

It is, therefore, hard to see that “trustees and directors of invested funds can administer at their good pleasure” when in the last analysis those funds are supplied by those who limit their own consumption. Either the money ends up in the production of goods that future consumers want or it does not. If it does, then society in general is the winner: either because the prices it has to pay are lower, or because the quality of goods has been improved. If it does not, the goods will not be purchased and the investments will have become unprofitable. Surely people will not continue to entrust their money to organizations that go on making such mistakes?

But if banks are able to create money, there is an exogenous source of investment. Banks do not lend out pre-existent money; they create it. Thus a considerable amount of investment can and does take place apart from the voluntary decisions of people to abstain from consumption. This causes the phenomenon of “forced savings.” People in general are forced to “save” more than they would otherwise have done. Of course, this is saving only in the sense of non-consumption, not in the sense of accumulation. There will be fewer goods available to the people (goods of *their* choosing), and in any case their money will be worth less. Here then we have individuals who by virtue of State-granted power are able to determine to a large extent both the form and amount of investment, and who by so doing bring about a state of affairs different from what would have obtained in the absence of this power. This state of affairs existed in the time of Leo XIII and in that of Pius XI; it continues in our own day. The popes were not wrong in identifying this sinister force with such enormous power over the economy. What they and so many others failed to see was that this power could not have existed without the benefit of State interference. The problem (for the defence of capitalism) is that the regimes that follow such policies get labelled as “capitalistic” *tout court*. To the extent, however, that a state of affairs exists by virtue of governmental intervention, that state of affairs is not strictly capitalistic. It is a mixture of capitalism and interventionism. If in such a regime there is economic misery, we must always ask whether the misery is caused by the *capitalism* or by the *intervention*. All too often people cry for more intervention as the cure when in fact the

disease was brought about by prior intervention. Surely in such a case the solution is to stop intervening? More often than not, the solution to a problem is not to pass, but to repeal a law.

### **Does capitalism contain the seeds of its own transformation?**

Of course, there are those who think that “pro-business” intervention is itself part of the immanent logic of capitalism, that the chicken of State capitalism automatically develops from the egg of *laissez-faire*.

Pius XI seems to have something of this sort in mind when he says that

This concentration of power has led to a threefold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then the fierce battle to acquire control of the State, so that its resources and authority may be abused in the economic struggles; finally the clash between the states themselves. This latter arises from two causes: because the nations apply their power and political influence, regardless of circumstances to promote the economic advantages of their citizens; and because, vice versa, economic forces and economic domination are used to decide political controversies between peoples.<sup>9</sup>

There is no doubt that this describes the history of so-called capitalistic regimes. Certainly many business men have struggled in order to achieve domination of the State and in many instances have succeeded. Not only have they thus committed aggression against their own people; they have influenced their governments to commit aggression against others as well. The point to be made is that none of these monstrosities results from capitalism *per se*.

Capitalism is the *only* economic system that can be conceived of as existing without a State. It is, for example, the economic system described by Locke as existing in the state of nature—Society without the State. True, the society he depicts is a rather primitive one, but this is logically accidental. I, for one, find no reason to believe that this state of nature could not have elaborate technologies and gigantic corporations. (Notice that the requirement that corporations should be chartered is a purely legal and not a conceptual requirement.

Without it the corporation could exist but would simply be illegal: without the charter it *can* but *may* not exist.)

It should also be pointed out that it is conceptually possible to have (*pace* Locke) a legal system and a protection system in the absence of a State.<sup>10</sup> The point here is not to advocate the abolition of the State but simply to show that capitalism can be *conceived* as existing without it. All other forms of economic order, interventionism, fascism, involuntary communism, require a state apparatus for their very existence. Voluntary communism, as practiced in monasteries and communes, is subsumed under capitalism since it is compatible with the right to private property.

The abuses rightly deplored by Pius XI require the existence of the State if they are to be institutionalized. Not any State, but the type of State that does claim the authority to do this sort of thing for special interests. Again we call attention to the fact that the State cannot benefit *all* business interests. Since they are in competition with each other, what benefits one interest is bound to be harmful to some other.

As long as there are States in a position to render favours to special interests, they will try to obtain them. Often they will succeed. It is naive to expect otherwise. The usual reaction to this state of affairs is to seek similar favours for the interest group that had suffered as a result of the previous intervention. The *laissez-faire* solution is not to compensate one wrong with another wrong but rather to make it constitutionally impossible for the State to do these things in the first place. But it is important to realise that capitalism on its own is incapable of bringing about the conditions that Pius XI so rightly deplores. One can only regret that he and so many others blame capitalism for what results from unnoticed interventionism. How many, for example notice that government regulation and taxes put marginal firms out of business, thereby lessening competition and raising prices? How strange that people expect monopoly-creating governments to save us from monopolies!

### **The encyclicals and the labour market**

I now turn to what the encyclicals have to say concerning the treatment of employees. In general, they reject the ideal that wealth and

positions should be equally distributed. On this let us hear Leo XIII:

Therefore, let it be laid down in the first place that a condition of human existence must be borne with, namely, that in civil society the lowest cannot be made equal with the highest. Socialists, of course, agitate the contrary, but all struggling against nature is in vain. There are truly very great and many natural differences among men. Neither the talents, nor the skill, nor the health, nor the capacities of all are the same, and unequal fortune follows of itself upon necessary inequality in respect to these endowments. And clearly this condition of things is adapted to benefit both individuals and the community; for to carry on its affairs community life requires varied aptitudes and diverse services, and to perform those diverse services men are impelled most by differences in individual property holdings. (26)

Secondly, there is the rejection of any notion of class war:

It is a capital evil with respect to the question we are discussing to take for granted that the one class of society is of itself hostile to the other, as if nature had set rich and poor against each other to fight fiercely in implacable war. This is so abhorrent to the reason and truth that the exact opposite is true; for just as the human body whose different members harmonise with each other, whence arises that disposition of parts and proportion in the human figure rightly called symmetry, so likewise nature has commanded in the case of the State that the two classes mentioned should agree harmoniously and should properly form equally balanced counterparts to each other. Each needs the other completely: neither capital can do without labour, nor labour without capital . . . (28)

Workers are

. . . To perform entirely and conscientiously whatever work has been voluntarily and equitably agreed upon; not in any way to injure the property or to harm the person of employers; in protecting their own interests, to refrain from violence and never to engage in rioting; not to associate with vicious men who craftily hold out exaggerated hopes and who make huge promises, a

course usually ending in vain regrets in the destruction of wealth.  
(30)

But it is precisely the notion of “voluntary and equitable agreements” that has traditionally caused problems for Catholic thinkers just as it does for many other in our own day. Both Leo XIII and Pius XI objected to the “liberal” understanding of freedom of contract (“liberal” here being understood in its traditional, nineteenth-century sense). The advocates of *laissez-faire* considered a contract to be free as long as no one was using physical force or threatening it in order to bring the contract about. The fact that one of the parties had an irresistible desire for what the other contracting party was offering was not considered to impair the freedom of the contract as long as the other party had not brought about that need by theft, fraud, or violence. If, for example, someone had entered a marriage because he found the woman to be irresistible, liberals would not have regarded this as destroying the essential freedom of the marriage contract—this despite the fact that the woman had taken advantage of the man’s need for her. Perhaps it will be said that she created this need by her charm and beauty. But, this, the liberals would have said, is not so. She did not create his need for charm and beauty; she is simply offering to satisfy that need. Had the victim not wanted charm and beauty in the first place, all her efforts would have been in vain.

Perhaps the threat of withholding the offered benefit unless the other party agrees to the terms of the contract constitutes the coercion. Louis Napoleon is said to have tried to make Eugenie de Montijo his lover. According to the story, she told him that the way to her boudoir was through the church door. The liberals would have denied that the terms imposed by Eugenie made the subsequent matrimonial contract a coercive one.

### **Necessities**

They applied these principles to all contracts, even the so-called necessitous ones. Consider the case of the starving man. Does he have a prior right to my food? If the answer is yes, I must give it to him without laying down conditions: the question of the contract does not arise. But suppose the answer is no. While I may well be acting indecently if I refuse his request for food, I am, by supposition, not violat-

ing his right. How then do I violate his right by giving him the food under onerous conditions? How is he any more coerced than he would be if I had no food to offer him? If anything, my offering to give him a meal for his onerous labour makes him less coerced than he was before. Before the offering he could only starve. After, he has the alternative of starvation or work. Does not the existence of an alternative make him *freer* than he was before? The fact that by being generous I could have offered an even greater range of alternatives does not constitute a lessening of his freedom but only a failure to increase it. So, the liberal would say, neither the offering of a good that cannot be resisted, nor the refusal to confer it without the performance of an onerous task, makes the worker any less free than he would have been had the question of making the contract never arisen.

To this a Marxist would reply that the necessity of work or starvation is imposed upon the worker by the capitalistic system itself: the very existence of this system is in violation of his rights. It is because “capitalists have a monopoly over the means of production” that the wretched alternative of work or starve is presented to those who are excluded from the means of production.

Now of course the capitalists have a monopoly on the means of production, but only in the sense that husbands have a monopoly on wives and farmers on agriculture. Indeed, the only ones who have wives are husbands. But this is not because someone has passed a law that prevents non-husbands from having wives. If there is a law, the law is a purely semantic one. It is contradictory to say that one is a non-husband and yet has a wife. And this is so only because “husband” is defined as “one who has a wife.” It is not a question of who is allowed to do what but rather of the names we give to people and to the things they do. This law has no effect upon the real world; it does nothing to limit the number of people who have wives.

Similarly by “capitalist” we mean “an owner of the means of production.” If we keep this in mind, our stirring sentence reduces to: “The only owners of the means of production are the owners of the means of production.” In other words, by the very fact that you acquire ownership over a means of production you become a capitalist. That is to say: A is A.

The question is not whether one has to become a capitalist in order to have some ownership of the means of production but whether in a *laissez-faire* regime there is any obstacle imposed that prevents non-capitalists from becoming capitalists. All non-capitalists have to do is

to reduce their present consumption and start investing. To which it is said that workers cannot reduce their consumption. Now once again, we have to be careful not to define “worker” as “one who must consume all his earnings.” In that case, we simply ask whether one has to remain a worker. The fact is that in the nineteenth century when workers had far less to consume than their counterparts today, a good number did become capitalists. It is all too often the *unwillingness* to restrict consumption, a grasshopper attitude, that prevents workers from becoming capitalists. But even in our own day we see, especially among immigrants from Asia, an amazing willingness to defer present consumption. We find these people living initially in conditions that we should judge to be absolutely impossible. Yet before we know it, they are operating successful businesses. We should probably see far more of this than we in fact do were it not for all the government regulations that make it so difficult for the poor to engage in business: laws against peddling, sanitary regulations, etc. These, of course, cannot be blamed on *laissez-faire*.

But this apart, the necessity of doing *some* work or starving unless you have kind friends or relatives is one that comes from nature itself. The point to be made, however, is that to the extent the economy was free, living standards rose during the nineteenth century. How else are we to explain the enormous rise in population? Far more people were surviving until the age of reproduction. The amount of work that had to be done in order to avoid starvation was steadily diminishing. The increasing flow of goods was raising the real income of workers, enabling them to buy a greater quantity of goods with their wages.<sup>11</sup> This in turn increased the relative value of leisure to the employees: it became more and more difficult to get them to work the same number of hours at the old wage-rates. The result of all this was that the working day was gradually shortened. The laws that were enacted to shorten the hours did little more than ratify the *fait accompli*. To have enacted a law in 1801 that required no more than eight hours of work would have brought on mass starvation: the amount of production in such a period could not have sustained the lives of all these workers. The working day in fact turns out to be nothing but the number of hours that the majority of people are willing to work. And what determines the amount of time that people are willing to work is the amount of goods produced in conjunction with peoples’ leisure preferences. (There is, after all, some truth to the claim that capitalism tends to generate unemployment; but the unemployment that it generates is *voluntary*.)



## Capitalism and the real wage

Perhaps it is worth while to say something about the charge that under capitalism the wages tend to remain just low enough to secure the “reproduction of the worker.” Now there is a sense in which this is false and a sense in which it is true. If it is supposed to refer to the purely *biological* reproduction of the person who happens to be the worker, then it is clearly false. It has already been remarked that wages have risen far above subsistence level in areas where the economy is more or less free. It is true in the sense that if the task is to continue being done, wages cannot fall below the level required for the reproduction of the worker *qua* worker. All that it means is that the wages have to be high enough to attract workers, and will be no higher than what is required to do that. How high will it have to be? Since the “law” is nothing but a truism, it cannot tell us.

What was the response of the encyclicals to this liberal theory of freedom of contract and theory of wages? Leo XIII makes a distinction between the labour contract and other contracts. He makes the point that, unlike other products, labour cannot be separated from the person who performs it:

... in man labour has two marks, as it were, implanted by nature, so that it is truly *personal*, because work energy inheres in the person and belongs completely to him by whom it is expended and for whose use it is destined by nature; and secondly, that it is *necessary*, because man has need of the fruit of his labours to preserve his life, and nature itself, which must be most strictly obeyed, commands him to preserve it. If labour should be considered only under the aspect that it is personal, there is no doubt that it would be entirely in the worker's power to set the amount of the agreed wage at too low a level. . . . But this matter must be judged far differently, if with the factor of *personality* we combine the factor of *necessity*, from which the former is separable in thought but not in reality. In fact, to preserve one's life is a duty common to all individuals, and to neglect this duty is a crime. Hence arises necessarily the right of securing the things to sustain life, and only a wage earned by his labour gives a poor man the means to acquire these things. (62)

Perhaps Cronin makes clearer what Leo XIII is getting at:

... The man who gives up his whole labour-day to another, puts at the disposal of that other all those energies with which nature

has equipped him for the supplying of his own needs. Therefore, the just wage payable in return for the use of those energies, the only wage which can justly be represented as the equivalent of those energies, is a *wage capable of supplying the same needs* which our human energies are meant to supply. And the minimum just wage will be a wage capable of supplying the minimum essentials of those needs, the essentials of human life. This, then, is the first measure and test of the minimum just wage. It is a measure which is based on the nature of labour itself and its essential function.<sup>12</sup>

This suggests the idea of opportunity cost. Presumably, the worker is to expect of his employer at least what he could have obtained by expending his energies on his own behalf instead of on behalf of an employer. All well and good. But isn't that what is happening? Why is our man not self-employed in the first place? Surely it is because he thinks that his employer is giving him more than he would have received by going into business himself? In other words, we have to ask ourselves where he would be if there were no employers around. One gets the idea from Cronin that job-offers make people poorer than they would have been in the absence of such offers!

### Low wages

To be sure, our worker is in dire need. And certainly from a Christian point of view we ought to help him meet those needs. Why, however, should it be precisely the *employer* on whom this obligation falls rather than upon *anyone else*? The employer is not worsening but bettering the condition of his employee.

But perhaps it will be said that the necessary condition of these low wages is the inability of the worker to obtain a suitable income elsewhere. Now it is certainly true that one is not ordinarily going to take a low-paying job if the alternative income is sufficiently high. This is in fact the reason why all sorts of menial jobs are not accepted today. Welfare is a mighty source of voluntary unemployment: it has provided numerous persons with an alternative income. But if the theory we are discussing were correct, the fact that people have this alternative ought to cause employers to offer a correspondingly higher wage to induce people to take the jobs. Why are they not rushing in to outbid welfare? The answer is simple. The consumers who in the last analysis pay the costs of doing business would not be willing to pay

the resulting higher prices; and when this happens, the job goes out of existence.

What many do not see is that it is the consumer who puts the cap on wages. Essentially the employer is a middleman. By buying elsewhere, or by not buying at all, the consumer vetoes the choice of an over-generous or extravagant employer. Unless the government forces the consumer to buy the good at the higher price, there is no way that employers can increase wages and still remain in business. The faceless “exploiter” of the worker is none other than the consumer. The only choice, according to this line of argument, is market wages or unemployment.

Given an understanding of the market, the debate about the living wage need never have occurred. The fact is that if employers are unable to pay a living wage, the market itself will force them to do so. And if they cannot, they are not obliged to do so. *Nemo tenetur ad impossibile*. It is, of course, impossible to stay in business for any length of time and pay a living wage unless one is making a profit. Let us now suppose that it is possible to make a profit while paying a living wage but that the existing firms are not doing so, i.e., not paying the living wage. This means, (if we assume freedom of entry) that it will be profitable for *other* firms to enter that market and lure the workers from the recalcitrant firms by offering to pay a higher wage. This process will go on until the wage rises to the level of the living wage. The only “fair” way to keep these would-be entrants out of the market is for the firms already there to offer a living wage in the first place. The best ally of the worker will be the competition for workers that exists among businessmen. Of course, a government can try to manipulate the market and force some firms to pay the living wage when this is not produced by market conditions. But in that case those who are receiving it are doing so at the expense of those who because of their unemployment are receiving no wages at all.

## Conclusion

What was wrong with Roman Catholic social thought in the nineteenth century was not so much its ethics, as its lack of understanding of how the free market can work. The concern for the worker was entirely legitimate, but concern can accomplish little without knowledge of the causes and the cures of the disease.

Like so many others, Catholic thinkers were unaware of the

amount of government intervention in their day. Though considerably less than in our own day, it was considerable. This fact prevented them from asking whether the problems they saw were due to intervention or to the lack of it. The tendency, therefore, was to blame whatever went wrong on the market itself. And when this happens, the temptation is to demand more and more intervention—the very cause of the problem in the first place.

Frequently our ethical judgements of an action are based on what the effects of that action are perceived to be. Most people, for example, will be for or against government intervention depending on what they think this sort of thing will achieve. But this makes it all the more important that we should know what those effects are. I doubt that Catholic thinkers would have judged the market as they did had they known its workings better.

## NOTES

1. *Rerum Novarum*: Encyclical Letter on the Condition of the Workingman. St. Paul Editions, Jamaica Plains, Massachusetts. The numbers in parentheses refer to the paragraph numbers in the official translation of the text.
2. Pius XI, *Quadragesimo Anno*, Encyclical Letter *On Social Reconstruction*, Jamaica Plains, Massachusetts: St. Paul Editions, p. 26.
3. Michael Cronin, *The Science of Ethics* (New York: Benzinger Brothers, 1917), II, p. 279.
4. Cronin, *op. cit.*, p. 277.
5. On this see Paul J. McNulty, “Economic Theory and the Meaning of Competition” in *The Competitive Economy* ed. Yale Brozen (Morristown, N.J.: General Learning Press 1975) pp. 64–75.
6. Cf. Dominick T. Armentano, *Antitrust and Monopoly*, (New York: John Wiley and Sons, 1982) pp. 13–31. This work contains an excellent critique of the attempt to distinguish between a competitive and monopoly price on the unhampered market. He shows that the only “market”

price is the one that has been bizarrely called the “monopoly” price.

7. Pius XI, p. 50
8. See Murray Rothbard, *What Has the Government Done to Our Money?*, (Novato, California: Liberty Press 1962). This book is the best little introduction to money I know.
9. Pius XI, p. 51.
10. For one of the increasing number of such discussions see John T. Sanders, *The Ethical Argument Against Government*, (Washington, D.C.: University Press of America 1980) pp. 177–193.
11. Cf. F. A. Hayek, *Capitalism and the Historians* (Chicago: The University of Chicago Press 1954)
12. Cronin, II p. 346

## Comment

**Clark A. Kucheman**

Basically, Father Sadowsky’s challenging and informative essay is a defence of *laissez-faire* capitalism against a number of criticisms made by Pope Leo XIII in the encyclical *Rerum Novarum* (1891) and by Pope Pius XI in the encyclical *Quadragesimo Anno* (1931). The popes were mistaken, both in their criticisms and in their policy proposals, Father Sadowsky maintains, because they did not understand the functioning of *laissez-faire* —as opposed to “State”—capitalism. “What was wrong with Roman Catholic social thought in the

nineteenth century,” he explains, “was not so much its ethics as its lack of understanding of how the free market can work. The concern for the worker was entirely legitimate, but concern can accomplish little without knowledge of the causes and the cures of the disease.” And in the final analysis, both then and now, according to Father Sadowsky, the cause of capitalism’s disease is governmental intervention, and its cure is therefore the ending of governmental intervention.

Certainly I agree with Father Sadowsky in “doubt[ing] that Catholic thinkers would have judged the market as they did had they known its workings better.” (p. 22). Many of the encyclicals’ criticisms and proposals—including those to which Father Sadowsky refers and, I would add, especially Pope Pius XI’s proposal for a “corporate system”<sup>1</sup>—reflect at least in part faulty understanding of the competitive market’s functioning. I also agree that much governmental intervention is for the illegitimate purpose of “render[ing] favors to special interests,” such as in the United States to agriculture and merchant shipping. But I do not agree with what seems to be Father Sadowsky’s assumption that market competition suffices by itself to implement human rights. Instead, and in spite of the fact that it makes me very nervous as a Unitarian-Universalist to side with a pope, I agree with Pope Pius XI in saying that “free competition, . . . though justified and quite useful within certain limits, cannot be an adequate controlling principle in economic affairs.”<sup>2</sup> It may well be true that “capitalism is the only system that can be conceived of as existing without a State.” But capitalism *ought* not to exist without governmental intervention for the purpose of implementing the moral rights of human beings.

### **Ends and means**

What moral rights? According to Pope John XXIII—the favorite pope of Unitarian-Universalists—“human beings have the natural right to free initiative in the economic field,” first of all, including “the right to private property, even of productive goods.”<sup>3</sup> Or as I prefer to put it, in my quasi-Kantian language, individual human beings have the moral right to act on ends they will for themselves without being coerced to serve ends willed arbitrarily by others. And—at least if it is truly competitive, and if we can ignore neighborhood effects—market capitalism does function in harmony with this

right. For it is an arrangement wherein individuals pursue ends they will for themselves in voluntary, not coercive, interaction with others.<sup>4</sup>

But this negative right to freedom from coercion is not the only moral right of individual human beings, according to Pope John XXIII. In addition,

Every man has the right to life, to bodily integrity, and to the means which are necessary and suitable for the proper development of life; these are primarily food, clothing, shelter, rest, medical care, and finally the necessary social services. Therefore a human being also has the right to security in cases of sickness, inability to work, widowhood, old age, unemployment, or in any other case in which he is deprived of the means of subsistence through no fault of his own.<sup>5</sup>

Moreover, as Pope John XXIII says elsewhere, “vigilance should be exercised and effective steps taken that class differences arising from disparity of wealth not be increased, but lessened so far as possible,” and hence “the economic prosperity of any people is to be assessed not so much from the sum total of goods and wealth possessed as from the distribution of goods according to norms of justice, so that everyone in the community can develop and perfect himself.”<sup>6</sup>

Now I think everyone will agree that the competitive market does not suffice to implement the positive right of individuals to “the means which are necessary and suitable for the proper development of life.” In the competitive market individuals’ incomes are determined not by what they need in order to “develop and perfect” themselves but, instead, by supply and demand. If an individual has little or nothing to offer in the competitive market that is scarce in relation to the demand for it, then his or her income—and consequently his or her access to “the means which are necessary and suitable for the proper development of life”—will be little or nothing as well. And if we take the poverty line as an indicator, then roughly 12 per cent of the population of the United States lack what they need in order to “develop and perfect” themselves as human beings.

Nor does the market reduce “class differences arising from disparity of wealth.” Even if in the long run the unhampered market makes the poor richer, it does not enrich both the rich and the poor to the same degree. Percentage-wise, the disparity of incomes has not increased; indeed, it has decreased somewhat in recent years. In ab-

solute terms, however, the disparity between the rich and the poor has increased. “As average incomes have risen,” Lester Thurow and Robert Lucas pointed out a few years ago, “real income gaps have expanded when measured in constant dollars. Where the real income gap was \$10,565 between the average income of the poorest and richest quintile of the population in 1949 it was \$19,071 in 1969.”<sup>7</sup> Furthermore, the percentage gain of the lowest fifth from 4.1 per cent in 1948 to 5.6 per cent of per capita household income in 1977 was brought about by governmental intervention rather than by the “unhampered market.” “Without income transfers,” Thurow explains, “the share of income going to the bottom quintile of households would have been more than cut in half during the post-World War II period. Governmental actions prevented this from happening and actually caused a substantial gain in the income position of the poor.”<sup>8</sup>

### Limitations

It would appear, therefore, to quote Pope Pius XI again, that “free competition, . . . though justified and quite useful within certain limits, cannot be an adequate controlling principle in economic affairs.” It is “justified and quite useful” as a way of implementing the moral right of individuals to what Pope John XXIII refers to as “free initiative in the economic field,” but it “cannot be an adequate controlling principle in economic affairs” because by itself it does not provide to everyone conditions of life on the basis of which they can “develop and perfect” themselves as human beings.

The issue here is on the level of ethical, not economic, analysis. While we may disagree on the level of economic analysis—about Professor Thurow’s interpretation of income statistics, for example—we cannot disagree that poverty exists, nor that the “unhampered market” cannot by itself guarantee that everyone will have an above-poverty income. The question at issue is not the factual one of whether there are human beings who are “deprived of the means of subsistence through no fault of [their] own.” Instead, the question at issue is the morally normative one of whether human beings have a right to be provided with “the means which are necessary and suitable for the proper development of life”—above-poverty incomes, adequate medical care, and so on—when they are unable to do so for themselves. For if they really do have this positive moral right, then



justice requires governmental intervention to redistribute income, directly or indirectly, from the rich to the poor.

According to Pope John XXIII, human beings have moral rights and duties, including this particular right and duty corresponding to it, because they are rational—intelligent—and consequently free, persons. “Every human being is a person” in that “his nature is endowed with intelligence and free will,” and “by virtue of this,” Pope John XXIII argues, “he has rights and duties of his own, flowing directly and simultaneously from his very nature, which are therefore universal, inviolable, and inalienable.”<sup>9</sup>

While I do not accept the natural law theory of moral obligation on which the pope’s formulation depends, I nevertheless agree that we human beings have moral duties and rights, including the ones in question, because we are “endowed with intelligence and free will.”

Borrowing from the German Idealism of Immanuel Kant, G. W. F. Hegel, and Paul Tillich, rather than from the natural theory of St. Thomas Aquinas, I would argue in the following manner.

To be a *person* is by definition to be self-determining. We human beings are persons if and in the degree to which we are self-determining *subjects*, not other-determined *objects*. So when are we self-determining? We are not self-determining if we simply follow whatever desires or wants we happen to have. In Hegel’s words, “The natural man, whose motions follow the rule only of his appetites, is not his own master. Be he self-willed as he may, the constituents of his will and opinion are not his own, and his freedom is merely formal.”<sup>10</sup> For as selves, egos, we are other than and transcend everything external, including even our most strongly felt desires. “When I say ‘I,’” as Hegel explains, “I *eo ipso* abandon all my particular characteristics, my disposition, natural endowment, knowledge, and age. The ego is quite empty, a mere point, simple, yet active in this simplicity. The variegated canvas of the world is before me; I stand against it.”<sup>11</sup> As selves, we are “mere point[s]” for whom everything else is an external object about which we actively think and will. We are self-determining, then, not when we obey a desire, but rather, when we obey the inner laws of our own thinking and willing selves, namely, the laws of logic, that is, the laws of valid thinking. “Thinking and the laws of thinking are one and the same,”<sup>12</sup> as Paul Tillich points out, and consequently we are self-determining when we think and will in obedience to these laws. Fully to be a person is thus to be rationally

self-determining. We are persons if and in the degree to which we govern our thinking and our willing—our thinking about what ends to pursue, in other words—by the laws of logic.

### **Potentialities**

As we exist, we human beings are not fully actual persons. Instead, we are potential and partially actual persons. We are potential persons in that we are capable of rational thinking and willing, and we are partially actual persons in that—and in the extent to which—we do in fact think and will rationally. But we have a moral *duty* to think and will rationally. Since we cannot deny that we ought (whether we want to or not) to think and will rationally without presupposing at the same time that we ought to, personhood is morally obligatory. Whether we want to or not, we ought to govern our thinking and willing by the principles of logic and, consequently, to develop our capacities for so doing. As potential and partially actual persons, we human beings have moral duties, imposed on us by the inner laws of our own thinking, to actualize our potential personhood in rational thinking and willing. In so far as we are capable of doing so, we ought as a matter of self-imposed duty to become and be rationally self-determining persons.

So what does this moral duty to become and be rationally self-determining have to do with the specific economic duties and rights at issue here?

Notice first that the duty to govern our thinking and willing by the “laws of thinking” prohibits us from acting in ways that we cannot without contradiction will that others who are relevantly similar to us should act. Since we violate a fundamental “law of thinking,” namely, the law of contradiction, if we assert a right for ourselves that we at the same time deny to others, and since all human beings are relevantly similar to one another as potential and partially actual persons, we have self-imposed moral duties, in Kant’s words, “never to act except in such a way that [we] can also will that [our] maxim should become a universal law.”<sup>13</sup>

Now, since we necessarily assert a right to act on ends we will for ourselves, including the morally obligatory end of actualizing ourselves as rationally self-determining persons, we thereby have self-imposed duties on this principle of universalizability to act only on policies of action which respect this same right in others. We may not treat other human beings always as mere means to our own private

ends, either by coercing them or by depriving them of the means by which they can act on ends they will for themselves, because we cannot will to be treated by others in this way; we cannot will that our own will should be overridden in this way by others. Hence we have duties, to which others have corresponding rights, to treat other human beings always as potential and partially actual persons who think and will for themselves and never as mere things without the capacity for thinking and willing by leaving them at liberty to act on ends they will for themselves. Every individual human being has a moral right to develop and express his or her capacity for rational self-determination by acting on ends he or she wills for himself or herself independently of coercion or manipulation to serve ends willed arbitrarily by others.

This moral right of course entails what Pope John XXIII refers to as “the natural right to free initiative in the economic field” and “the right to private property, even of productive goods.” It is what requires us to have market capitalism as our overall economic organization. For at least in principle, if not always in fact, a market capitalist arrangement is one wherein everyone can act on ends of his or her own in voluntary, not coercive, interaction with others.

### **Conditions of life**

The moral right of every individual human being to be treated always as a potential and partially actual person and never as a mere thing is not only a negative right not to be coerced or manipulated to serve others’ arbitrary ends, however. It is also a positive right to what Pope John XXIII refers to as “the means which are necessary and suitable for the proper development of life.” It is a right to conditions of life on the basis of which self-determination is possible, and market capitalism does not by itself suffice to assure these conditions of life to everyone.

There can be a right only if there is a corresponding duty, to be sure. So why do we have a duty to provide “the means which are necessary and suitable for the proper development of life” to others who are unable to do so for themselves?

Part of the answer is that the principle of universalizability requires us to act at least sometimes to promote others’ welfare above our own. We have duties on this principle to treat other human beings always as thinking and willing persons who set and pursue ends of their

own and never as mere things that neither think nor will and consequently have no ends of their own. We do treat other human beings as mere things, however, if we act *always* to give our own private ends priority over others' ends, i.e., if we *never* act to promote others' welfare above our own. Hence we have duties to promote the welfare of others along with our own and, at least on occasion, to give others' welfare—their ends—priority over our own.

This is of course so far not a duty to perform any specific actions. It requires only that we have a general intention to promote the welfare of others along with our own. We must put others' welfare above our own at least sometimes, but for the most part we fulfill our duties on this principle so long as we are not always self-interested in our action. We do not have a duty to provide a dish of ice cream for anyone who happens to have a yen for ice cream, for example; we do not act contrary to duty if we give our own private ends priority over this end. The duty to promote others' welfare along with our own *does* require us to perform specific actions, however, if not performing them would deprive others of the conditions of personhood itself. If I can rescue someone from a burning house without sacrificing my own life in the process, for example—say, by calling the fire department—then my not acting to do so is itself an action, and it is contrary to my duty. The other has a moral right against me to be saved from the burning house. My act of not acting treats him or her not as a person but as a mere thing whose welfare does not count against my own.

This, then, is the reason why we have moral duties, when we are able and in a position to do so, to provide others who cannot do so for themselves with “the means which are necessary and suitable for the proper development of life.” Since our act of not acting to provide at least the minimal material conditions “which are necessary and suitable” for developing and expressing rational self-determination—personhood—for others who cannot do so for themselves is contrary to our self-imposed moral duties, those who are in need having corresponding rights against us.

Governmental intervention is therefore justified as the mechanism by which to implement these positive rights. And those of us who are coerced to pay for anti-poverty programs, medical care, food stamps, and the like, cannot complain that we are being treated as things rather than as persons. On the contrary, we are being treated precisely as persons who have self-imposed moral duties to do so.

## NOTES

1. This is a proposal to reorganize the economy into vocational groups, each of which would control the economic activities of its members. The various vocational groups would then be organized into broader groups until the economy as a whole is effectively coordinated. It was presented initially, I believe, in the encyclical *Quadragesimo Anno*.
2. *Quadragesimo Anno*, in *Seven Great Encyclicals* (Glen Rock, New Jersey: Paulist Press, 1963), paragraph 88, p. 150.
3. *Pacem in Terris*, in *Seven Great Encyclicals*, paragraphs 18 and 21, p. 293.
4. This statement needs to be qualified. Even if the market were truly competitive and had no significant coercive neighborhood effects, it would still function in violation of this right. For the market could reflect people's tastes, and, if enough people had a distaste, say, for the services of blacks or women, then the result would be—as it in fact has been and is—to deny “free initiative” to those who are affected.
5. *Pacem in Terris*, paragraph 11, p. 291.
6. *Mater et Magistra*, in *Seven Great Encyclicals*, paragraphs 73 and 74, p. 235.
7. *The American Distribution of Income* (Washington, D.C.: United States Government Printing Office, 1972), p. 1.
8. *The Zero-Sum Society* (New York: Basic Books, Inc., 1980), p. 156.
9. *Pacem in Terris*, paragraph 9, p. 291.
10. *Hegel's Logic*, tr. William Wallace (Oxford: Clarendon, 1975), p. 38.
11. *Hegel's Philosophy of Right*, tr. T. M. Knox (Oxford: Clarendon, 1962), p. 226.
12. *Gesammelte Werke*, Vol. I: *Fruhe Hauptwerke* (Stuttgart: Evangelisches Verlagswerk, 1959), p. 129.

13. *Groundwork of the Metaphysic of Morals*, tr. H. J. Paton (New York: Harper and Row, 1964), p. 70.

## Discussion

**Edited by: Irving Hexham**

**James Sadowsky:** I want to point out that in my paper I did not deal with John XXIII or any of his successors. I didn't intend to go beyond the classical social doctrine of the Church. I don't think that Pius XI and Leo XIII would have written what John XXIII wrote.

When I talk about the word "right," I use it in a very strict sense. When I say that John has the right to do X, this means that no one may use physical force or the threat thereof in order to stop him. In other words, all rights are, by definition, morally enforceable. One has the right to enforce it. So if I claim that I have a right to something, that means that I may use force in order to obtain it.

It is important to assert this because people use the term "rights" in different ways. It may well be that in some usages, people have a right to superfluous food. When I deny that they do, I assert that although I may have a Christian duty to give food to the poor, if it is not a right they may use force or the threat thereof to take it from me.

Now I maintain that all rights are negative. If I am the only person in the world, then there is no way in which my rights can be violated, because there is no one else who can use force against me. (I ignore the case of animals violating my rights.) The test of whether you have a right to something is whether anybody else in the world is required to implement it. If you say, for example, "I have a right to a job,"

what does that entail? According to my usage, it means that somebody else must take positive action in order to provide you with employment. And if he does not, then you may use physical force to bring it about. This is a very strong meaning to the use of the term “right.”

It strikes me that the positive rights my commentator discusses are all rights that cannot be implemented unless there are other people around besides myself. In other words, if I have the right to medical care, the corollary of that is that I may either directly or indirectly point a gun at this person and force him to give me that medical care. The least I can say about the claim that rights of this sort exist, is that this is unproven. In another part of this paper the Kantian postulate that no one may use anyone else as a means to an end is cited. But surely it is using somebody as a means to an end if I can force him to perform services in my behalf.

Surely it is selective slavery to do that. But this is precisely what occurs in the philosophy of positive rights. Here, other persons are used as a means.

It is argued that the market will reflect people’s tastes, that if enough people have a distaste for the services of blacks or women, then the result will be to deny free initiative to those who are affected.

But this is simply not true. First of all the market does not deal directly with the people. It deals with their products. Dealing with products, one is necessarily colour blind.

Secondly, the idea that on a free market blacks would be paid less than whites, supposing that their services are identical, is again nonsense. If for example a white insists on a higher salary for performing the same services as a black, no one is going to be willing to pay the white a higher salary when he can get the same services from a black at a lower salary. What will happen is that if whites or males, whatever the group may be, hold out for a higher salary their services will remain unsold.

**Walter Block:** I would argue somewhat differently. Racial discrimination and prejudice certainly exists even in a *laissez-faire* market situation. But it costs money to discriminate. If one is willing to pay the price such behaviour can exist. In the long run the market will tend to eliminate racial discrimination in jobs. But in the short run, if one is willing to pay the price, the market will not necessarily destroy racial discrimination or discrimination of any other kind.

**Marilyn Friedman:** Your phrase was that no one in his right mind would pay whites a higher salary than blacks. The presumption there is that all participants in the market are in their right mind. You seem to be defining “right mind” as a mind which is either free of prejudice or which does not act on prejudice if it is economically disadvantageous. How many minds are “right” in that sense?

Secondly, I wondered how important the word “arbitrarily” was in one sentence: “But individual human beings have the moral right to act on ends they will for themselves, without being coerced to serve ends willed arbitrarily by others.” What about, “ends willed non-arbitrarily by others”?

**Clark Kucheman:** I mean somebody else’s private purposes. Coercion for the sake of compelling somebody to perform his or her own duty is something quite different. It is subjection to another’s arbitrary private purpose that violates rights.

**Walter Block:** I want to argue that if you say rights are positive, that we have a right to food, clothing, shelter, or whatever, you make rights dependent upon income levels of the society.

For example, when Jim Sadowsky was on his island by himself, if this island was not rich enough to satisfy his right to food, then his rights are violated. That seems to me to do an injustice to the way we use the word “rights.” By stipulation, there was no one there who could have violated his rights. In this view, whether your rights are abrogated or not would depend upon what kind of island you land on. Did the caveman have a right to food, clothing and shelter of the sort that we now enjoy? Hardly.

I think it is incorrect to interpret rights in this positive sense. In the classical literature, rights were negative. We had a right not to be violated. We had a right not to be murdered, raped, or pillaged.

Here is a second distinction between rights in a positive and negative sense. Merely by an act of will, all violations of negative rights could be ended, forthwith. That is, all four and a half billion of us people could suddenly decide to stop all invasive behaviour. But even with the best will in the world, we cannot end “positive right” violations all at once. This would require great increments of income, wealth, or resources. This is just unavailable to us.

And there is a third distinction as well. Positive rights are akin to a zero or negative sum game. If I have more food or shelter at your ex-



pense, you necessarily have less. But this does not apply to negative rights. If I am not robbed, this does not mean that you will be. In a society that respects negative rights, neither of us will be victimized.

**Susan Feigenbaum:** Only in the presence of a perfectly competitive labour market and fairly competitive entry into producer markets will discrimination be competed away, unless it is a consumption activity of the entrepreneur.

I am a little concerned about distinguishing between the impact of the market mechanism on income distribution versus the impact of initial property rights distribution and endowments on wealth or income distribution. I would disagree that it is supply and demand that determines individuals' income and wellbeing. Instead, it's the initial distribution of endowments and redistributions of endowments. There are several places where this point is illustrated. For example, the observation that the market enriches the wealthy more than it enriches the poor might be explained by differing initial physical and human capital endowments.

Finally, with respect to government actions preventing the poor from getting poorer, we should think a little bit about the impact of policies like agricultural price controls on the income and well-being of the poor in society. There are indirect transfers occurring as a result of such types of government intervention.

**Gregory Baum:** The whole rights language, it seems to me, is different in different traditions. We use the word "classical" very often to indicate the one we like the best. I don't see what is classical about this. (laughter) In the Roman Catholic tradition, the whole human rights language was not developed. Instead there was a concept of material rights. For instance, the right to eat in pre-modern society meant that you could steal if you were hungry. It was not a sin. You could always take food because it was believed that God created food for everybody; not just for people who had the money to pay for it.

There are simply different intellectual and moral traditions. It is improper to adopt the word "classical" for one's own.

**Richard Neuhaus:** I am a little uneasy with Jim Sadowsky's rigorous enthusiasm about the possibility of market mechanisms in all areas of law. This is almost a libertarian approach. I am not sure if one might or might not call it classical.

The idea of the state as a moral actor is missing. The state in terms of democratic theory is a response to the mores or operative values of a society. It has a role in trying to respond to those needs which are recognized as being communal or collective in character.

I share the uneasiness with the movement from negative to positive rights. I wonder whether we wouldn't do better to talk about claims which we are morally obligated to acknowledge. Thus the state is one agency within this society that articulates and to a degree acts upon those moral claims which we acknowledge that others have.

We can look at human needs, recognize miseries, and demonstrate that the political democratic processes of consensus will respond to what is manifestly miserable.

Clark Kucheman assumed a response ought to be redistributive in some way or another. He said "take from the rich and give to the poor." Surely there are cases in which people are so devoid of human capital, are so incapable by virtue of manifest physical handicap, the blind, the feeble-minded, etc., that taking care of them is their moral claim which we communally acknowledge and exercise in part through the state. That is a question of redistribution.

But, if we are talking about poverty—why isn't the response, "How do we incorporate these people into a wealth-producing system of productivity?" The whole question of the intervention is not the intervention of the state versus the non-intervention of the state, but *how* does the state intervene in devising policies which actually empower people to become productive, wealth-producing members of society.

**Clark Kucheman:** I agree. Somebody has to have a duty if somebody else is to have a right.

What I tried to do in the paper was to argue that people have duties to provide some help for other people who cannot provide it for themselves. And it is by virtue of this, that they have rights.

If people are compelled to contribute to some purpose, including anti-poverty programs that would empower people, it is still redistribution. You're still taxing people to pay for programs from which other people will benefit.

People who are coerced are not treated as mere things because they are being compelled to act on a purpose they really do set for themselves in the sense that they have a duty to do it. They may not want it, but it is their purpose nevertheless because it's their duty. That's

why I keep using the word “self-imposed duty” rather than an “externally imposed duty.”

**Anthony Waterman:** I want to develop a point raised briefly by Gregory Baum about what is and what isn’t a classical doctrine. I want to talk about “rights,” and I want to focus on a particular right mentioned in the paper, and most forcibly asserted in *Rerum Novarum*: the right to own private property. As I understand *Rerum Novarum*, the entire argument turns upon whether or not a natural right exists to own property. And all that Father Sadowsky has called “classical, Roman Catholic teaching” really belongs to that tradition: the idea there is a natural and indeed an inalienable right as Leo puts it, to private property.

It has been argued since 1950 that the conception of a natural right to property is an importation into Catholic theology. It is in fact a Protestant innovation, curiously enough, and over the last 90 years it has been successively squeezed out again.

So, it might be a mistake to take *Rerum Novarum* as an example of classical Roman Catholic social teaching. It might be a horrible aberration instead.

According to de Sousberghe, the story of its writing went like this. *Rerum Novarum* was drafted by d’Azeglio who in turn was influenced by Lacordière, who in turn was influenced through the French *philosophes* by Locke. And the fact is that this doctrine of private property in *Rerum Novarum* is essentially a bowdlerized version of Locke’s doctrine, a kind of strawman version of Locke that you get, for example, caricatured in C. B. MacPherson’s book on *Possessive Individualism*.

If de Sousberghe was right about all this, then what has happened subsequently is both interesting and relevant. Successive encyclicals, ostensibly issued to celebrate and honour *Rerum Novarum*, have in fact successively watered down this doctrine, and the latest one, *Laborem Exercens*, actually repudiates it. (laughter)

I would like to suggest that insofar as *Rerum Novarum* is taken to be representative of Catholic social thought, it ought not to be thought “classical,” in the sense of belonging to a continuing tradition going back to scholastics and the Fathers, but rather as a peculiar nineteenth century innovation resulting essentially from a cultural break in Catholicism caused by the impact of the French revolution.

**P. J. Hill:** With regard to the issue of discrimination, the question is not “Does discrimination occur?” but “Under what sorts of institutional arrangements is it least likely to occur?” I would agree that under the marketplace, people can discriminate and they do. They discriminate on all sorts of bases, whether or not we think them to be legitimate.

I would argue that historically, discrimination on a basis that many of us think would be illegitimate has been most likely to occur when the coercive state has been in place, because then it has the power to use its biases or the biases of the people in power in some very unfortunate ways. And so, despite the fact that discrimination can occur in the marketplace, I would suggest that it is less likely to be all pervasive and less likely to have the pernicious effects that it can have if the state does not support it.

**Walter Block:** Consider this analogy. “Mother nature” seems to give weak animals a blessing, a compensating advantage. The skunk has its smell, the deer has its speed, the chameleon has the ability to change colours. In much the same way, “Mother economics” also gives her less fortunate children a saving grace, a balance. And who are the unfortunate children in economics? They are the ones with poor work skills who are discriminated against—women, blacks, youth, minorities, handicapped, etc. What is the saving grace that on the marketplace such weak economic actors have, instead of the smell or the speed or the ability to change colour? It is the ability to work for lower wages than other people.

This tends to reduce any degree of discrimination that exists. The degree of economically effective prejudice is reduced in this way. It is one thing for a discriminator to favour a white over a black when he has to pay each the same amount. But suppose he has to pay the white twice as much. Then the profit motive works against discrimination. In contrast, if we insist by law that the wages have to be equal, the employer can discriminate without any cost to himself at all. This is cut-rate discrimination—discrimination on the cheap.

One of the benefits of the free market is that discrimination costs something, and the more it costs, the less likely people are to indulge themselves. However, there is one unhappy occurrence in this situation; this is the fact that government has unwisely passed legislation which diminishes the ability of the weak economic actor to work for lower pay. It is as if government were to take away the deer’s speed

or the chameleon's ability to change colour. It does this by mandating that wages shall be equal. For example, equal pay for equal work is something that many people in society favour. However well-intended, this certainly doesn't favour the weak economic actor, the people at the bottom of the employment hierarchy.

Minimum wage legislation is another case in point. It legally prohibits the minority person from undercutting his competition, from being able to work for a lower wage, and from getting the job. Such legislation makes it very hard for people to get on the first rungs of the employment ladder. And when they cannot obtain work, they are consigned to a life of idleness. They are not able to increase their human capital or their skills.

I would add that we don't need so-called perfectly competitive conditions to make this work. That is just a red herring. All we need is the absence of laws that interfere with the natural economic process, whereby the weak economic actor can clutch onto the realm of economics.

This is why we have unemployment rates for black teenagers in the United States at ghastly levels of 40 and 50 per cent and a similar problem besets Canadian youth as well.

**Hanna Kassis:** We speak of rights; natural rights; inalienable rights; we speak of moral duty; we speak of a sense of responsibility; but what bothers me is that I cannot understand what the authority is behind a person having a right; or there being a natural right. As far as I know, I don't know that I have any right by virtue of anything other than maybe the consensus of the community. This bothers me because the consensus of the community could change, or the decision of the majority of the community could also change. And what is today a right, moral responsibility or duty would become tomorrow a social crime. Consider an example from the history of the province of British Columbia. Not long ago certain things were not allowed in regard to the Chinese and East Indians but today these practices would be found in contempt of the laws of the community. In other words, what was not a right before is a right now. What is now a right to be enjoyed by the Chinese and the East Indians in this province was previously a violation of the law.

What we have here is talk about rights. But nobody is defining the authority behind these rights that makes them inalienable rights.

In the Islamic tradition a person has a right by virtue of the fact

that God has said so and there is no question to be asked about it. It is not a decision of the community, the consensus of the community, the majority of the community or anybody else.

**Arthur Shenfield:** I'd like to ask Mr. Kucheman two questions. First, what is the extent of the duty that a man has to provide for his fellow man—food and shelter, medical services, and so on? Is the duty of an American limited to supplying those things to a fellow American? Or does he have a like duty to supply those things to a Canadian, or an Ethiopian, or an African pygmy?

If the answer is that he does have a duty to supply those things to people other than Americans, is his duty to them less than his duty to Americans, or not? If it is less, why is it less? If it is not less, then can you picture the extent of the so-called duty that you are imposing upon the Americans?

The second question is this: If it is wrong for the rich to get richer, faster than the poor, why wasn't it wrong for them to have become rich in the first place?

**Clark Kucheman:** Well, there are so many things here, I think one consideration is that we are an organized community of citizens in the United States, you know, with some relation to each other that we do not have to an Ethiopian, because we have no control over the Ethiopian.

**Arthur Shenfield:** But surely this duty is based on common humanity.

**Clark Kucheman:** I think there is a duty to all human beings. That's right. The question is how to carry it out.

**Arthur Shenfield:** Why is it thus?

**Clark Kucheman:** I think the duty is stronger to people who are closer to us. One time I was getting off the bus in Chicago and a wineo got off behind me and began to fall under the wheels of the bus. I think my duty to him, and his right against me, was very strong. Now there might have been hundreds of other people in the neighborhood who were falling under the wheels of buses, but I had no access to them; so I had no duty toward them in the same way that I had toward this particular person.

So, I agree. I do have a duty to Ethiopians along with other citizens of the United States. But I think the degree of strength of that duty is quite different because my relation is so distant.

**Arthur Shenfield:** I don't think I could do that on a scale. I would like to offer the general principle "Be persons and respect others as persons." People really operate on this basis. They know that to treat somebody else simply as a tool for their own private purposes is wrong. Because we are then treating a human being not as a person but as a mere thing.

That is how I would argue for the positive right to help others who cannot help themselves. If you do not, you treat them as if they were mere things without purposes of their own. And you can't will that as universal law.

**Bob Goudzwaard:** I was puzzled by a remark in Father Sadowsky's paper about capitalism. Capitalism is the only economic system that can be seen as existing without states. Father Sadowsky said that it's the only economic system that can be conceived without a state.

The background is the definition of capitalism itself. If you take the static form of a market society, perhaps in theory you can say such a thing. But capitalism, I think, has a dynamic feature. It is not only the concept of a free market, but also combined with that is a possibility of free entry and the free use of technology in the market. This has led in history to a change of the phenomenon from a lot of small enterprises competing with each other, to the introduction of mass production, oligopoly. In such a situation the government has to intervene just to uphold the possibility of competition. To some extent, the crisis of the 1930s of growing unemployment in market economies forced the government to intervene.

My question is to Father Sadowsky. Is his definition of capitalism too static? In my opinion the system itself evolves in time. It can begin as a conservative system and end as a collectivistic one.

**Ellis Rivkin:** I think we ought to take into account the historical overlay. We cannot ignore the historical burdens that the capitalist system had to confront in the evolution and development of the capitalist system. Capitalism began with pre-existing economic, social and political systems that were very antithetical and very obstructive to its subsequent development. So there was never a real opportunity for pure capitalism. It had to grope and deal with already existing

state systems and value systems that were not particularly helpful in its development.

The result was that there are certain kinds of impediments to the free entry of individuals into the marketplace. It is very unlikely that this would have been the case had capitalism started out without a firm pre-capitalist grounding. One example of this was the development within the United States of a plantation system built on slavery which was a form of capitalism.

Now by virtue of that historical overlay, the blacks did not have an opportunity to move into a freer kind of market. But this was not because capitalism per se blocked this, it was simply this was the kind of arrangement that historically emerged out of that kind of twilight world of the older order. As a result we are dealing with a whole range of discriminations that didn't follow from the capitalist dynamic but from the fact of the historical genesis of capitalism.

Secondly, capitalism arose within systems already existing in nation states, which were pre-capitalist. When Adam Smith wrote his book, *The Wealth of Nations*, he already took that for granted. He didn't write about the wealth of humanity. The pre-existing state systems with all of their powerful interests in retaining as much of the old order as was politically possible were well known. There was also a whole series of obstructions to what would have been an optimal capitalist kind of development. This presumably would have required no nation states at all.

Since the role of government derives from the protection of its economic system against competing nation states, there was a whole pre-capitalist superimposition on free capitalism.

This lead me to another point: what would the world be like if there were simply capitalism? Secondly, what is the role of the state in the capitalist system? Is it simply a matter of building an infrastructure that guarantees free access to the market? The state as capitalist should be judged only to the degree that it intervenes to remove the blockages to free entry which exist by virtue of either pre-capitalist obstructions and limitations of the legal system, or by virtue of earlier forms of capitalism such as a planter capitalism.

**Richard Neuhaus:** We live in a society of many different communities, many of which are much more effectively, efficiently and likely to be able to respond to human need than is a governmental program. The government, or the state is nonetheless a necessary moral actor



in making sure that these interactions are given free play.

Hanna Kassiss's point is an extremely important one. He asked "by what authority?" If one believes that religion or values are at the heart of culture, politics is a function of culture and at the heart of culture is religion.

Indeed, the definition of rights, or of claims, is fickle, changeable and dangerous. But this is true of any society. And I think that is the game in which we are involved. Economics is simply one factor within what is essentially a continuing democratic process of letting cultural values reflect the beliefs of the people.

**Robert Benne:** I wanted to get back to what I considered to be at least the fundamental question in Jim Sadowsky's paper. Paul Tillich, in a marvelous book called *The World Situation* identified the principle of harmony as the one which drove the Enlightenment. Harmony in economic life meant the free market system. In political life it meant representative democracy. In education it meant liberal education. From the human exercise of reason it was believed a beautiful harmonious system would emerge.

Running through this paper was a very heavy dose of harmony thinking when it came to economic life. But not when it came to political life. Political life was always driven by narrow interest. But somehow a free market system would be characterized by beautiful harmony if only the state would disengage.

It seems to me that the principle of harmony assumes that humans are relatively equal in terms of power and rationale. There are two places in the paper where those assumptions are made.

One is that the length of the working day was simply the preference of people to labour instead of taking leisure. Now that assumes that the people are not in dire circumstances, driven by necessity. People driven by necessity do not make preferences like that as they are not free enough to make preferences. They are driven by necessity.

The other point is where he talked about multi-nationals paying as high a wage as they possibly can in underdeveloped countries. But this ignores the huge imbalances of power by which, sometimes at least, monopoly situations can be made in which people genuinely can be exploited economically.

**Meir Tamari:** I think there is a danger of using the market mechan-

ism as a social and political philosophy, rather than as a technical, economic term. We seem to forget that the market mechanism is simply a method of organizing the supply of economic goods. It is not a value structure and it is not equivalent to a value judgement. Society in every generation has its own value structures derived from religion or lack of religion. That affects everything, including the economic situation. Because of that, it is simply not true that this mechanism of production and distribution is able to solve something which society doesn't want solved.

For instance, I don't think we could prove that child labour in the eighteenth and nineteenth centuries, which made admirable economic sense, would ever have been done away with economically. But society decided it didn't want this practice to continue.

I am not so sure that the example of South Africa is a proof that economic factors will lead to a change in the wage structure. I don't know how to isolate the pressure which is being brought to bear on South Africa to change its wage structure. I am not able to differentiate the internal and external pressures which cause those wages to change.

We assume that economic systems are simply a method to satisfy the need to eat, or to drink, or to be clothed. In doing so I think we have been ignoring very important findings of modern managerial analyses which show that people in corporations do things which are not aimed simply at increasing profitability.

People's need to increase economic goods seems to be a mental and a moral need, not just a physical need. Therefore this cannot be solved simply by the market mechanism. The question of nepotism introduces all sorts of decisions into the company which have nothing to do with making or losing money. The fact is that the market mechanism may be the most efficient way of organizing the market. But there are many other human factors involved. These are controlled by society, religion, or culture.

Inefficient people do exist in the world as do people who are incapable. They might be thought not to have a place in the economic structure. But society is obligated to look after them. Therefore religion leads to a distortion of the market mechanism in order to cater to those people.

**James Sadowsky:** First of all an historical point to Dr. Waterman's thesis.

It is interesting, but surely the idea of private property as a natural right pre-exists Locke and is found in the “*De Legibus*” of Francis Suarez. It’s practically the same teaching, and evidently not original with Suarez either. He’s passing on something that he himself perceives. The doctrine is not quite so new as Waterman would have us believe.

Secondly, I think a lot of people have the wrong idea about Adam Smith. Smith did not say that firms *had* to be very small, only that they be free to compete at whatever size they were. In my paper, I answered all of these objections, and I did so beautifully and eloquently. (laughter)

Now about redistribution. First of all I don’t think you can derive coercive redistributionism out of Kantian thinking. It may be wrong not to help a person but I don’t see how I am violating the Kantian norm by refraining. If it is wrong for me to force somebody to distribute his wealth, then how can I give to the state an authority which I do not have?

Finally, most of what creates the need for all this redistribution is the problem of unemployment. You can’t deal with the problem of unemployment unless you are willing to face up to the question of excessive wage rates. Once you get rid of the institutional pressures—imposed by government—that bring about excessive wage rates, you will have gone very far in eliminating at least involuntary unemployment, and the necessity for most welfare.



## Chapter 2

# Recent Roman Catholic Social Teaching: A Shift to the Left

Gregory Baum

The historical fact on my mind as I write this paper is the growing unemployment in Canada and its grave social and personal consequences. As a Catholic I have a special affinity with the Catholics of Latin America who, like Bishop Romero of El Salvador, have declared themselves in solidarity with the oppressed; I also have a special sympathy for the struggling and now partially defeated proletariat of Poland.

In this paper I wish to render an account of the shift to the left that has taken place in the social teaching of the Roman Catholic Church. In my opinion the year 1971 is a turning point. As early as the 1960s the Popes John XXIII and Paul VI became increasingly aware of the problems and aspirations of the peoples of the Third World. In the encyclical *Populorum Progressio* (1968) we are told that transnational corporations have become so large and so powerful that their impact on the economy of nations is often greater than that of the legitimate government. While in the past Catholic social teaching warned people against the excessive power of the state (and offered this as one reason for opposing socialism) *Populorum Progressio* reveals greater fear of the excessive power of the transnationals and hence regards the power of governments as an important counterweight.<sup>1</sup> Then, in 1971, two Roman documents registered a clear shift of perspective.

**Turning point 1971**

In a letter entitled *Octogesima Adveniens*, addressed to Cardinal Maurice Roy, Archbishop of Quebec, at the time President of the Pontifical Commission on Justice and Peace, Pope Paul VI offered new reflections on the demands of justice in the contemporary world. In this connection he recognized that many Catholics had become socialists (para. 32). They have done so, the Pope explained, out of fidelity to Christian values and from the conviction that this is the movement of history. What was the Pope's reaction to this? He removed the ecclesiastical taboo from socialism. We recall that Pope Pius XI, in the 1931 encyclical, *Quadragesimo Anno*, written at the height of the depression, while severely critical of monopoly capitalism, had explicitly and uncompromisingly condemned socialism in its revolutionary and democratic forms. One could not be a sincere Catholic and an authentic socialist at the same time. This condemnation of socialism profoundly influenced the social orientation of the Catholic hierarchy and the political consciousness of the Catholic People.<sup>2</sup> In the early 1960s Pope John XXIII admitted that historical movements undergo transformations and that socialism could therefore change its nature and become a suitable partner for dialogue and eventual cooperation. This remained vague. It was only in 1971 that the ecclesiastical censure was removed from socialism. Pope Paul VI argued that there are many kinds of socialism. Catholics must adopt a nuanced position. The Pope warned Catholics against those versions of socialism that are wedded to a total philosophy. Socialism that is doctrinaire and seeks ideological purity cannot be reconciled with Christian faith. The Christian receives the total picture from divine revelation, not from a secular philosophy. But forms of socialism that remain ideologically pluralistic may well be acceptable to Christians. What Paul VI had in mind, the reader gathers from the text, was the emergence of new forms of socialism in Africa and other parts of the Third World, in which Catholics had become actively involved. What Catholics must do in these movements is to protect their pluralism and their openness.

**Social sin**

In the same letter, *Octogesima Adveniens*, Paul VI offers a new perspective on Marxism. He argues that Marxism refers to several dis-

tinct phenomena (para. 32). It is useful to distinguish between Marxism as a secular philosophy, Marxism as a form of political organization, and Marxism as a sociological approach. As secular philosophy Marxism must be rejected. Ecclesiastical documents of the past have made this point many times. What is meant by Marxism as political organization? From the letter it appears that the Pope had in mind the political structure of Soviet bloc Marxist-Leninism. Christians must repudiate this Marxism because of its totalitarian and oppressive character. However, Marxism understood as a form of social analysis, as a sociology of oppression, may well be useful for Christians committed to social justice. The letter warns the reader that a Marxist analysis of society may be one-sided and reductionist. This happens whenever the economic infrastructure is regarded as the one historical factor that accounts for society as a whole, including its culture. But if a class analysis of society is done carefully, free of ideological commitment, then it may be of great use for Christians. This positive evaluation of Marxist analysis has been picked up by several national hierarchies in their pastoral letters, among them the Canadian bishops.<sup>3</sup>

In the same year 1971 the Synod of Bishops held in Rome published a document entitled *Justice in the World*, which gave expression to a remarkable doctrinal development. The document recognized the reality of “social sin” (paraš. 2–5). Over the centuries Christian theology has tended to understand sin largely in personal terms. Individuals sin. They violate the divine commandment, they turn against God’s will. In the Scriptures, however, we also find the notion of social sin: the people of Israel called by God to constitute a just society were accused of sin whenever they reconciled themselves to the oppression of the poor and unprotected. In recent decades, Christian theologians have tried to recover the social dimension of sin. Structures are called sinful when they are the causes of oppression and dehumanization. Large-scale unemployment is a social sin. Colonial domination is a social sin. And because *Justice in the World* accepts this wider notion of sin it is obliged also to expand its understanding of Christian redemption. If Jesus is the one sent by God to save us from sin, then this includes the personal and the social dimension of sin. What follows from this is that salvation too has a social dimension. *Justice in the World* explicitly affirms that the redemption which Jesus Christ has brought includes the liberation of people from the oppressive conditions of their lives

(para. 6). This is a new position in Catholic teaching. A theological movement that took place especially in Third World countries has here influenced the Church's official teaching. The Good News has a socio-political thrust. Jesus Christ promises victory over sin and death and this includes the liberation of people from oppressive structures. *Justice in the World* insists that the preaching of the Good News from the pulpit includes as an integral part the public demand for social justice (para. 6). In its missionary activity the Church in a single affirmation proclaims the Gospel and defends human rights and economic justice.

The reason why I regard the year 1971 as a turning point is that a significant shift in the Church's social teaching is accompanied by a parallel and related shift in its properly theological teaching. The Church's social teaching here assumes a new location in the communication and assimilation of the Christian Gospel. It has moved to the centre of attention. The link between Christian faith and social justice has been extraordinarily tightened. Christian self-understanding has undergone an important transformation. To be a Christian today means to be a critic of society in the name of social justice.

I have suggested that the shift in Vatican teaching has occurred because of the influence exerted by the churches in the Third World. If I had the space I would analyze the social teaching of the important Latin American Bishops' Conference held at Medellin, Columbia, (1968), in which the liberationist perspective was adopted for the first time in an ecclesiastical document. Since 1971 various national hierarchies in the Roman Catholic Church have taken the social justice mission seriously and published pastoral directives that manifest the same shift to the left. Allow me to offer a brief analysis of some of the Labour Day Messages sent by the Canadian Catholic bishops in the 1970s.<sup>4</sup>

### **Canadian Labour Day Messages**

In the 1976 message entitled "From Words to Action," the Canadian bishops argue that the present economic system fails to serve the great majority of people. Why? Because capitalism widens the gap between the rich and the poor, especially between rich and poor countries, and it allows the control of resources and production to slip into the hands of an ever-shrinking economic elite (para. 3). The bishops ask for "a New Economic Order." The vocabulary, we



note, is here taken from the debates at the United Nations. The bishops explain to Catholics that Christian faith today demands social justice. But what can the Christian community do about this? The pastoral statement outlines several steps that Christians should take (para. 9). The first one is of a spiritual nature. The bishops ask that Catholics reread the Scriptures to hear in it God's call to social justice. Even familiar biblical and liturgical texts often reveal new meaning when they are read with new questions in mind. Once we permit ourselves to be touched by poverty and oppression in society we read the Scriptures in a new light and hear almost on every page God's call for social justice. Secondly, the bishops ask that Catholics listen to the voice of the victims of society. If we talk only to people of our own kind we cannot come to profound self-knowledge. The cultural mainstream tries to hide from people the sin and destruction operative in society. Only as we listen to the victims of society do we find out the truth about ourselves. The native peoples, the unemployed, women, those who live in disadvantaged regions, the non-white population, and so forth—all have a message that enables us to recognize the truth about ourselves as Canadian society. Fourthly, the bishops ask that Catholics analyze the historical causes of oppression in society. In one way or another, the various forms of victimhood are related to the economic system which excludes certain sectors of the population from the wealth of society. The bishops themselves often engage in this kind of economic analysis. In one of their letters they argue that in order to understand the causes of oppression in our society a "Marxist analysis," if utilized in a nuanced fashion, can be very useful. Finally, the Labor Day statement urges Catholics to become politically active to overcome these causes of oppression in society.

What do the Canadian bishops mean when they recommend that people engage in the transformation of society? They reply to this question in the 1977 Labour Day statement, "A Society to be Transformed." Christians committed to social justice, they write, involve themselves in Canadian society in three ways (para. 18). Some, thinking that capitalism can be reformed, involve themselves in political organizations that seek to make the present economic system more just. Others, no longer believing that capitalism can respond to today's needs, involve themselves in socialist projects. The bishops do not specify what precisely they have in mind. Are they thinking of the left wing of the New Democratic Party? Are they thinking of var-

ious socialist organizations in Quebec? Finally, there are Christians who engage themselves in the construction of a society beyond capitalism and socialism. What do the bishops have in mind here? They are thinking of several movements in Canada inspired by the vision of a cooperative, self-governing society which offers an alternative to capitalism and socialism. The cooperative movement and movements for workers' joint ownership of the industries point in this direction. The Catholic Church in Quebec has supported a number of such ventures. The ecological movement with its stress on self-limitation also turns away from the growth-orientation associated with both capitalism and socialism. The peace movement, the anti-nuclear movement, the search for a new "life-style," and the quest for greater participation in various levels of the social order all point to a new vision of society.

In "From Words to Action" the Canadian bishops clearly recognize that only a minority of Catholics follow this new understanding of the Christian message (para. 7). They regard this as a significant minority for it summons the entire Church to greater fidelity. The bishops admit that this minority is often criticized within the Catholic community, especially by its more powerful and affluent members, and in this situation they regard it as their duty to defend and encourage this small group (para. 10). The great majority of Catholics receives their understanding of society not from church teaching but from the cultural mainstream. In Canadian society the shift to the left of official church teaching only affects a relatively small number.

### **International Aspects**

Let me give another example of the shift to the left in the social teaching of the Canadian bishops. In a recent pastoral letter, "On Unemployment," (1980), the bishops engage in a critical analysis of the structure of capital in Canada. They argue that large-scale unemployment is the source of so much misery that the Church cannot be silent about it. What is the cause of present-day unemployment? Some people wrongly blame the victims for the present situation. They say that the workers are at fault because they do not want to work or because they ask for too high wages. Other people say it is the fault of the immigrants who are taking away the jobs; others

again blame women who have joined the labour force and seek employment. The bishops regard these false explanations as dangerous because they easily create or encourage prejudice against certain groups of people.

If we want to understand the cause of unemployment we must examine the structure of capital. In a few paragraphs the pastoral letter outlines five characteristics of capital in this country. First, the letter mentions the concentration of capital in ever larger corporations, which gives them enormous power, often power greater than that of the elected government. This concentration also tends to divide countries and even continents into industrial centres and dependent hinterlands thus leading to patterns of regional disparity and marginalization. Secondly, the letter mentions the internationalization of capital. The transnational corporations are able to move units of production away from Canada to parts of the world where labour is as yet unorganized and therefore cheap and unprotected. They are also able to move capital investment from Canada to countries where they anticipate greater profit. In this manner they undermine the industrial development of Canada and eliminate vast numbers of jobs. The letter then speaks of the foreign ownership of many Canadian industries. When the head office of a corporation is outside the country it is unlikely that its planning of production and employment will be made with the good of Canadian society in mind. The letter then points to the colonial structure of production in Canada. Colonies are looked upon by the mother country as suppliers of natural resources, but they are not allowed to develop their secondary industries. This industrial pattern, inherited from the colonial period, has not been overcome in Canada. Secondary production remains undeveloped. We do not produce the goods we need, we have to import a large percentage of them, and therefore the satisfaction of the people's needs does not generate Canadian jobs. Finally the letter points out that new industries are often based on such capital-intensive technology that they do not need a great number of workers. New industries are planned not to serve the community but to maximize efficiency and production. While the pastoral letter treats these matters very briefly, it clearly tells the Catholic people that the analysis of capital in Canada is the first, indispensable step toward gaining an understanding of poverty, discrimination and marginalization in this country.

**Faith and justice**

An interesting document to illustrate the shift to the left that has taken place in the Canadian Catholic Church is the handbook, entitled *Witness to Justice*, produced by the Bishops' Commission for Social Affairs (Ottawa, 1979), which offers to schools, parishes, youth organizations, study clubs, labour groups and farmers' associations a set of working instruments to help them analyze Canadian society from a social-justice point of view. Part I is entitled "Faith and Justice." The chapters explain the shift in the understanding of the biblical message. Christ's preaching of God's coming kingdom has again become important in the Church. Each chapter refers to biblical texts, the Church's official teaching, and appropriate books and articles on the topic. Part II is called "Justice in Canada." Here the chapters deal with such topics as the economic order, continuing poverty, industrial exploitation, regional disparity, northern development, and minority discrimination. Again each chapter offers a bibliography drawn from church publications and secular political science literature. Part III is entitled "Justice in the Third World." Here the chapters deal with underdevelopment, the global economy, self-reliant development, foreign aid, international trade, world hunger, human rights and military armament. Again each chapter refers to church statements and secular literature. The entire handbook stresses what it calls "the Canadian paradox." What is this paradox? "In the *first* place, Canada is a relatively affluent, developed country enjoying the wealth and comforts of modern industrialized society. Yet it is also clear that Canada suffers under economic, social and cultural injustices that characterize the underdeveloped countries of the Third World. In the *second* place, Canada occupies within the global economy a position similar to that of some Third World countries and therefore shares similar economic and political problems. Yet Canadian governments and corporations also participate along with other industrialized states in the exploitation of certain Third World countries."

It is perhaps worth mentioning in this context that the Canadian bishops, along with other Canadian church leaders, have been sympathetic to the revolutionary movements in Latin America which enjoy a strong Catholic participation. According to church teaching, revolutionary movements are legitimate "where there is manifest, long-standing tyranny which would do great damage to

fundamental personal rights and dangerous harm to the common good of the country” (Paul VI, *Populorum Progressio*, para. 31). The Canadian bishops have dared to differ in their interpretation of these events, especially in Nicaragua and El Salvador, from the American and Canadian governments. Thanks to the Catholic participation in these revolutionary struggles, the bishops of the U.S.A. and Canada do not depend on the reports made available through newspapers and government sources; they have their own sources of information. What the American and Canadian bishops fear is that increasing American intervention and repression create the need for greater unity and control in the revolutionary movements, undermine their ideological pluralism and respect for Christian values, and encourage the more ideologically committed Marxists to exercise unchallenged leadership. It is both tragic and ironic that the government of the United States adopts policies out of fear of communism which weaken the pluralism of revolutionary movements and thus encourage communism in Third World countries.

### **John Paul II's Encyclical on labour**

After these remarks on the social approach of the Canadian bishops, let me return again to the social teaching at the centre of the Roman Catholic Church, in particular to Pope John Paul II's recent encyclical *Laborem Exercens* (1981).<sup>5</sup> The encyclical argues that the principal cause of the present world crisis and the multiple forms of oppression is the conflict between capital and labour (para. 11). According to the Pope's analysis, labour movements and progressive governments in Western society in the twentieth century had tamed the original liberal, *laissez-faire* capitalism and produced a moderate form of capitalism, “neo-capitalism” in the terms of the encyclical (para. 8), in which capital was no longer independent but made to serve, at least to a certain degree, the needs of workers and society as a whole. Recent developments, the Pope argues, have changed the structure of capital, undermined the relative advantages of neo-capitalism, and produced an economic order that causes world-wide poverty, oppression and misery (para. 8). Capital has again assumed priority over labour. According to the encyclical, this is true also in the communist countries. There capital in the hands of the state bureaucracy is used not to serve the working people but to promote the government's political purposes (para. 11). The important principle

of economics which the encyclical lays down is “the priority of labour over capital” (para. 12).

What does this principle mean? The priority of labour over capital means that capital must be made to serve labour, that is to say serve the workers in the industry, serve the extension and development of the industry, and finally serve the whole of labouring society. The encyclical argues that in contemporary society because of the interconnectedness of the industries and the various public services, including schools and administration, the whole of society is involved in production. The encyclical argues that crises in the economic system and in particular the present crisis, is due to the violation of labour’s priority over capital. Pope John Paul insists that the nationalization of industries, though sometimes necessary, is no guarantee in and by itself that capital will be made to serve labour. For it is possible that the government bureaucracy runs the industries not to serve the workers but to maximize its power (paras. 11, 14). The Pope from Poland knows what he is talking about. Whenever an economic system, he argues, violates the priority of labour then, by whatever name it may wish to be known, it is a form of capitalism (para. 7). In other words, the collectivist system of the Soviet bloc countries is, in the eyes of Pope John Paul, not socialism but a form of state capitalism.

How does this position differ from Marxism? In Marxism, the encyclical argues, the principal question is the *ownership* of capital while what actually counts is the *use* of capital (para. 14). The private ownership of the means of production is quite acceptable as is the public ownership of these means—under the one condition that capital is used to serve labour. “The only legitimate title to the possession of capital—whether in the form of private ownership or in the form of public or collective ownership—is that it serve labour” (para. 14). The Christian tradition, we are told, has always defended the right to private property. At the same time, the Christian tradition has not regarded this right as an absolute. “The right to private property is subordinated to the right to common use, to the fact that goods are meant for everyone” (para. 14).

How can society achieve and protect the priority of labour over capital? Nationalization, as we have seen, offers no such guarantee. The only assurance society can have, the encyclical argues, is that the workers themselves become co-owners and co-policy-makers of the industries (para. 14). Pope John Paul II strongly advocates the

democratization of the work place. He encourages all efforts and all experiments in this direction, in Western as well as in Eastern societies. Only when the workers themselves become the co-owners of the giant workbench at which they labour will society be able to establish the priority of labour over capital.

After offering this principle of de-centralization, the democratization of the work place, the encyclical presents a counter-principle of centralization, namely the central planning of the economy (para. 18). Pope John Paul argues that because of modern technological developments not only the industries are involved in production but society as a whole. Society provides public services, trains people for industrial labour, and creates the conditions that make industrial production possible. And since production must serve the whole of society, the economy must be planned. The encyclical insists that this planning be done not simply by government—the Pope from Poland knows the dangers of this—but by an agency that involves the government as well as representatives from various regions, trades and industries (para. 14). Out of the creative tension between the de-centralizing and centralizing principles will emerge a society that is rationally planned while at the same time allowing freedom for groups and individuals to exercise their initiative and assume their responsibility.

### *Laborem Exercens* in relation to traditional doctrine

How does the social teaching of Pope John Paul II differ from the traditional corporatism advocated by previous popes, in particular by Pius XI in his 1931 *Quadragesimo Anno*? The theory of corporatism envisaged that all classes, especially labourer and capitalist, subordinate themselves to the norms of justice that served the common good of society. The reconstruction of society was here largely a spiritual task: workers and capitalists were asked to recognize a set of values that demanded universal allegiance. For Pope John Paul II the entry into justice is a much more combative affair. He tells us that the dynamic principle of contemporary society is the worker's movement struggling for social justice, i.e., struggling to gain control over the use of capital (paras. 8, 20). While the workers' struggle as such is not *against* the ruling class but *for* social justice (this is an echo of corporatist theory), in actual fact as soon as those who control capital are unwilling to concede justice, the workers' movement

must turn against this decision-making class (para. 8). In this struggle the rest of the citizens are not neutral observers. Pope John Paul preaches solidarity *of* the workers and solidarity *with* the workers. Those who love justice must be on their side. This call for solidarity bursts the corporatist framework. Pope John Paul II even applies his social theory to the Third World. In Third World countries the poor are not workers, they are on the whole excluded from production, but even there the overcoming of oppression will only be possible through the solidarity *of* the poor struggling, accompanied by solidarity *with* the poor by all those who love justice, including the Church itself (para. 8). The key for the understanding of *Laborem Exercens* is the Pope's own identification with the Polish union movement, *Solidarity*, which in 1981 appeared as a powerful instrument for the transformation of Polish society.

Allow me at this point to give a precise definition of a term I have used throughout this paper. When I speak of the "shift to the left" in Catholic social teaching I mean the introduction of new arguments critical of contemporary capitalism, the new recognition of socialism as a Catholic option, the doctrinal link established between Christian faith and human emancipation, and the declaration of the Church's solidarity with the struggling poor. One should mention incidentally that this shift to the left in the Church's teaching does not mean that Popes and bishops necessarily act in accordance with these principles.

*Laborem Exercens* is a truly startling document. It presents us with a socialist vision of society, but one that is decidedly non-Marxist, i.e., at odds with official Marxism. As soon as one speaks of Marxism it is important to distinguish between official Marxism, i.e., the ideology of the Soviet bloc countries and the communist parties, and various forms of revisionist Marxism or neo-Marxism which differ considerably from Marxist orthodoxy and often claim to be in keeping with the original social thought of Marx himself. I wish to indicate five points according to which the social teaching of *Laborem Exercens* differs from official Marxism.

### ***Laborem Exercens* in relation to Marxism**

First, for Pope John Paul II, the struggle for justice and the control of capital in which the workers are engaged and which all those who love justice must join in solidarity is both material and spiritual. It is



grounded in the self-interest of the oppressed as well as in the commitment to justice, freedom, solidarity and universal concern. The struggle has a moral character, it embodies a spiritual dimension. It is a sign of God's presence in history. God as the Gracious Presence in history enlightens and empowers people to transform the world in accordance with justice. In Marxism, the dynamic that moves history forward is not the hidden God but a law that can be grasped scientifically and that expresses itself in *necessary* class conflict until the final resolution in a classless society.

Secondly, the encyclical is willing to speak of the socialization of capital only if people remain freely and responsibly involved in the shaping of society and contribute to the building of their world. One can speak of socialism only if the "subject" character of society is guaranteed (para. 15). If people cease to be subjects of their society, they become objects in the social process and are prevented from realizing themselves as human beings. This vision is at odds with what is sometimes called a "zoo" understanding of socialism, that is to say a social system where a group of people at the top provide for the material and cultural needs of the masses. For the encyclical, even a planned economy must protect the "subject" character of society. This differs considerably from official Marxism, even though Marx's original social theory was very much concerned with the "subject" character of human being and favoured a social revolution that would allow people to become subjects of their own history. But since for Marx the subjectivity of man was not grounded in a metaphysical principle, it quickly gave way under the influence of the objective, technical and scientific aspect of his own theory.

The third difference we already mentioned. For Pope John Paul II the "ownership-question" is not crucial for justice in society as it was for Marx; but rather the "use-question," that is to say the use of capital in the service of labour and the labouring society.

Fourthly, a radical difference exists between papal social teaching and the official Marxism in regard to the emphasis on de-centralization, the democratization of the work place, the responsible role of workers in the running of the industries and the function of labour unions in the transformation of society. In 1981 Pope John Paul II identified himself with the position of the *Solidarity* union in Poland. There is a radical difference between the totalitarianism of Russian-style communism and the stress of *Laborem Exercens* on de-centralization, pluralism, and workers' participation.

Fifthly, the very word “labour” refers to different realities in Marxism and in papal teaching. For Marx and Marxism the word usually refers to industrial labour. Marx had the idea that because of the development of industrial technology the vast majority of people would eventually become engaged in industrial production. He did not foresee the emergence of the white-collar workers. In Marxism industrial labour is regarded as “productive,” while the labour of the service industries and of clerical and scientific tasks is regarded as “unproductive,” as living off the wealth produced by industrial labour. *Laborem Exercens* rejects the distinction between productive and unproductive labour. It argues instead that society is produced and reproduced by the labour of people in every field and on all levels, including industrial, agricultural, clerical, governmental, administrative, scientific and intellectual workers. There is, for the Pope, no room for a leisure class in society.

After this relatively brief account of the shift to the left on the part of the Church’s official teaching, we turn to a number of important questions raised by this recent ecclesiastical development. We must ask, first of all, how this rather surprising development can be explained sociologically.

### **Reasons for the ecclesiastical evolution**

A number of authors hostile to the recent development have tried to account for the shift to the left in terms of influence exerted by dissatisfied and power-hungry intellectual church workers, hired by the bishops to engage in the Church’s social ministry. Edward Norman, in his *Christianity and the World Order*, follows the controversial theory of “the new class.”<sup>6</sup> Some neo-conservative sociologists argue that teachers, social workers, intellectuals, community organizers and other social activists, (including church workers), hired by public institutions, large or small, constitute “a new class” that has become an agent of instability in society.<sup>7</sup> Giving in to their own restlessness and their yearning for power, they exaggerate the alienation suffered by the ordinary people, spread dissatisfaction and the spirit of revolt, undermine the cohesion and stability of the present order, and advocate socialist ideals. Conservative social thinkers have always tended to explain unrest and dissatisfaction in society through the influence of subversive agents. Thus Edmund Burke believed that the French Revolution was caused by the cultural influence of

the French philosophers. This theory, however, is not very convincing. On the contrary, what seems altogether remarkable to me and in need of explanation is that in Western society which at this time is suffering from massive unemployment and reduction of welfare, ordinary people who are suffering great hardship express so little impatience for the reconstruction of society. The theory of the new class offers no explanation whatever why Catholic bishops and the Pope himself should have become more radical in their social teaching.

What historical factors do account for the shift in the Church's teaching? Perhaps the most important one is the end of the colonial age after World War II and the emergence of new peoples who claim a share of the world's resources. These developments profoundly affected the churches in the Third World. Since Latin America is largely a Catholic society, at least nominally, the developments on that continent exerted considerable influence on the Catholic Church at its centre. On a previous page, we already mentioned the 1971 Synod of Bishops and Pope Paul VI's letter, *Octogesima Adveniens*.

To understand the situation of the Church in Latin America we have to glance at the history of the Church in European society. In the nineteenth century the Church in Europe tended to identify itself with the *ancien regime*, with the aristocratic order still largely based on landed property, and therefore opposed the emergence of modern, secular, liberal, democratic society. This resistance to the modern, secular state still inspired the critical papal teaching from Leo XIII to Pius XI. Corporatist theory, promoted especially by Pius XI, was an attempt to adapt a medieval ideal to modern times. In the name of an idealized cooperative society of the past, corporatism rejected secularization, egalitarianism, and socialism as well as parliamentary democracy and *laissez-faire* capitalism. It was only during World War II that Pius XII, in his famous Christmas address of 1944, clearly affirmed modern democracy and reform capitalism as the social ideal most in keeping with Catholic values. A new Catholic social philosophy emerged, strongly influenced by Jacques Maritain, which allowed the Church to shift its allegiance to the liberal sector of society and offer its support to the Christian democratic parties, newly founded in several Catholic countries, especially in Latin America. On that continent the Catholic Church had been strongly identified with the traditional families, land-owners and military, and the conservative vision of society. Now the

progressive sector of the Church, often supported by the bishops, affirmed economic progress, industrial development and neo-capitalism as advocated by the Christian democratic parties. Catholic Bishops and Catholic social thinkers saw this as a third way or middle way between *laissez-faire* capitalism and materialistic socialism. What happened in the 1960s in many Latin American countries was that some Catholics, identified with the great majority of the poor, became convinced that the neo-capitalist middle way of the Christian democratic parties offered no solution to the problems of poverty and underdevelopment. They opted for "liberation." They believed that Latin American societies must sever their link with international capitalism, and begin their own self-reliant development, rationally planned, based on their own human resources. They envisaged a socialist society. Some priests and eventually some bishops joined this (relatively) radical movement.

### **Still divided**

The new liberationist approach proved so powerful in the Latin American Church that it influenced certain paragraphs of the pastoral conclusions published by the episcopal conferences, first at Medellín in 1968 and then at Puebla in 1979. Today, the Catholic Church in Latin America is still greatly divided. There is still a sector that is identified with "traditionalism"; there is a modernizing sector which thinks of itself as "progressive" and supports the Christian democratic parties; and there is a "radical" sector identified with the liberationist movements on the continent. This latter, backed by a considerable number of bishops and strengthened by a remarkable body of theological and spiritual literature, often referred to as "Theology of Liberation," has had an appreciable influence on the world-wide church, including the centre of the Roman Catholic magisterium. We mentioned in particular the 1971 Synod of Bishops and Pope Paul VI's *Octogesima Adveniens*. In *Laborem Exercens* Pope John Paul II also reveals his own option for the poor. "In order to achieve social justice in the various parts of the world, in various countries and in the relationships between them, there is a need for ever new movements of solidarity of the workers and with the workers. This solidarity must be present whenever it is called for by the social degrading of the subject of work, by exploitation of the workers and by the growing areas of poverty and even hunger. The

Church is firmly committed to this cause for she considers it her mission, her service, a proof of her fidelity to Christ, so that she can truly be 'the church of the poor'"(para. 8).

A second consideration to explain the Church's shift to the left is drawn from the sociology of organization. When the credibility of an organization is questioned by the public, then the officers are often willing to make decisions that reveal the fidelity of the organization to its own symbols, even if these decisions should be impractical and inefficient as far as their short-range consequences are concerned. The officers believe that by enhancing the credibility of the organization they act responsibly even though the organization will profit from this only in the long run. There are times, it is argued, when the truly practical thing to do is not to be "practical" in the narrow sense.

Talcott Parsons claimed that church organizations have to be particularly concerned about "symbolic adequacy."<sup>8</sup> At moments of crisis in particular, they must ask themselves whether their collective life reflects the values and symbols that constitute the substance of their message. In the present secular age with grave and urgent questions pressing in upon us, the credibility of the Church has been widely questioned. The churches recognize that they must be relevant if they want to be heard. At Vatican II the Roman Catholic Church accommodated itself very considerably to modern society. To demonstrate its relevance it endorsed many liberal ideals, which it defended with appropriate theological arguments. In some instances, this led to such an identification with modern culture that the Church was in danger of losing its identity. The time had come for ecclesiastical decisions that would manifest the Church's fidelity to the life and message of Jesus Christ and thereby create an appropriate distance from the cultural mainstream.

### **In practice**

But what does symbolic fidelity mean in practice? It could mean what it has often meant in the past, namely a renewed dedication to the sacred. The Church could define itself more clearly through liturgical worship, God-centredness, and other-worldly spirituality. In traditional society, the sacred had universal significance. Every sector of society regarded the sacred as a superior order. The sacred held society together. It affected the lives of people and groups on

every level. But in modern times, thanks to the advance of secularization, the sacred is no longer universally relevant. Vast numbers of people do not refer themselves to a sacred dimension. If the Church seeks its identity and symbolic fidelity in terms of the sacred, then it easily ceases to have universal relevance, and becomes simply a religious sect with appeal to religious people. There are many Christian groups that are willing to define themselves in terms of the sacred, even if this means that they become a small remnant. Yet the Roman Church has always understood itself as bearing a message of universal significance. Hence in line with this Catholic tradition, the ecclesiastical decision-makers sought symbols of fidelity to the message of Jesus Christ that would bring out his universal significance. Inspired by an important trend in contemporary theology, church teaching focused on Jesus's own preaching of the coming of the Kingdom, on the judgement of God pronounced on an unjust and oppressive society, and on the solidarity of Jesus himself with the little ones, the excluded, the poor. By committing itself to the "social-justice" dimension of divine redemption, the Church sought to reveal its fidelity to its founder and at the same time to manifest the universality of the Gospel. Social justice touches every aspect of human society. By making it the primary concern in Western capitalist societies, the Church finds itself at odds with the preoccupation of the upper and middle classes and the mainstream of contemporary culture. The shift to the left, therefore, offers considerable organizational advantages, especially in the long run. The Church achieves greater symbolic adequacy, reveals its universal significance, and draws new boundaries that protect its identity, even though the upheaval has many negative short-range consequences, such as the alienation of the upper classes accustomed to the Church's blessing of the existing order.

### **The impact of the new teaching**

This leads me to another question raised by this recent ecclesiastical development. What is the impact of the new social teaching on Catholics? In Canada the impact is small. On a previous page we have seen that the Canadian bishops themselves recognize that only a minority of Catholics follow this new way of "Social Justice," even though they praise this minority as significant. Who makes up this minority? It would be possible to render a detailed account of the

various small communities, centres of research, action teams, pastoral projects, educational workshops, and collectives publishing newspapers, brochures and information sheets—all of which are dedicated to the Church's new social orientation.<sup>9</sup> Some are concerned with concrete issues such as northern development or nuclear armament, others focus more generally on the critique of capitalism and the Church's new economic teaching, while others again are made up of people who suffer under oppressive conditions and who now struggle for a new deal from society. The great majority of these groups and centres are cross-denominational. Protestants and Catholics cooperate spontaneously. Despite (or because of) the manifold activities of these groups and centres, there has not emerged from them a single political thrust. This holds true for Canada and for the United States.

A question of much greater importance, however, is how the new church teaching is received in countries which experience massive ideological division. Here Catholics find themselves confronted by the choice between reformist parties supported by the middle classes, and socialist parties supported by workers and the lower classes. Catholics who opt for the socialist parties often call themselves the "Catholic Left." The question I wish to raise is how the Catholic Left reacts to the Church's new social teaching. While a question of this kind would demand careful research into the conditions of various European and Third-World countries, it can be said in general that the Catholic Left has been critical of church teaching. They say that despite the shift to the left here recorded, church teaching is still idealistic, still simply offering a beautiful theory of what ought to be, without any foundation in actual historical conditions. The fact is that in many countries Catholics must choose between middle-class reformist and popular socialist parties. A middle ground is not available. Because the Church's social teaching, while critical of capitalism and advocating socialist ideals, still condemns Marxism as a philosophy and political strategy, still opposes socialist movements that make no room for spiritual values, still warns people against mindless cooperation with Marxists, the Church—in their eyes—is still advocating a "third way" between the two choices that face them in their country. Since the terms of the social struggle are defined by an antecedent history, there is no room for a third way. To the Catholic Left the Church's social teaching, despite its "progressive" sound, expresses the refusal to endorse the exist-

ing socialist movements, and hence actually favours a policy that supports the existing capitalist order. In some parts the bishops clearly say that the new social teaching still accords with the reform program of the Christian democratic parties. In countries such as Italy and France, or in Chile prior to the rightist coup, the Catholic Left quarrelled with the Church's official teaching and defined its social vision quite independently. There are Christian socialist voices in Canada that have expressed the same reservations in regard to the social teaching of the Canadian bishops.

### **Liberation theology**

It is useful at this point to ask how Latin American "liberation theology" is related to the new social teaching of the Church. Since liberation theology has produced a considerable body of literature, I do not have the space in this paper to make a detailed analysis. I am prepared to argue that liberation theology and the new social teaching are closely related. Both see a close link between faith and justice, both opt for solidarity with the poor and oppressed, both perceive the central conflict of society in terms of the domination of capital over labour, and both assert that the redemption Jesus Christ has brought includes emancipation from oppression.

How do the two differ? Liberation theology includes in its critical examination the Church itself. Church teaching locates the source of oppression in the present system and the worldly culture that accompanies it, and it presumes that the Church has, and has always had, the answer to the disorder in society. Liberation theology on the other hand raises the critical question whether and to what extent the Church itself has been part of the oppressive structures. Has church culture or church polity legitimated injustice in the past? Only after this extended critical phase, only after an "ideology critique" of the Catholic tradition, do liberation theologians spell out the liberating meaning of the Gospel for their times. This self-critical stance has often been criticized by Church authorities. In all honesty, however, this approach of liberation theology seems rationally consistent and evangelical.

There are other differences between liberation theology and the new social teaching I have already mentioned. Liberation theology argues that in Latin American countries, people are confronted by a choice between two historically defined realities, on the one hand the



inherited elite structure, deeply tied into international capitalism, and on the other the people's struggle for a self-reliant, participatory socialism. Between these two there is no third choice. Liberation theologians understand the Church's teaching, and above all the actual involvement of the bishops and sometimes even the Pope as pleading for a third way. By doing this, liberation theologians argue, the Church, despite its progressive teaching, easily becomes the protector of the existing order. There are, of course, a good number of bishops who identify themselves with the thrust of liberation theology. There are also many public gestures by national hierarchies and by the Pope himself that have encouraged the struggle for liberation.

Occasionally church authorities have accused liberation theology of offering a reductionist interpretation of the Christian Gospel. This is not a well-founded criticism. Liberation theology is not a secular social theory that seeks to enlist religious sentiment in its support; it is in the most proper sense a Christian theology, a reflection on the meaning and power of the revelatory events recorded in the Scriptures.<sup>10</sup> In substance, I repeat, liberation theology and the new social teaching are closely related and intertwined.

Concluding from the above reflections I have the impression that the impact of the Church's new social teaching is quite limited. The great majority of Catholics belonging to the upper and middle classes are confused and embarrassed by the new teaching whenever it is explained to them. In Canada and the U.S.A. the minority which permits itself to be inspired by this teaching represents largely church people, that is to say people who have, or have had, a special relation to church organizations. No single political thrust has emerged from them. But even in countries where there exists a significant Catholic Left, the impact of the new social teaching is indirect. The only parts of the world where the influence of the new teaching is considerable is where the bishops themselves encourage the formation of "base communities": small cells of Catholic families united as action groups and liturgical communities. Brazil is perhaps the best example of this ecclesiastical policy. If church leaders want to promote radical social teaching then this can be effective only if they are also willing to engage themselves in constructing a new organizational base for this. The wide network of base communities then may become the social bearer of the new teaching and the core of a social movement that might give it historical reality.

**Longer-run effects of the shift to the left**

At the same time my evaluation of the long-range effect of the Church's shift to the left is quite different. To grasp the function the new teaching may play in the future, I must mention several historical developments taking place at this time. There can be no doubt that Western capitalist society is undergoing a crisis of considerable proportions. The emergence of new nations, formerly colonized or dependent, who demand their rightful place among the nations and access to the world's resources, and the recent discovery that the world's natural resources are limited and the ecological balance in fact gravely threatened, have produced new historical conditions. They demand that the orientation toward industrial growth, characteristic of capitalist society, must come to an end. As resources become scarcer and, more especially, as the industrialized nations experience a decline (in part because of the policies of international capital), the ruling elites try to organize society so that the main burden will lie on the shoulders of the lower classes. This will eventually create enormous social unrest. People will struggle within the democratic system they have inherited for a society that moves into slower growth in a democratic way, distributing the burden in appropriate proportion. The Western nations will soon face the political choice between domination or democracy. To respond to the conditions of the future, society will be in need of self-limiting principles, principles that only the great moral and religious traditions can provide. While for the present the individualistic religion promoted by evangelical church groups still exerts considerable influence, the time may soon come when more social forms of religion become relevant. The Church's social teaching may then come into its own.

Secondly, the brutal crushing of *Solidarity*, the Polish workers' movement, has again reminded the world of the totalitarian character of Soviet-style communism. More than that, it has brought out more than any other event the inherent contradiction in the communist system: it presents itself as a socialist society and yet it does not allow the proletariat to organize into unions and exercise responsible leadership. The Polish tragedy has ushered in a new crisis of Marxism in Western Europe. This has affected the communist parties in these countries. More than that, a great many intellectuals who until now have found valuable inspiration in Marxism have come to the realization that today Marxism, even in its revised forms, is unable

to deal with many of the burning issues of contemporary society.<sup>11</sup> Marxism has no wisdom in regard to the ecological crisis. It has been oriented toward industrial growth as much as capitalism. Marxism has very little to say on issues of national and ethnic identity; it does not respond to the movements of liberation organized by oppressed peoples, especially the racially oppressed; it appreciates the woman's movement in a very limited way; it has almost nothing to offer to questions such as moral integrity, the meaning of life, the search for inwardness, and the promotion of family, love and fidelity, all issues of utmost importance for those struggling for a just society. In France, in particular, a great number of intellectuals have turned away from Marxism in search of a new social philosophy that could respond to the human needs created by the historical conditions of our times. Some of them have become interested in religion, the greater number have not. But the questions they ask and the values they seek have an affinity with the religious traditions.

#### **A relevant force**

Thirdly, in the last decade we have observed in many Third-World countries the emergence of social religion on a large and sometimes frightening scale. The politics of Iran have drawn the world's attention to this development. But there are many other countries in Asia and Africa where religion has emerged as a socially and politically relevant force. The observer gets the impression that these Third-World peoples seeking their own self-reliant development want to avoid the pattern of American capitalism and Russian communism: they want to create a socialist society adapted to their particular historical circumstances and grounded in their own cultural tradition. Since their cultural tradition is largely religious, they hope that the revival and reinterpretation of this religion will enable them to become a modern, partially industrialized society in an original way, avoiding the pitfalls of Western industrial society. We find movements of religious socialism among Muslims, Hindus and Buddhists. It is perhaps not so surprising that Third-World countries of Catholic tradition, in Latin America and the Philippines, also conceive their religion in social terms and seek to build socialist societies around sacred values. Again, these developments suggest that the Church's new social teaching may well achieve historical importance.

Finally, I wish to argue that universal solidarity, especially soli-

darity with the poor, is a value that is ultimately religious. Universal solidarity transcends the aspirations of rational or enlightened self-interest. Some may wish to argue that social peace is so important for industry and commerce, and hence for the well being of all, that it is rational and enlightened to prevent people at the bottom from becoming trouble-makers. Universal solidarity, such a person may argue, has therefore a functional value. Yet this argument is not convincing. The social philosopher Hannah Arendt once expressed her fear that the new industrial developments in Third-World countries had achieved such technological sophistication that very few labourers would be needed and a great majority of the people would have no function in the process of production and exchange. They would be strictly marginal. She feared that political forces would emerge that would try to eliminate these superfluous people. Social peace can be achieved by making the poor disappear. There seem to be no strong rational grounds why people in the developed countries, the middle class as well as workers and unemployed, should be concerned about the dispossessed of the Third World. Universal Solidarity is rational only for those who recognize something sacred in humanity. People are God's creatures. There is a transcendent element in every human life. This consideration points to the future political relevance of social religion, in this case the new social Catholicism.

In the light of these remarks it seems to me that the shift to the left in the Catholic Church's social teaching will have an important impact on civilization in the long run. It is therefore practical in the best sense. It is prophetic: it deals now with social issues that will become crucial for vast numbers in the future.

## NOTES

1. *Populorum Progressio*, paras. 8, 9, 20, 33, 58, 60.
2. For a detailed account of papal teaching on socialism, see G. Baum, *Catholics and Canadian Socialism*, Toronto: Lorimer, 1980, pp. 71–92.

3. "A Society to be Transformed," Labour Day Message 1977, para. 16.
4. The Labour Day Messages of the Canadian bishops are the important sources of Catholic social teaching in Canada. In this paper I only refer to three of them, "From Words to Action" (1976), "A Society to be Transformed," (1977), and "On Unemployment," (1980). Since the present paper was written, the Canadian bishops published two pastoral letters that attracted wide attention, "Ethical Reflections of the Economic Crisis" (1983) and "Ethical Choices and Political Challenges" (1984), which moved in the same radical direction. See G. Baum and D. Cameron, *Ethics and Economics*, Toronto: Lorimer, 1984. On his visit to Canada, Pope John Paul II strongly supported the social teaching of the Canadian bishops. See Dan Donovan, *A Lasting Impact*, Ottawa: Novalis, 1985, pp. 83–105. In 1984 the Vatican published an Instruction which warned against the excesses of Latin American liberation theology and their "insufficiently critical use" of Marxism. A few months later, John Paul II, on his visit to Edmonton, Alberta, supported the Latin American bishops in their use of dependency theory. "Poor people and poor nations—poor in different ways, not only lacking food, but also deprived of freedom and other human rights—will sit in judgement on those people who take these goods away from them, amassing to themselves the imperialistic monopoly of economic and political supremacy at the expense of others."
5. Cf. G. Baum, *The Priority of Labor: Commentary on John Paul II's "Laborem Exercens"*, New York: Paulist Press, 1982.
6. For a critical review of E. Norman's *Christianity and the World Order*, (Oxford University Press, 1978) see G. Baum, "Attack on the New Social Gospel," *The Ecumenist*, 17 (Sept.—Oct., 1979) pp. 81–84.
7. Peter Steinfels, *The Neo-Conservatives*, New York: Simon & Schuster, 1979 pp. 188–213.
8. Talcott Parsons, *The Structure of Social Action*, New York: The Free Press, 1968, p. 158.
9. Cf., Tony Clarke, "Communities of Justice," *The Ecumenist*, 19 (Jan.—Feb., 1981) pp. 17–25.

10. Cf. G. Baum, "Liberation Theology and the 'Supernatural,'" *The Ecumenist*, 19 (Sept.–Oct., 1981), pp. 81–87.
11. Cf., *Les Cahiers du Socialisme*, 9 (Winter, 1982), pp. 122–142.

## Comment

**Robert Benne**

Let me enter a caveat at the very beginning of my response. I am assuming the accuracy of Dr. Baum's account of the various Catholic documents that he discusses. I leave it to those who are far more expert than I to quarrel with his interpretation of Roman Catholic social thought. There may be such in this audience. If so, I invite them to rise to the occasion.

Assuming the above, I want to develop my response to the Catholic shift to the left and to Baum's obvious approval of this shift as well as his interpretation of its meaning.

### **Areas of general agreement**

Initially I wish to point to areas of agreement and appreciation, but I will do so with some critical reflection which I hope will challenge Dr. Baum to further response.

First, I agree that what Baum calls the Catholic shift to the left "will have an important impact on civilization in the long run." The Roman Catholic church has enormous importance in affecting the shape of the developing world and has increasing significance in aggressively entering debate on social-political issues. I believe that the

last few years have marked an important turning point in the Catholic approach to public issues in the United States. No longer is the church defensively guarding its own interest and the interest of its members (which, by the way, put it on the side of the democratic centre and left), but now has the courage and confidence to speak out and act on many issues of over-arching national and world importance. So, this “moral weight” will certainly have its effect. The “preferential option for the poor” is of world-historical importance, and, if flexibly and imaginatively applied, will work its way out in important world-wide gains for the poor. I have great appreciation for this witness. The poor are certainly with us, and it is the church’s vocation to identify with them and call attention to their cause, a cause which goes beyond charity toward a fuller justice. This vocation is in line with the biblical vision of justice and thus gives the Catholic shift to the left its noteworthy moral weight.

I would go further in affirming with the paper that identification with the excluded, the poor and the struggling has generally meant support of the political left. Dr. Baum argues that the “shift to the left . . . means the declaration of the church’s solidarity with the struggling poor.” I believe it is historically incontestable that social and economic rights have been won by the political left, and where the winning of those rights constitutes an unfinished agenda, the left will be a viable option. Therefore, I am pleased along with Baum that “ecclesiastical censure was removed from socialism.”

However, I have two issues for further discussion. One has to do with the traditions of political rights—constitutional democracy—and civil rights that have not had such a close identification with the political left. Where do these fit in the vision of the Pope, the Canadian bishops, and Gregory Baum? These traditions are often borne by the “bourgeois” elements of any society and in the long run are very important for the prospects of the poor. In fact, representative democracy may be the best lever the poor have for gaining those very economic and social rights, while yet preserving a context of political and civil liberty. Does Baum’s shift to the left skip from a religious tradition that legitimated an authoritarian, semi-feudal political economy (the traditional right) to an authoritarian left, without stopping to cherish and bear forward the political values historically associated with the economic and political middle?

A second issue has more to do with the economic sphere. While I do agree that most of the social and economic rights have been won

by the left, I do not agree that the left is solely or even primarily responsible for the actual well-being of the workers. The general and dramatic upswing in the income of the working classes in the Western world in the last two centuries has been brought about primarily by a productive and expanding economy. This effect, while often unintentional, is hastened by the distributive pressure of the left. But without a productive economy, often presided over by liberals and conservatives, those distributive efforts would be much less successful. Certainly the Social Democrats and the unions played an important part in winning a better life for German workers after World War II, but without the lively economy administered by that crusty old Catholic, Konrad Adenauer, the gains would have been much less, and with less liberty. U.S. workers probably experienced the sharpest upturn in their standard of living in the 1950s, when a moderate republican was in the White House.

### **Distinctions**

Second, I affirm the very useful distinctions listed by Dr. Baum as he distinguishes the Catholic turn to the left from “official Marxism.” These five points seem to represent an infusion of religiously-based human values into the mix so that the oppressions of official Marxist-Leninism are avoided, at least theoretically. One can even discern in the insistence on “the subject character of society” a commitment to democracy, to *democratic* socialism. Now, if these distinctions are taken seriously, do they not rule out affiliation with certain elements of the revolutionary left (those who do not recognize such distinctions)? I wish Baum would address this question. For later in the paper he shows his approval of those liberation movements that reject any third way. It seems to me that the “third way” may in fact represent the kind of distinctions Baum applauds earlier in the paper. Certainly there is a plurality of viewpoints in most liberation movements. Isn’t it proper for the church and for Dr. Baum to insist on these distinctions? (By the way, I think it a gross error to describe the “massive ideological division” faced by Third World countries as a choice between “middle class reformist” parties and “socialist populism”). And in making those critical choices, shouldn’t the church insist upon the criteria that Baum himself considers important in the Catholic turn toward the left? Don’t these criteria rule out religious cooperation with some elements of the revolutionary left?



Third, I concur with Dr. Baum on the reasons for the church's turn to the left. Certainly, the church's presence and participation in countries where the poor and/or colonized were caught up in a revolution of rising expectations was crucial in its movement from right to left, from legitimating the old order to an openness to the new. Its renewed commitment to biblical symbols of justice pressed for identification with the poor and dependent, and once it identified with them the involvement in liberation movements and theologies followed naturally. I further agree that such an evolution will be useful and profitable in the long run, if the church maintains its critical faculties. It would be terribly foolish to write off this momentous turn to machinations of a New Class. Baum must read more neo-conservative literature than I do, though, for I don't recall any effort to explain the Catholic church's preferential option for the poor as a New Class stratagem, particularly in the context of the world discussion. Neo-conservatives have generally pointed to New Class phenomena in developed countries, where the educational apparatus churns out many "critical" persons to fill the large public sector. It would seem to be a useful Marxist insight to recognize that such persons have an "interest" which may be a good target for healthy criticism.

Finally, I want to reinforce Baum's argument that "universal solidarity, especially with the poor, is a value that is ultimately religious . . . and that it transcends the aspirations of rational or enlightened self-interest." Mainstream economic thinking seems so blind to such motivations that it continually ignores or misunderstands the fervour of religious and quasi-religious impulses. Its cool rationality rarely enlists the social idealism of the morally passionate, leaving the field to "radical" economic analysis that may be more morally appealing, even if poor economics.

### **Is socialism the ethical form of Christianity?**

While it is evident that I share some of the general thrust of the paper, there are points at which I take serious exception. But before I get into those major criticisms, let me rehearse the main components of the Catholic turn to the left, as assessed by Dr. Baum. It is the removal by the church of its censure of socialism as a Christian option. It is the Pope's critical analysis of reform-capitalism and his constructive proposal of decentralized, worker co-ownership and

management of the means of production. It is the Canadian bishops' seemingly Marxist analysis of Canadian economic troubles. It is the solidarity of some elements of the church with "liberation" movements around the world. It is Baum's hearty endorsement of these developments, and his wish to press further. He opts for liberation theology's application of Marx's notion of *praxis* to the church's identity and inheritance itself; he affirms the tendency of those in liberation movements in developing countries to reject any "third way" between what he calls "middle class reformist" and "popular socialist" parties. (Baum seems to discern nothing further right than the Christian Democratic parties. I'm not sure Robert D'Aubuisson is a middle-class reformist or a Christian Democrat). And finally, he is eager to adopt a third way in the developed countries, something along the lines of the Pope's proposal that goes beyond both reform capitalism and orthodox Marxism, which are both in terminal crisis.

That seems to be the full-blown form of Gregory Baum's own turn to the left. For him at this time and place, socialism is applied Christianity. The social justice mandated by the Gospel must take the form of a decentralized, participatory socialism that will emerge out of the *praxis* of workers. To paraphrase Tillich: Socialism is the ethical form of Christianity; Christian values—duly reformed by the insights of the young Marx—are the substance of socialism. There is a theonomous relation between true—religiously grounded—human values and socialism.

Now, the more particular form of the argument is quite disturbing to me for both theological and social-scientific reason. These two rubrics provide the handles upon which to fasten my major criticisms.

My *theological* reservation has to do with the near fusion of the central symbols of the Christian faith with one option in social ethics, a fusion that is detrimental both to the central symbols and to social ethics. The near fusion, already stated in one form above, can be alternatively expressed: Salvation is conterminous with liberation; liberation is the *praxis* of socialism; therefore, salvation is the *praxis* of socialism. That may be overstated, but Baum makes little effort to prevent such a tight linkage between the Gospel and a particular social ethical option.

### **Oppression and salvation**

I agree that God's salvation, when fully wrought, will certainly in-

clude the liberation of all people from oppressive structures. Salvation, eschatologically viewed, includes all of life brought into God's lively harmony. And there are proleptic signs of that harmony now. But none presently fulfill the promise, not even our personal appropriation and response to the Gospel. Further, every effort at social, political, and economic liberation in history is shot through with the ambiguities of sin and finitude. This does not mean that Christians must not choose concrete options nor does it mean that some options are not ruled out.

But it is clearly the purpose of Dr. Baum's paper to recommend one option. By the logic of his argument he claims salvific potency for one particular political option and embodiment. "The Good News has a socio-political thrust. . . . To be a Christian today means to be a critic of society in the name of social justice." Formally speaking, many can agree with those statements. After reading the paper, however, it is clear what specific socio-political thrust and version of social justice Baum has in mind. Faith means *one* social ethical option. By identifying with it, one moves with and carries forward the salvific potencies of God. Outside socialist *praxis* there is no salvation. This is a re-emergence of Pelagianism which, though ethically potent, is religiously and theologically destructive; more especially in view of Baum's willingness to give up on the sacred (the religious) in favour of historical liberation (the secular).

In contrast to this view, I would like to maintain a distinction—though certainly no separation—between the central symbols of redemption and social ethical options. I would do so primarily for the sake of the Gospel itself—its substance and universality. I wish to maintain a specificity and transcendence to the Christian revelation that I believe is seriously eroded by Baum's fusion of faith and socialism. There is a domestication of the Gospel going on here in his accommodation of it to *praxis*, and its substance is being compromised.

I believe, moreover, he is limiting the Gospel to those with the right political orientation. But on the contrary, the salvific grace of God is given to all sinners, even hidebound Republicans like my father, if they only accept it in humble repentance. I'm not sure Baum can include those who do not earn God's grace by correct political beliefs and practice. Much liberation theology, in my view, falls under the same strictures.

Furthermore, I want to maintain the distinction between the central symbols of redemption and social ethical options for the sake of

the freedom and dignity of the Christian laity. Has it occurred to Gregory Baum that there may be responsible, intelligent Christian people in the Christian Democratic parties of Latin America? In my view, Eduardo Frei claims as much honour and respect as a Christian politician as Baum's heroes further to the left. As the old saw has it, Christians of good will can disagree on policy questions—within limits, of course. There is and ought to be much more authentic pluralism in the Christian laity than Baum allows with his fusion of faith and socialism. Let me quote a relevant passage from the Chicago Declaration of Christian Concern, a statement by Catholic lay people:

During the last decade especially, many priests have acted as if the primary responsibility in the Church for uprooting injustice, ending wars and defending human rights rested with them as ordained ministers. As a result they bypassed the laity to pursue social causes on their own rather than enabling lay Christians to shoulder their own responsibilities. These priests and religious have sought to impose their own agendas for the world upon the laity. Indeed, if in the past the Church has suffered from a tendency to clericalism on the right, it may now face the threat of a revived clericalism—on the left.

If Baum takes the Christian laity of Canada and the United States seriously as intelligent and mature Christians, and does not write them off as comfortable middle-class denizens of the mainstream, he will find his linkage of faith and one ethical option severely strained. The laity, even those most hungering for peace and justice, simply do not move in the political direction that he thinks they should. And for good reasons, to which I now turn.

### **Inadequacy of Marxian analysis**

The Pope and the Canadian bishops (if they are being interpreted correctly by Dr. Baum), and Dr. Baum himself have fallen into a kind of economic fundamentalism. The economic analysis they espouse, far from being a "new argument critical of contemporary capitalism," is a rehearsal of a rather tired set of raw Marxist categories of dubious interpretative and prescriptive usefulness. Their approach reminds me of one of my philosophy instructors who taught us that all philosophies could be understood from the perspective of two categories—

optimism and pessimism. Now this was a provocative point of view, and perhaps even helpful at a very elementary level, but it had two serious deficiencies. It forced highly complex and nuanced systems of thought into two simple categories that were finally not illuminative of the thinkers under discussion. It also didn't tell you much about the objects of the study—the philosophers in question. I tried this lecturer's approach in the Graduate Record Exam in philosophy when I came across questions about a philosopher I didn't know well. My answer that "he was an optimist" didn't get me many points.

I submit that the economic analysis portrayed in the paper suffers the same kind of shortcoming—it forces economic interpretation into two gross categories (capital and labour) and thereby fails to tell much about a highly complex economic reality. The economic approach of the paper reduces the many prisms of economic analysis down to two and then expects to perceive accurately a highly variegated and dynamic economic reality through those two prisms.

The source of economic woe is capital's priority over labour.  
The solution of economic problems is labour's priority over capital.

Everyone in the paper seems to believe that capital must be made to serve labour, and that labour must gain control over capital by worker co-ownership and management of the means of production. The technical and moral problems of political economy will be overcome by this approach.

I have a serious problem in understanding what is meant by labour and capital, and further, by the elimination of other elements among the factors of production. But let's stick with "labour" and "capital." Dr. Baum himself begins to unravel the categories when he distinguishes the Pope's approach from orthodox Marxism. "*Laborem Exercens* rejects the distinction between productive and unproductive labour. It argues instead that society is produced and reproduced by the labour of people in every field and on all levels, including industrial, agricultural, clerical, service-oriented, administrative, scientific and intellectual workers." Now if one goes this far, why wouldn't one include entrepreneurs, bankers, managers in every kind of enterprise, investors, pension fund directors, speculators, etc.? All of them perform useful specialized tasks in the complex productive process. I submit that this reading of "labour" in-

cludes most of us, barring a very small leisure class and very large pensioned population. How can it be that all of us are dominated by some mysterious capital? Democracy and markets cannot be working at all if this is the case. No, this crude juxtapositioning of labour and capital may have some small use in understanding countries with a small number of people owning most of the land and productive apparatus, but it gives very little help at all in understanding developed economies. I suspect that the American and Canadian economies have so many interdependent connections and interactions that no one fully understands them, let alone is able to press the proper levers to control things. I would prefer an economic analysis with more prisms than the Pope's to understand and shape the economies we are involved in.

### **Who are the capitalists?**

One could ask the same questions coming from the other direction: what is capital? Who owns and controls it? My reading of economics indicates that the savings of ordinary people are immensely significant in capital formation, that the giant pension funds of the workers will soon provide over half the equity capital of the economy, that an ever-higher percentage of the GNP is going to labour rather than to rent and capital, and that stock holders have really not been doing too well in recent years. And what would the Pope make of a favourite phrase of contemporary economists—"investment in human capital?"

Once these tidy categories fall, so do many of the doctrinaire assumptions rampant in the paper: that capital is becoming more concentrated; that multinational companies have complete freedom to move where and as they wish; that capital always oppresses labour and not vice-versa, or that labour does not oppress labour; that central planning is a good thing and that it is possible without a sharp diminution in economic efficiency and human liberty, that international capital investments have predominantly adverse effects, that Canada can really be compared with an underdeveloped, Third World country; and that there are no other reasons for holding capital than to serve labour.

If all, or at least some, of these assumptions are questioned, as I believe they must be in any fair appropriation of the economic science of the day, then the analysis and prescriptions of Gregory Baum, the

Canadian bishops, and even the Pope himself dissolve into thin air. A more accurate economic analysis—with more prisms—will lead to a more flexible and less doctrinaire approach to policy. I do not wish to call into question the intentions that any of these parties hold. Nor do I question their claim to solidarity with the oppressed. But I do think their economic analysis and prescriptions are woefully inadequate. As economic science, they may have the virtue of simplicity—one of the criteria of assessment—but they do not meet the criteria of adequacy (ability to account for the data), scope (range of theory), and verifiability (testability and confirmation). If economic reality is more complex than Catholic social thought avers, then the good guys and the bad guys are hard to identify. The dialectic is blunted and policy questions become open to fair moral discourse without anyone easily grabbing the high moral ground. This is not to say that there is not a moral dimension to policy questions. There most certainly is, but those policy questions involve trade-offs that imply moral ambiguity from beginning to end.

One final reflection. Gregory Baum seems surprised that “ordinary people who are suffering great hardship express so little impatience for the reconstruction of society.” He also complains that those who wish to reconstruct our societies dramatically are very few in number, when compared with those in the mainstream who have given up their moral sensitivities. I have a possible answer to these puzzles. Perhaps the number who suffer great hardship is quite small in relation to the total society, and perhaps most of them look to future improvement; perhaps the mainstream have seen many of their aspirations approximated by the current arrangements of things. Perhaps the mainstream believe the system has been satisfactory on the whole, and that it is wiser, and perhaps just as morally compelling, to reform that system as to transform it. Given that kind of assessment, I welcome the Catholic “shift to the left” as one way, among others, to stimulate that reform.

## Discussion

**Edited by: Irving Hexham**

**Gregory Baum:** It was claimed that my paper confused salvation and liberation. Salvation and liberation are indeed intertwined. But since my paper was not addressed to theologians I did not intend to clarify the interrelation between the two. Moreover, in liberation theology there is a strong affirmation of divine transcendence. Neo-conservative Christians sometimes argue that the recognition of divine transcendence relativizes earthly issues and hence demands neutrality in regard to political conflicts. Liberation theology argues against this. Since the God of the scriptures, the transcendent divine mystery, has identified Godself with the crucified and marginalized Jesus and through Him with the poor and the marginalized, Christian faith means taking sides, means solidarity with the oppressed. At the Puebla Conference (1979) the bishops named this “the preferential option for the poor.”

My paper tried to summarize a great deal of historical material. I put special emphasis on Canadian developments. What is new in Christian theology, Catholic and Protestant, is that theologians acknowledge that fidelity to the Gospel demands attention to the “signs of the times.” The “signs of the times” are crucial historical events without which we cannot understand the meaning of human life in that period and hence cannot grasp the message revealed in Jesus Christ. Pope John XXIII designated as “signs of the times” the colonized people unwilling to remain colonized, workers unwilling to remain objects in the work process, and women unwilling to be treated as inferiors. Pope John Paul II designated as “signs of the times” the emergence on the political plane of people and groups that for centuries have been subjugated. These historical events produce a kind of earthquake. This is the context in which the Gospel must be read.

For many Catholics the destruction of European Jewry during



World War II is a “sign of the times.” The Christian church has reflected on its own contribution to anti-Jewish sentiment and anti-Jewish symbols. The churches have rethought their position, including the Catholic church. Today Christians are summoned to be friends with Jews, to co-operate with them in matters of justice and peace, and in fact to be open to religious pluralism in general.

Speaking of human rights raises many issues. You know, you can't trust Catholics when it comes to human rights (laughter). We Catholics are recent converts to civil liberties. In the nineteenth century we rejected democratic rights as an expression of liberalism. The socio-economic rights defended by socialists were closer to the Catholic tradition. Only with Pope John XXIII do we find the affirmation of civil liberties in church documents. I had the honour to be present at Vatican Council II where we wrestled for the declaration of religious liberty. In Catholic social teaching today we find the affirmation of *two* sets of human rights, the civil rights on the one hand, derived from the liberal revolutions, and the socio-economic rights, such as the right to eat, the right to work, the right to shelter, etc., derived from the ancient Christian tradition and socialist political theory. Catholic social teaching sees itself as “a third way” between free enterprise capitalism and determinist Marxism.

Let me say a word about the expression “the third way.” In Latin America, this term has been used by the Christian democratic parties to designate their own social philosophy. They advocated a constrained capitalism, oriented by strong government, accompanied by a labour code that protects workers and their organizations. Yet in moments of crisis, the Christian democratic parties always defended capitalism. For this reason, Latin American Christians who have opted for liberation say that Christian Democracy is not a third way at all.

Is there Marxist influence on Catholic social teaching? This deserves a careful analysis for which there is no time here. The radical social teaching of the Canadian bishops is strongly influenced by Harold Innis, a liberal Canadian political economist who published his famous books in the 1930s. Innis introduced the distinction between metropolis and hinterland, and argued that the metropolis always profits at the expense of the hinterland. Hinterland backwardness has economic and cultural consequences. Innis himself regarded Canada as hinterland. Economic dependency translated itself into cultural dependency. Canada relied on the cultural and scientific

achievements of Britain and later of the United States. Harold Innis, though devoid of Marxist influence, developed an economic analysis of Canadian history on the basis of the exploitative metropolis-hinterland relation and offered an interpretation of Canadian culture derived from economic dependency. In this analytical context the Canadian bishops were greatly impressed by “the dependency theory” they found in the ecclesiastical documents coming from Latin America. The thrust for economic and cultural liberation which we find in many regional churches within Catholicism is not derived from Marxism. It is derived from “the signs of the times” mentioned before, from the existing struggles for greater self-reliance, from the confirmation these movements received from the teaching of the Old Testament prophets and the Messianic promises of the New Testament, and from social-scientific theories, some of which were wholly independent from Marx and others worked out in dialogue with Marx.

**Imad Ahmad:** I would like to take off from this phrase the “third way.” It’s a phrase that not only Catholics use. I hear it used by Muslims. I hear it used in various Third World environments. Yet, it seems that inevitably when the third way is looked at closely, it’s always a “reformed” capitalism, or “reformed” communism. In order for something to legitimately be a third way, it has to show that it is fundamentally different from capitalism or communism. If there is a third way, it has to reconcile the two sets of rights talked about: the negative and positive rights that keep coming up. In order to reconcile those rights we have to keep in mind Meir Tamari’s warning that the market is a mechanism by which people can achieve their values.

It is a mistake to say that the market provides values. People have to get their values from someplace. The market is a mechanism that has to do with negative rights. Positive rights have something to do with the values that we hold.

We cannot totally separate the free market of matter from the freedom of ideas. The free marketplace of ideas is something that can only exist in the presence of material freedom.

When you deviate from the free marketplace in commerce, you subsidize bad ideas. An example that people used earlier was the idea of discrimination. When we interfere with the free market, we subsidize people who want to discriminate. If they weren’t subsidized,

then society wouldn't be encouraging the hiring of people based on the colour of their skin and not on their ability to perform in the workplace.

In the beginning, the group discriminated against would get a lower wage. But there are always people near the margin. Consider these employers for whom the wage paid to the majority group is a little bit too expensive. They would not simply violate their own discriminatory premises by going ahead and hiring minorities, they would also begin to change their attitudes. And by changing their attitudes, they would be attracted to what we in this room, I assume, would consider the preferable ideology: non-discrimination.

**Irving Hexham:** I think there is a need to be self-conscious about something that is going on here. We've gotten into a very complex situation and I am not quite sure that we're all aware of how complex it is.

Earlier Clark Kucheman referred to persons as being very important and defined a person as self-determining. Now, that definition of person might work in America. But it wouldn't make any sense in Swaziland. The Swazi would not define a person as someone who is self-determining. All sorts of things make sense to a Swazi, but certainly not that.

One might say that this applies in a precapitalist economy. But it wouldn't work in Japan either. The Japanese are very much influenced by their tradition. A Japanese person does not expect to be self-determining in order to be considered a person.

Traditions are important. There are different ways of looking at the world. And yet, capitalism exists in Japan. This is the problem. We seem to be coming at this discussion from Catholic and Protestant traditions. We have a westernized discussion based on these Christian traditions. Unfortunately, we have thrown into this discussion Judaism and Islam. Maybe Judaism comes into it. But Islam certainly is something like a monkey wrench, because it has a very different view of authority and of what a person is.

The whole discussion of rights, which to Americans makes a lot of sense, doesn't make the same amount of sense to most Canadians. Certainly from the British tradition, talk about rights does not have the same emotive appeal. It has not the same importance as it has within the American constitution.

We need to try to focus on these problems of definition, understanding, and tradition. We need to be self-conscious about the problems we are facing in the type of debate.

**Arthur Shenfield:** There are, at present, over four billion people in the world. A hundred years ago there were about a billion and a quarter. Two hundred years ago, there were fewer than half a billion. The increase from less than half a billion to over four billion is definitively due to the growth of capital and the development of enterprise spreading all over the world.

It is cogently arguable that what is propounded by the Latin American and Canadian bishops in Gregory Baum's paper would inevitably produce the destruction of capital and the extinction of enterprise. Hence, it would mean a sentence of slow death for two to three billion people. Who among them has even grasped that possibility? Who has even understood that this could be a result of what is being propounded?

In this regard, I ask, Why is it wrong for a country to be a hinterland? Why is being a hinterland supposed to be evidence of colonial status? Is South Dakota unfree, and a hinterland, because it doesn't have everything that Chicago or New York has? How can it be possible for all countries in the world to be metropolises?

This idea that Canada or Brazil has colonial status is a travesty. It's a misuse of language. It simply means that Canada is poorer than the United States. Brazil is poorer than Venezuela and certainly poorer than Europe. Otherwise this concept has no meaning at all.

**Richard Neuhaus:** I find myself in great sympathy with Bob Benne's critique. Regarding the concept of the "new class," Irving Kristol is usually considered the originator of the current use of that term. Bishops ordinarily would not be prime candidates for membership in the new class. But, I would point out that advisors to bishops like Gregory Baum (laughter) are archetypically members of the new class (more laughter).

**Comment:** So are you.

**Richard Neuhaus:** Of course. No doubt. I am a class traitor. (laughter) But to return to my point: it is one thing what bishops sign and it's another thing as to who writes what the bishops sign.

I was distressed in Baum's paper by the almost complete absence of any allusion to democratic rights or to the role of the state. In fact, the state is barely even mentioned in the manuscript. Somehow, we, society, etc., are going to do everything. But what are the instrumentalities for this? I would suggest that the absence of any discussion of democratic rights and of the limited state is not an oversight. Rather it is inherently and necessarily part of the argument that the paper makes.

I am pleased that Baum backs away from what Benne read in his paper. Paraphrasing it as he did, "salvation is coterminous with liberation; liberation is praxis of socialism; therefore salvation is praxis of socialism." Baum said that is not what he intended to say. I would only suggest that he re-read his paper. It seems to me that this is what he is saying. Those whom he endorses in what is called liberation theology certainly are saying it. I can find it in Siegundo and Gutierrez.

The phrase used in that school of thought is the "partisan church." The "partisan church" is the one engaged in the liberation struggle of the oppressed against the oppressor. This is defined as being the substance as well as the form of gospel obedience.

I am very troubled by that. I am as troubled by it as I am by the New Right in the United States. Certain facets of the religious New Right want to theologize capitalism. They want to state that capitalism as they understand it is mandated by biblical teaching and to be Christian is to be a "gung-ho" capitalist. I think this is a great mistake. It overlooks the limits of the economic. We're dealing with a technical mechanism. It is not the source of values.

I imagine Gregory Baum would respond that I am advocating sitting on the fence when I say that the church ought to include those who say that the Christian way is socialist, communist, or even *laissez-faire* capitalism. I don't think it's a question of fence-sitting. Sometimes the church has to have the nerve to speak up and deflate the importance of *all* economic theories which purport in a very pretentious and imperious way to explain every aspect of reality.

I think the church has to operate under the postulate of ignorance. If there is some question that the gospel, or the Judeo-Christian tradition, or religion generically, simply does not address very significantly or helpfully, we must have the nerve to say that we don't know. We have to have the daring to be irrelevant to many questions

in order that we attend to the questions which are properly those of religion.

Religious questions concern ultimate meaning: How the world is constructed? What is the purpose and significance of history? Is there a possibility of redemption? What is the reality of sin? This is the church's greatest contribution to public ethics. It can reinforce those values which not only make possible a free market system but which are found in a free economic system according to the will of human beings, or the persons who are most immediately affected.

**Stephen Tonsor:** I, too, was quite disturbed by Father Baum. I served on a subcommittee of the National Conference of Catholic Bishops and I know how these papers are written.

As a Catholic, I doubt that the church has anything significant to say in these matters, even though it has something significant to say in many other areas. Whether anyone listens to the church is another matter (laughter). Secondly, I believe that there is a fundamental inadequacy of understanding of technical economics. What Gregory Baum recommends is not a shift to the left. What has happened is not a shift to the left. Any leftist would cry out in agony if he were told that current Catholic social teaching was a shift to the left. It's rather a shift to the past. It's medievalism all over again. Except it is medievalism with a "human," or at least a different face. It is a perennial Catholic pre-capitalist social theory. And it has not the remotest contact with social and economic reality as it exists at the present time.

**Ronald Preston:** I want to refer to the importance of the contribution of Maritain. I think the Latin Americans are too dismissive of Maritain when they talk of the third way. Maritain ended his life in great disagreement with contemporary Catholicism as found in the Third World and among many Western intellectuals. He was a disappointed man. But he made really fundamental comments about twentieth century life. He taught me to distinguish between individual and person and to see that you cannot talk about persons without persons in community. A great deal of the discussion lying behind some of the present papers does not really recognize this important distinction, which provides a resource for a critique of economic and political philosophies.

**Hanna Kassis:** I agree Maritain is an enormously important Catholic philosopher. He introduced into the Catholic tradition all kinds of ideas contributed by the French revolution and liberal thought. But Maritain can't be read in the narrow context of what Christian democratic parties made of him.

**Walter Block:** Let me address the issue of treating people as means. If you treat them as means, then certainly we can oppose this because of the initiatory violence against the slave. But if you treat them as means in another sense I think it is unobjectionable. That is the sense in which we all deal with each other in the marketplace, where we know not who we deal with. When we buy a pencil we are treating as means all the people that made that pencil. We can only treat them as means to provide a pencil for us and us to provide money for them indirectly. That's the only option because we do not know them. Treating people who we know as means is a different issue.

With regard to Meir's point that child labour stopped because of social conscience, I believe that people in the eighteenth, seventeenth or even twelfth century for that matter had every bit as much of a social conscience as we do now. The reason we don't have child labour anymore is we can now for the first time, thank God, afford not to. And this was the result of capitalism. Not government legislation, even though parliament tried to take credit for this occurrence.

There is one aspect of liberation theology with which I agree. It helps with Indian land claims. I feel very strongly about this on the basis of Locke's theory of homesteading and private property. There is a meeting of right and left here with regard to the injustice done to Indians, and blacks in the U.S. as well. Malcolm X's claim for blacks, that they should be given some parts of certain slave societies or the land that they worked, can be justified on the Lockean principle of justice and property rights titles, as in keeping with liberation theology. So I would like to make common cause with Gregory Baum on this. I justify land redistribution based on the return of stolen property. But how does he, who opposes the concept of private property, defend this policy?

**Jim Sadowsky:** Liberation theologians have concerned themselves with the situation in Latin America, and indict capitalism as being

the responsible agent for the plight of those areas.

But South America has been one of the areas least affected by *laissez-faire* capitalism. It is a corrupt, feudalistic society which has been called capitalist and calls itself capitalist.

But, it never had the relatively free market that characterized England and the United States. And this is particularly true for the land question in those areas. The Lockean principles for acquiring ownership of land have never been observed in that part of the world. For the most part, the Europeans went in there and just stole land, or occupied the land and prevented the land from being homesteaded.

Ludwig von Mises says that you don't have a land reform problem when the land has been acquired by way of homesteading because the amount of land possessed by people tends to be optimal.

In South America people were allowed to take ownership of idle land, keep people from that land, or from cultivating the land. That goes a long way to account for the mess in which Latin America has found itself. The market was never allowed to operate in those areas. The sad thing is that ironically the free market is being blamed for the mess.

**John Berthrong:** Probably the largest population growth prior to the nineteenth century happened not in the Western world but in China. Best estimates of late Ming, early Ch'ing population run to between 100 and 200 million. From the mid-1700s to the mid-1800s there was a population jump of between 550 million and 650 million.

Now, how do you explain that growth with a lack of managerial expertise? Abahai, and the K'ang-hsi Emperor were certainly not interested in the market economy. They were interested, however, in something much closer to the Canadian context; order and good government. The growth of the population probably had very little to do with capitalism, Marxism, or any kind of Western economic philosophy. It had to do with an excruciatingly fine concept of government and order within a state based on the philosophy of Confucianism.

The prosperity of the West in modern times is a very tenuous thing. It rose in the nineteenth and twentieth century. Prior to about 1850 almost anyone would have been better off in the middle and upper classes of China than in any place in the world, except perhaps during the ninth century in the Muslim heartlands. So let us try to keep in focus cases that are broader than merely the European con-



text and European arguments about rights, duties, claims and justice.

**Ted Scott:** The issue of the hinterland isn't just the contrast between a rural and a metropolitan issue. That's not the issue in Canada between the West and the centre, or South Dakota, or between Latin America and other parts of the world. The issue with the hinterland is where the decisions are made that affect your life.

The feeling of the people in the hinterland is that decisions which affect their lives are made elsewhere—and that they have very little input into that process of decision-making. Now very often we assign the blame to the wrong concept. I think Father Sadowsky struggled with that point about the free market, which you have in Latin America. A lot of decisions are made elsewhere that affect their life, and they assign the blame of that to capitalism and the free market, rather than the process of decision-making. And I think the difference between the hinterland and the focus where decisions are made is one of the things that underlines much of the issue that we have to get at today.

**Marilyn Freidman:** There has been some reference to the point in Kant about not treating people as means. What Kant said is that people should not be treated as a means only. This doesn't preclude treating people as a means. In this view, people should not be violated as ends while one is treating them as a means. If you go to purchase a ticket to go into a movie theatre you are not dealing with the ticket seller in any other capacity except as an agent selling tickets. But you don't violate him or her as a person. That leaves open the question of what it is that would count as a violation of them as a person.

Irving Hexham raised the concept of self-determination as being important. We can't presume that other peoples in the world place the same value on the concept of self-determination. We have to allow for a kind of value pluralism, which allows them to enact the values which are most important to them. When we allow that, we at the same time affirm self-determination as an important rule in our own behaviour. But we are allowing them to determine their own values.

Another issue concerns the causal diagnosis of problems and ad-

vantages in society. As a philosopher I don't have evidence and data which allow me to be at all confident about causal diagnosis. People who are proponents of free enterprise are expressing the claim that free enterprise markets are responsible for most of the good things in society.

I would ask people who put forward such causal diagnoses to sustain those claims with more evidence.

**P. J. Hill:** I should be glad to respond. Historically it can be shown that the market forces were serving to eliminate many of the discriminatory practices in South Africa. In response to that situation, the government decided to impose other constraints. The market was serving to free the economy through the 1920s, 1930s, and 1940s. Many of the discriminatory laws that have been instituted in South Africa have been in response to economic and social change. In effect the South African government said, "Hey look, the market is going to remove a lot of things like racial barriers, that we don't want to see removed."

That becomes an empirical questions. One can go back and look at the progress of wage rates, laws, etc. In my view there is solid empirical evidence which supports the causal diagnosis.

Now for another point. In the Canadian bishops' discussion of economics in Baum's paper there is an interesting conflict. Many of the things suggested by the Canadian bishops to help the poor would probably have the exact opposite effect of really harming the poor in the rest of the world. They object to the fact that transnational corporations are able to move units of production away from Canada to other parts of the world where labour is cheap and unprotected.

But the jobs that are leaving Canada may well be going to other parts of the world where people's incomes are less. If so it may be a significant way of raising their incomes. You might respond by saying, well this is just because labour is very cheap and unprotected in those places. It might be interesting to ask workers if they would like to be protected, because my guess is that they would not.

So I find some very real dichotomies between the supposed concern for the poor here and proposals that if implemented would probably have some very negative effects on the incomes of poor people around the world.

**Ellis Rivkin:** It is important to make a very sharp distinction between

the rhetoric of liberation which has so successfully exploited the whole array of injustices which came from pre-capitalist economic systems, and actual historical process by which liberation has come about.

The history of liberationist movements is absolutely abysmal. In all areas of the world where they have successfully obtained power they have destroyed even the minimum productive systems they inherited. In addition to this, they have completely eliminated any kind of opportunity for the individual to have any input into decision-making. This is highly unfortunate.

When you come to a place like South America, you have to ask: "What would be the outcome if those who speak for the political left took power?" It would mean the displacement of one group of manipulators by another group, who will practice injustice in an even more extreme way than those they replaced.

Latin America is of great geographic strategic importance. This brings in the whole question of the relationship of the super-powers to that region; and not just the Soviet Union but the two major capitalist complexes of the West; namely the U.S. and Brito-Europe.

What is bringing the United States into such bitter opposition with Europe is intra-capitalist problems stemming from the existence of pre-existing nation states.

It would seem to me that we can demonstrate: (1) that the economic base is not ready; or (2) that the entrepreneurial talent is not available to take advantage of that revolution. There is so little mention of entrepreneurial talent as a kind of ability and a kind of gift that is in very rare supply. That is one of the reasons it costs so much to be able to make use of it. In dealing with the problems of the Third World, we have to ask ourselves whether or not the injustice that already exists would become even worse; or are we to give reign to political entities who haven't the foggiest notion how to utilize the entrepreneurial spirit to create the wealth that they promised the people?

**Imad Ahmad:** In Latin America, land expropriation (the prevention of people from using idle land) was done in the name of or for the benefit of American or other foreign companies. Now I agree this was not *laissez-faire* capitalism. That's how capitalism gets its bad name in the Third World, because it is associated with expropriation.

Now let me address the question about whether a free market brings about good things. Good things can be divided into two kinds:

there is material prosperity and everything else. It is generally understood why the free market brings about material prosperity. But people have many grave questions about its effects in other areas. And one of the other areas we keep hearing about has to do with positive rights.

The free market brings about negative rights because that's the definition of the free market. But it can't in itself automatically generate positive rights. The answer is that you can't get positive rights by violating the negative rights of others. What you can do is have an environment in which it is possible for people to deal with positive rights.

For example, let us say that you consider it a positive value that no one should starve to death. We can't automatically guarantee this. But in a materially prosperous society, people who have satisfied what they consider to be more pressing needs now have more money that they can apply to feeding someone who is starving to death. Those positive values are the proper province of religious ethics. In other words, the market does not instill hard values except the general negative rights that we talked about. Other values have to come from somewhere else.

**Gregory Baum:** Over the last decades we have witnessed a turning point in the religious history of the West. The great majority of Christians in the wealthy nations, however, have hardly noticed it. They are astounded by the official messages of their bishops. Often they do not feel an inner readiness to follow the new direction. Instead they content themselves by saying that bishops know as little about economics as they know about sexuality. (laughter)

**Comment:** Even less. (laughter)

**Gregory Baum:** What is being said about the mechanism of the free market in this room worries me greatly. It is wholly at odds with the tradition of Catholic social teaching. The free market, the popes always taught, is more advantageous for the rich, the clever, and the versatile, than for ordinary people. The free market by itself does nothing for the people who are in the margin, unless those who produce goods and own land have need of workers. In Third World countries where industrialization and the mechanization of agriculture begin at a sophisticated level, the great masses of the people are

not needed in the production process as presently organized. Decades ago, Hannah Arendt, the well-known non-socialist social philosopher, expressed her fear that capital-intense industries in the Third World would make the great masses redundant and eventually manoeuvre them out of existence. Recent research has confirmed these fears. In many Third World countries the gap between rich and poor is widening; the great masses are being pushed into greater starvation so that there is a constant decline of their life expectancy. Thus in parts of Brazil, the ordinary people expect to live for less than forty years.

It has been claimed that the market is value-free and for this reason can go hand in hand with any philosophy, religious or secular. But this is not true. In sociology it has been clearly established that the free market economy has a profound impact on culture. The free market philosophy and social reality makes us look at the whole of social life as a market. It teaches people to look out for themselves trusting that some social or economic mechanism will look after others and the common good. It leads people to regard everything that surrounds them as merchandise, as having a price, as an object to be used. Even other people, especially workers (those who must sell their labour power on the labour market) begin to appear as commodities, as objects, as things.

Just recently Pope John Paul II has again insisted that in capitalism workers tend to become objects, that they are treated as if they were things, while in fact, in accordance to justice, they are subjects in the process of production and hence entitled to exercise their co-responsibility. The romantic talk about the free market in this room in no way reflects this vast critical literature. There is not even an attempt to refute these arguments. The speakers simply bracket these arguments from consciousness and repeat social positions from a previous age. This is all the more ironic since the so-called free enterprise economy, lauded by neo-conservatives, relies very largely on government support, on tax privileges, on tariffs, and on regulations of various kinds.

Richard Neuhaus wonders why I have said nothing about sacraments. Roman Catholic social teaching deals with justice in the social, economic and political order. In the wider Roman Catholic teaching, and particularly in catechesis, we deal with the Good News, the Christian message and the sacramental gifts of Christ. In the more recent books on theology and religious education, there is

an attempt to integrate social concern into the teaching of faith and sacraments. The Roman Catholic liturgy is trying to communicate to people a sense of community, a new awareness of collective responsibility, a passionate yearning for justice and peace, and a conversion away from social and economic structures that hurt people, marginalize them and treat them as objects.

The language of oppressor/oppressed is not without danger. But there are situations where this language must be used, for instance when we speak of Pharaoh and the children of Israel; and there are others where it may not be used, such as the conflict between the kingdoms of the North and South in the Old Testament. I regard this as a commonplace. Oppressor/oppressed language is useful when we examine the situation of the native peoples in Canada. It is useful when we study the entire phenomenon of colonialism, that is the occupation of another country by an empire with the subsequent re-orientation of the local economy to serve the interests of the empire. I do not see how we can understand Third World countries, mainly former colonies, without using the language of colonizer and colonized.

Recent Roman Catholic social teaching favours the democratization of the work place and the co-responsibility of workers for the products they have made. In other words, it favours the entry of democracy into the economic order. Capitalism operates according to anti-democratic principles. Those who labour, the many, do not participate in the decisions that affect their work. The recent terminology, "democratic capitalism," disguises this simple fact. One just has to ask people working in factories and banks whether the institutions in which they work are democratic.

As a theologian and sociologist, I am unhappy about what Richard Neuhaus said because I have the conviction that I am totally within Catholic orthodoxy. That nothing was said in my paper about sacramental life, or the mystery of God empowering is not remarkable. I simply take them for granted. These are realities within the Catholic tradition and liberationist circles. God is the mystery of empowerment stirring people everywhere to become the subject of their history.

## **PART TWO**

# **CHRISTIAN SOCIAL THOUGHT**





## Chapter 3

# Christian Political Economy: Malthus to Margaret Thatcher

A. M. C. Waterman

On March 30th, 1978, just over a year before becoming Prime Minister of the United Kingdom, the Right Honourable Margaret Thatcher delivered “A Speech on Christianity and Politics” to the congregation of St. Lawrence Jewry in the City of London. Mrs. Thatcher declared her belief that “In this life we shall never achieve the perfect society”; that “it is a Christian heresy to suppose that man is perfectible”; and that “politics is . . . about establishing the conditions in which men and women can best use their fleeting lives in this world to prepare themselves for the next” (1978a, pp. 7, 8, 2). She also suggested that the system built up on private enterprise and freedom of choice had “produced an immense change for the better in the lot of all our people,” that we ought not to be “tempted to identify virtue with collectivism,” and that the state—in a Christian society—ought to encourage private charity rather than usurp it (pp. 7, 9). Economic freedom, she claimed, was “a necessary but not a sufficient condition of . . . prosperity”: there must also be “some body of shared beliefs, some spiritual heritage transmitted through the church, the family and the school” (p. 9). In a subsequent article Mrs. Thatcher amplified the latter point by reaffirming the traditional conservative view of a partnership between church and state, especially in education. “Our schools should be places in which Christian belief and morality are taught.” She also criticized those

“supporters of the conservative cause today who would describe themselves as agnostic humanists. To my mind such people are living recklessly on the dwindling spiritual capital of our Christian culture” (1978b).

It is my purpose to show that the orthodox Christian conservative position presented with such admirable candour by Mrs. Thatcher is the intellectual heir of a tradition, generally known to historians as “Christian Political Economy,” which originated with the first edition of Malthus’s *Essay on Population* (1798) and closed with Thomas Chalmers’ *Bridgewater Treatise* (1833). The first section describes the immediate antecedents of this tradition in the latter part of the eighteenth century. The remaining three sections deal respectively with the ideological significance of Malthus’s *First Essay*; the part played by J. B. Sumner, Whately, Chalmers and others in developing the tradition; and its subsequent fortunes after a series of shocks experienced by British conservatism in the 1830s and 1840s.

## I. THE CIRCUMSTANCES OF MALTHUS’S FIRST ESSAY

First British reaction to the storming of the Bastille was cautious, even mildly encouraging. Just over one hundred years previously Parliament had forced the abdication of James II and installed William of Orange. Whig and Tory alike were firmly persuaded of the merits of constitutional monarchy, and many influential voices, including that of Edmund Burke, had been raised in support of the American Revolution thirteen years before. Though the Gordon riots of 1780 far surpassed in violence and disorder the worst excesses committed in Paris in 1789, though destruction of machinery by unemployed workers had begun in Manchester some ten years earlier, there was no fear of revolution at home. Educated opinion—the only opinion that mattered at that time—was progressive, even radical. Bentham, who as early as 1776 had replied to Blackstone’s conservative *Commentaries* (1765) on the law of England, introduced the utilitarian approach to government in his *Introduction to the Principles of Morals and Legislation* of 1789: in which he had been anticipated by Paley (1785) five years before. The beginnings of the anti-slavery movement date from Sharp’s *Representation of the Injustice of Tolerating Slavery* (1769) and Ramsay’s *Essay on African Slaves* of 1784. In 1787 and again in 1789 there were bills presented for repeal of the Test and Corporations Act, and the Dissent-

ing interest, which strongly upheld the principles supposed to inspire the French Revolution, was then at the height of its power and influence.

It was the enthusiastic, not to say injudicious support for the Jacobins by a leading dissenting luminary, Dr. Richard Price, which began the transformation of opinion. In November 1789 Price addressed the London Revolutionary Society “On the love of our Country” and provided the occasion of Burke’s extended rebuttal, the famous *Reflections on the Revolution in France* (1790). Burke contrasted the events of 1789 with those of 1688, represented the former as subversive of Christian civilization, and predicted a degeneration into tyranny and war. Though Tom Paine answered Burke with cogency in the first part of *The Rights of Man* he was overtaken by events. Within two years Louis XVI was executed and France at war with Austria, Prussia and Britain. The Reign of Terror (July 1793–July 1794) convinced waverers: opinion hardened and Burke was vindicated.

In February 1793, just as support for the Revolution was turning to opposition, there appeared the first edition of William Godwin’s *Political Justice* (1793). Although Godwin rejected both natural rights and written constitutions, “the twin planks of Paine’s political platform” (Locke, 1980, p. 49), and was in practice a Burkean gradualist, he was perceived by his now frightened contemporaries as a dangerous revolutionary (Soloway, 1969, p. 42). Believing in the original innocence and purity of human nature, he attacked human institutions as the source of misery, confuted the three theories of the source of political authority (force, divine right, social contract) and looked to a “true euthanasia of government.” In his second edition (November 1795) Godwin strengthened the argument by deducing a doctrine of human perfectibility—always the center-piece of his political thought—from a philosophical and psychological account of the omnipotence of truth (Locke, pp. 93–7). *The Enquirer*, which Godwin published in February 1797, contained a less reasoned, more popular presentation of the same themes. Among those of his doctrines to attract the hostility or derision of the reading public were his attack on the institutions of private property and marriage, his expectation of the probable extinction of “passion” between the sexes and the indefinite prolongation of human life, and his estimate that the necessary work of society could be accomplished by able-bodied men in half-an-hour per day.

**Sedition and treason**

As early as 1792 the more radical British supporters of the French Revolution had become objects of suspicion and harassment to the government. In 1793 the leaders of the (Dissenting and Presbyterian) British Convention in Edinburgh were charged with sedition; late in 1795 Pitt and Grenville introduced new and more stringent Treasonable Practices and Unlawful Assembly legislation; and by 1797, in the state of national trauma created by the British naval mutinees at Spithead and the Nore, there were few left among the educated and respectable to doubt the folly and wickedness of revolution, democracy and the "rights of Man." Fear of domestic insurrection was fanned by the famine conditions of 1795–96, the year in which the Speenhamland system of poor relief was first introduced. Even moderate change was resisted lest it lead to a revolutionary landslide. Grey's ill-timed campaign for parliamentary reform was finally defeated in May 1797 and his cause set back thirty-five years.

Yet the intellectual and moral superiority still seemed to lie with the radicals. Though bishops such as Prettyman (charge to the Clergy of Lincoln, 1794) maintained that Christianity is fundamentally a religion of inequality dependent upon the exercise of "compassion, gratitude and humility" (Soloway, p. 62) their arguments were easily met and their general position undermined or at least seriously threatened by Paine, Mary Wollstonecraft, James Mackintosh, Priestly, Godwin and a host of lesser figures in the radical, Dissenting, literary intelligentsia. No major apologist for the establishment had spoken since Burke. Moreover, the more liberal-minded statesmen such as Fox, and even (Whig) bishops like Watson of Llandaff, were temperamentally inclined to attend to the Dissenters, with many of whom they had formed intellectual and social links in more peaceful days. The propertied classes "demanded that the poor be reassured that the inequities of rank, wealth and power were indeed part of a grand design to maximize human happiness" (Soloway, p. 58). But the sneaking suspicion remained that Christianity might not be so accommodating. The Dissenting attorney, Nash, had thrown out the challenge in his reply to Burke: "As I am a believer in Revelation, I, of course, live in the hope of better things; a millenium (not a fifth monarchy, Sir, of enthusiasts and fanatics), but a new heaven and a new earth in which dwelleth righteousness; or, to drop the eastern figure and use a more philosophic language, a

state of equal liberty and justice for all” (Lincoln, 1938, p. 3). It was of the utmost political importance that this challenge be met.

The publication in June, 1798, of Malthus’s (anonymous) *Essay on the Principle of Population, as It Affects the Future Improvement of Society, with Remarks on the Speculations of Mr Godwin, M. Condorcet, and Other Writers* afforded the long-awaited response to this ideological need. Malthus set out to show that “a state of equal liberty and equal justice” could not in principle be achieved; that even if it were, it would not be the apocalyptic “new heaven and new earth,” nor even Godwin’s Rousseauvian paradise, but rather a transitory and self-reversing condition; and that, notwithstanding the Dissenters’ views of “Revelation,” the present state of inequality and misery was consistent with the power, wisdom and goodness of God. He brought to his task a combination of Scottish Political Economy, eighteenth century Natural Religion, Lockean metaphysics as reinterpreted by Abraham Tucker, and a long tradition of population theory running from Botero (1589), through Petty, Hale, Quesnay, Wallace, Hume, Süssmilch and Adam Smith (Schumpeter, 1954, pp. 250–58). With a sure instinct for the jugular he selected as his principal target not the superficially more subversive Paine, but the philosophic and impractical Godwin. For despite the extravagance and absurdity of much of the latter’s argument, Malthus saw clearly that Godwin had got to the heart of the matter with his doctrine of human perfectibility. The primary intellectual task for the Christian conservative, then as now, was to establish the truth and the relevance of Mrs. Thatcher’s axiom: “In this life we shall never achieve the perfect society.”

## II. IDEOLOGICAL SIGNIFICANCE OF THE FIRST “ESSAY ON POPULATION”

The ideological content of the *First Essay* may be summarized in five propositions.

1. The “principle of population” constitutes “the strongest obstacle in the way to any very great future improvement of society” (p. iii).
2. Were the ideal society envisaged by Godwin ever to exist it “would, from the inevitable laws of nature, and not from any original depravity of man, in a very short period degenerate into a so-

- ciety, constructed upon a plan not essentially different from that which prevails in every known state at present” (p. 207).
3. Scarcity caused by the principle of population would (or in fact does) bring into existence those very institutions—private property, marriage, wage-labour, the state—to which Godwin ascribed human misery.
  4. These institutions are, on the whole, beneficial rather than harmful, in that they provide a partial remedy for the inescapable evils of scarcity.
  5. The seeming evils of poverty and inequality—shown by the principle of population to be inevitable—are necessary for full intellectual and spiritual development of the human species, and are therefore consistent with the traditional attributes of God.

The argument begins with “two postulata. First, that food is necessary to the existence of man. Secondly [as against Godwin], that the passion between the sexes is necessary, and will remain nearly in its present state” (p. 11). To these Malthus adds two other empirical assumptions: “Population, when unchecked, increases in a geometrical ratio” and “Subsistence increases only in an arithmetic ratio” (p. 14). It follows that there must be (at equilibrium, at any rate) “a strong and constantly operating check on population” (ibid). So far as human populations are concerned this check is provided by “misery and vice”: the former “absolutely necessary,” the latter “highly probably” (p. 15). Later, Malthus specifies the checks to human population growth as “preventive” (“a foresight of the difficulties attending the rearing of a family”), and “positive” (starvation, disease, war, infanticide, etc.), all of which, however, “may be resolved into misery or vice” (pp. 62–70; chap V *passim*). Because of the tendency of population to increase to the limit of subsistence, there can be no permanent improvement in the state of the poor. “No possible contributions or sacrifices of the rich, particularly in money, could for any time prevent the recurrence of distress among the lower members of society” (pp. 78–9). For the same reason, the Poor Laws “create the poor which they maintain” (p. 83). The principle of population “appears, therefore, to be decisive against the possible existence of a society, all the members of which should live in ease, happiness, and comparative leisure”: which is “conclusive against the perfectibility of the mass of mankind” (pp. 16, 17).

Suppose, however, that we “imagine for a moment Mr. Godwin’s

beautiful system of equality realized in its utmost purity, . . . all the causes of misery and vice in this island removed” (p. 181). The existing population lives—as a prepolitical society—in healthy “hamlets and farm houses” which are “scattered over the face of the country.” Land and other property is equalized, “and all share equally in labour and the produce of the soil. Marriage is abolished, and the children of any and every union supported by spontaneous benevolence. In these circumstances, Malthus claims, population will double in twenty-five years: but it is most unlikely that food supplies could, even with greatly more than the half-hour of daily work estimated by Godwin. Yet, suppose they could: in another generation population again doubles, but the greatest conceivable increase in food would now be 50 per cent. “A quantity of food equal to the frugal support of twenty-one millions, would have to be divided among twenty-eight millions” (p. 189). In conditions of universal scarcity “the spirit of benevolence . . . is repressed by the chilling breath of want” (p. 190). Self-preservation leads to competition, force and fraud: “self-love resumes his wonted empire and lords it over the world” (ibid).

### **Best, but inadequate**

With competition for scarce resources come those institutions of society which Godwin wrongly supposed to be “the fruitful sources of all evil, the hotbeds of all the crimes that degrade mankind” (p. 177). For “. . . the goadings of want could not continue long, before some violations of public or private stock would necessarily take place” (p. 194). In order to preserve peace, an agreed assignment of property rights would be required, ratified by law and sanctioned by legitimate force, even the death penalty itself (p. 197). “It seems highly probable, therefore, that an administration of property, not very different from that which prevails in civilized states at present, would be established, as the best, though inadequate, remedy, for the evils which were pressing society” (p. 198). Scarcity would also dictate a regular provision for children and a disincentive to unchecked procreation. The need to make each man responsible for his own children, combined with the (assumed) inability of a woman to support them herself, would lead to the institution of marriage. And “when these two fundamental laws of society, the security of property, and the institution of marriage, were once established, “inequality of conditions must necessarily follow” (p. 203) from a

combination of inheritance with differential natural endowment, industry and luck. The poorest would be forced to a propertyless subsistence and to work as wage-labourers for the richer. Thus it appears that a set of initial conditions as prescribed by Godwin would be transformed by the principle of population, within two or three generations at most, into a political society "divided into a class of proprietors, and a class of labourers" (p. 207), based on the institutions of private property and marriage, governed by law backed by a state with power of life and death over its subjects.

Having demolished the utopian fancies of Godwin and his French allies such as Condorcet and Rousseau, it was necessary for Malthus to turn to the much harder task of justifying that *status quo* which he had shown to be inevitable. This he attempted in two ways: by demonstrating that the competition, inequality and associated institutions produced by scarcity are socially beneficent; and by providing a theological framework within which to assimilate the harsh and novel conclusions of his political economy to contemporary Christianity. His partial and sketchy treatment of the first of these, and his total failure with the second, were the cause of that development of his ideas by Sumner and others over the next thirty-five years which has come to be known as "Christian Political Economy."

Uniform prosperity, thought Malthus, tends "rather to degrade, than exalt the character" (p. 373). The social benefit of poverty derives from "the torpor and corruption" of man, "inert, sluggish, and averse from labour unless compelled by necessity" (pp. 354, 363). If bodily wants were removed mankind would "sink to the level of the brutes," rather than "be raised to the level of philosophers" as Godwin had supposed (pp. 357–8). Malthus had little to say on the benefits of inequality in the *First Essay*, but was enthusiastic about its chief corollaries, private property and self-interest. "It is to the established administration of property, and to the apparently narrow principle of self-love, that we are indebted for all the noblest exertions of human genius, all the finer and more delicate emotions of the soul, for everything, indeed, that distinguishes the civilized, from the savage state" (pp. 286–87). In all of this, however, Malthus was content merely to assert rather than to demonstrate. For "the English-speaking world of the eighteenth century read the same books and pamphlets, whatever their politics" (Robbins, 1961, p. 19), and much of the ground had been covered already by Adam Smith.

The most ambitious, and least successful, part of the *First Essay* was the concluding theological argument of the last two chapters.



The dominance of scarcity in human affairs, and the supposed social utility of greed, selfishness and competition, presented the perennial theological “problem of evil” in a new and threatening form. How can a God who is good, omnipotent and wise will scarcity for His creatures? It was essential to the ideological enterprise, in an age when even Tom Paine must publicly declare his belief in God (Paine, 1887, p. 5, Maccoby, 1955b, p. 446), that Malthus attempt to “Vindicate the ways of God to man” (Malthus, 1798, p. 349). I have elsewhere provided a detailed account of this attempt, with reasons why I believe it must be regarded (and was so regarded in its own day) as a failure (Waterman, 1983a). A summary must suffice for this paper.

“Do we want to know what God is?” asked Paine in 1797: “Search not written nor printed books; but the scripture called *Creation*” (Paine, 1887, p. 291). Whether for polemical purposes, or because, despite his Anglican orders, he genuinely shared Paine’s deism, Malthus deliberately chose the same ground. Explicitly rejecting the traditional view of human life as “a state of trial and school of virtue,” he concluded that “it seems absolutely necessary, that we should reason up to nature’s God, and not presume to reason from God to nature” (1798, p. 350). We must “turn our eyes to the book of nature, where alone we can read God as he is” (p. 351). Basing his argument on Abraham Tucker’s theory of the evolution of “mind” under the stimulus of evil (Tucker, 1768), Malthus was betrayed into a non-solution of the problem. Moreover, he came close to denying the possibility of revealed knowledge, proposed a soteriology in which Christ is redundant, rejected the doctrine of eternal punishment, and took a position which even the free-thinking Ricardo and James Mill could see was Manichean (Sraffa, 1952, pp. 212–3). Certain unidentified but “distinguished persons” in the Church of England privately persuaded Malthus to expunge chapters XVIII and XIX from later editions of his *Essay* [Otter, 1836, p. lii], and he never thereafter returned to the subject.

### III. THE TRADITION OF “CHRISTIAN POLITICAL ECONOMY” TO 1833

The principal figures in the development of Christian Political Economy were William Paley (1743–1805), whose influence at Cambridge was already large when Malthus had been an undergraduate; J. B.

Sumner (1780–1862) successively Fellow of King’s (1801) and Eton (1817), eventually Archbishop of Canterbury (1848), whose talents as an economist were acknowledged by no less a judge than Ricardo (Sraffa, pp. 247–8); Edward Copleston (1776–1849), Provost of Oriel (1814) and later Bishop of Llandaff (1827); Richard Whately (1787–1863), the only person in history to proceed directly from a professorship in Economics (Drummond Chair at Oxford) to an Archbishopric (Dublin, 1831) without intervening stages; and the redoubtable Scotch Presbyterian Thomas Chalmers (1780–1847) professor of Moral Philosophy (St. Andrews, 1823–28), of Theology (Edinburgh, 1828–43), leader and first Moderator of the Free Kirk secession of 1843. Their enterprise cut across traditional party, theological and denominational lines. Paley, like Malthus, was a typical Cambridge latitudinarian Whig. Copleston and Whately were high-church Oxford Tories, though Whately leaned more and more to economic, social and theological liberalism in later life. Sumner and Chalmers were evangelicals, one Anglican, the other Presbyterian. Their work was directed to three tasks: the reconstruction on a satisfactory basis of Malthus’s defective theological framework, the filling in and extension of his cursory treatment of the social benefits of poverty and inequality, and the discovery of implications and corollaries of their general position.

Paley was the first to recognize both the ideological importance and the theological deficiencies of Malthus’s work. *Natural Theology* (Paley, 1825, vol I), his last major work, which appeared in 1802 four years after the *First Essay*, attributed “the evils of Civil life” to the “constitution of our nature,” according to the principle explained in a late treatise upon population (p. 270). Paley attempted to soften Malthus’s conclusions by suggesting that the limits to growth were “not yet attained, or even approached, in any country in the world” (p. 271), and pointed out that psychic satisfactions are not subject to physical limitation. Inequality produced by scarcity is partly useful, as encouraging healthy competition; partly illusory, because of the tendency of human expectations to adjust to current levels of prosperity. Moral evil is an unavoidable consequence of human freedom (implying a doctrine of Original Sin which Paley was extremely reluctant to acknowledge explicitly), and “even the bad qualities of mankind have their origin in their good ones” (p. 274). This leaves little of the “evil” produced by Malthusian scarcity to be reconciled with the divine goodness. The residue, however, is not to

be explained by the Tucker-Malthus theory of the “creation of mind.” Paley cautiously ignored that entire argument having clearly seen how impossible the position into which it had led Malthus. He chose rather to reaffirm the traditional “state of probation” doctrine which Malthus had rejected (Viner, 1972, lecture iii, especially pp. 75–8). “Our ultimate, or our most permanent happiness, will depend not upon the temporary condition into which we are cast, but upon our behaviour in it” (Paley, p. 284).

### Both reason and Scripture

Paley’s reconstruction of Malthusian theodicy was a mere sketch, occupying the last seventeen pages of chapter XXVI of *Natural Theology*. In 1816 a younger, and very different Cambridge divine, John Bird Sumner, produced his celebrated *Treatise on the Records of Creation* (1815, 1826), “a work of large and enduring influence” (Norman, 1976, p. 43). Its second volume sought to show “The consistency of the Principle of Population with the Wisdom and Goodness of God,” and is in essence a vast elaboration of Paley’s brief argument. Paley’s view of human life as “a state of discipline” was central to Sumner’s position, but as a good Evangelical the latter looked not only to reason but also to Scripture for support. For, in sharp contrast to Malthus he held that “no other guide can enter the sanctuary where He resides” (1825, p. xix). Having shown that both reason and revelation support the “state of probation” theory, Sumner went on to argue that social inequality is best suited to “the development and improvement of the human faculties” (1816, chap III) and to the “exercise of virtue” (1816, chap IV). A benevolent creator might therefore be expected to “devise a means” of bringing this about: which He does “in the principle of population” lately set forth by Mr. Malthus (1816, p. 103).

Copleston, Whately and Chalmers accepted the Paley-Sumner reworking of Malthus and turned their attention to three other theologically significant matters: first, the futility of legislated benevolence; secondly, the teleological character of the self-regulating, market economy; and thirdly, the connection between temporal prosperity and “moral restraint.”

It is logically impossible, Copleston argued in his *Second letter to Peel* (1819) to make charity compulsory, because “an action to be virtuous must be voluntary” (p. 17). The Poor Laws are therefore in-

congruous “with the nature of man, and with that state of discipline and trial which his present existence is clearly designed to be” (ibid.). “What is thus proved to be true theoretically, and by a kind of *a priori* argument, Mr. Malthus has shown to be deducible from the actual constitution of things.” For the principle of population demonstrates “that all endeavours to embody benevolence into law, and thus impiously as it were to effect by human laws what the author of the system of nature has not effected by his laws must be abortive—that this ignorant struggle against evil really enlarges, instead of contracting the kingdom of evil” (pp. 21–2). Chalmers made use of the point in his *Political Economy* (1832), and in the *Bridgewater Treatise* (1833) developed still further the implications for conservative ideology. Copleston had noted that the poor can have no *political* rights as a class, but only *moral* rights as individuals” (1819, p. 99). But Chalmers—reflecting a notorious passage in Malthus’s second edition (1803, pp. 531–2)—insisted that even as an individual a poor man has no right to “the means of existence on the sole ground that he exists” (1833, p. 234). For “if *justice* alone could have ensured a right distribution for the supply of want . . . then would there have been no need for another principle, which stands out most noticeably in our nature; and *compassion* would have been a superfluous part of the human constitution” (ibid.).

### Self-interest

The Lakatosian “hard core” of classical Political Economy was the idea—inherited from Hume and Adam Smith—of a market economy impelled by the unregulated self-interest of individuals. Malthus had referred to “self-love” as “the mainspring of the great machine” (1798, pp. 207, 286) but made no explanatory or ideological use of the concept. Neither Sumner nor Copleston considered the market economy. But for Whately it was the most interesting thing about economics, which he actually proposed should be renamed “catalactics” (1831, pp. 6–7). His example of the large city supplied “with daily provisions of all kinds” by individuals “who think each of nothing beyond his own immediate interest” (pp. 103–8) anticipates the most famous modern text-book (Samuelson, 1973, pp. 41–2), and was treated by him as an example of divine “contrivance” of service to natural theology (1831, pp. 109–110). Chalmers acknowledged “the observations of Dr. Whately” in his *Bridgewater Treatise*

which appeared two years later, and amplified the theme with characteristic rhetoric (1833, pp. 238–40).

Malthus had noted in the *First Essay* that the subsistence wage is culturally determined (1798, p. 132): in the second and subsequent editions he drew out the implications of this by developing the concept of “moral restraint” as the chief “preventive check” and means for a permanent improvement in living standards. Paley and Whately ignored the point; Sumner and Copleston made little use of it. Chalmers developed the concept fully: it formed the centre-piece of his *Political Economy* in which the efficacy of the “moral remedy” is contrasted with the powerlessness of all other measures to increase the prosperity of the poor (1832, p. 29 and *passim*). Copleston had recognized the importance of parish schools in this connection (1819, pp. 102–3): Chalmers insisted that a national system of church-controlled schools was essential. For as “moral restraint” is the sole and infallible method of raising the general standard of “comfort and enjoyment,” it is “a wise and beautiful connection in the mechanism of society, that the most direct way to establish it is through the medium of popular intelligence and virtue—giving thereby a practical important to efficient Christian institutions . . . ” (1832, p. 32). As always, Chalmers squeezed the last drops of ideological juice from his theoretical lemon. It is precisely this “inseparable connection between the moral worth and economic comfort of a people” which demonstrates that “political economy is but one grand exemplification of the alliance, which a God of righteousness hath established, between prudence and moral virtue on the one hand, and physical comfort on the other” (1833, pp. 248–9).

#### IV. THE DECLINE OF CHRISTIAN POLITICAL ECONOMY

The publication in 1833 of Thomas Chalmers’ *Bridgewater Treatise* marks a very definite *terminus ad quem* of Christian Political Economy. All the principal elements of the tradition had been worked out by that date and nothing of ideological significance appears to have been added since. From the 1840s modern Christian social thought began to develop in other directions.

According to Christian Political Economy, poverty and social inequality are the inevitable outcome of scarcity: more particularly of population pressures in a world of limited resources. Because of original sin and redemption by Christ, human life on this earth is to

be regarded as a state of “discipline and trial” for eternity. Though poverty and inequality entail some genuine suffering—to be accounted for by the Fall—they may therefore be regarded, for the most part, as a deliberate “contrivance” by a benevolent God for bringing out the best in His children and so training them for the life to come. The social institutions of private property and marriage are economically necessary (and indeed inevitable), suited to human nature, and consistent with scriptural teaching. The combination of the institution of private property with the competition produced by scarcity results in the market economy. The efficiency of the latter in organizing human activity for the maximization of wealth is evidence of the divine wisdom and mercy in turning human frailty to socially beneficent ends. The impossibility of achieving social progress by legislation is evidence both of “design”—in the creation of the self-regulating economy—and of the moral and religious need of Christians to practise charity and compassion. True happiness in this life is largely independent of wealth and station. But in any case wealth is positively correlated with moral worth, itself a result of faithful Christianity. Universal Christian education is thus of the highest practical importance, and a vital feature of the traditional alliance (or unity) of church and state.

The reader is invited to compare this summary with the report of Mrs. Thatcher’s political-theological *credo* in the first section of my paper.

“By the end of the 1830s . . . the most influential of the church leaders were all soaked in the attitudes of Political Economy” (Norman, 1976, pp. 136–7). Yet within a decade the intellectual tide had turned, “Christian Socialism” had made its appearance, and “a generation reared in the doctrines of *laissez-faire*” was well on its way to “lay the foundations of modern collectivism” (Deane, 1969, p. 215). The principal causes of this sudden revolution in theory and policy were first, the willingness of legislators to accept piece-meal reform in practice, even when it conflicted with *laissez-faire* theory; secondly, the rapidly growing incidence, during the 1840s, of conditions requiring such reform; thirdly, a revolution in the technique of government itself; and finally, the ideological consequences, in Britain, of utilitarianism, the Romantic revival, and continental socialism.

Ever since the late eighteenth-century campaigns to abolish slavery and the Test and Corporation Acts, British legislators had

been growing accustomed to the idea of reform. As early as 1788 Hanway's Bill to protect chimney sweeps had been passed; Peel's Bill to control conditions of work of pauper children became law in 1802. Country squires, peers and bishops—having no particular love for the new class of industrial entrepreneurs—could generally be persuaded to legislate government intervention when presented with some flagrant case of injustice or exploitation. E. R. Norman has shown that bishops such as Wilberforce, Thirlwall and even J. B. Sumner himself, imbued as they were with the principles of Political Economy, supported Factory Acts and public health legislation as exceptional cases whilst continuing to profess their belief in *laissez-faire* (Norman, 1976, pp. 138–47). But the “recognition of exceptions to the general rule against state intervention cumulatively prepared for the displacement of Political Economy. . . . The advocates of *laissez-faire* themselves acquiesced in the reforms which pulled down its edifice” (ibid., p. 139).

The necessity for such “exceptions” came thick and fast during the Hungry Forties. Underlying most of them was an unprecedented urbanization. The population of England grew by tens of millions in the first half of the nineteenth century, and most of the increase occurred in London and the new industrial cities. A combination of starvation wages with overcrowding, jerry-building and a total disregard of private or public sanitation led to the cholera epidemics of the Thirties and Forties. The ruling class was compelled to attend. “To maintain the traditional patterns of English life” the new cities “must have drains, lavatories, paved roads, houses, policemen, nurses, schools, parks, cemeteries and churches” (Chadwick, 1966, p. 376). A stream of legislation was generated, all of it extending the responsibility and power of government for social welfare.

### **Economic revolution**

Meanwhile, the ability of government to meet these demands had been revolutionized by the same combination of social, cultural, technical and material factors which was transforming the economy. There was “a revolution in organization and behaviour and in the personnel taking the effective policy decisions; it involved an increase in the scale of operations and in the division and specialization of labour; it was marked by a new readiness to experiment with techniques and to make practical use of developments in the

natural sciences; and it developed a self-sustaining momentum” (Deane, 1969, p. 214). A quarter of a century of war had tested and fostered the power of the state. As government became a more powerful and efficient instrument for achieving social goals, more possibilities for its use naturally suggested themselves to the reformers. When in the 1830s “reforming legislation began to include provision for inspection and enforcement by means of state officials with executive powers” a “point of no return” had been reached (Deane, pp. 215,16).

Three very disparate intellectual traditions now started to converge in order to create a new, more appropriate ideology: British utilitarianism, romantic nostalgia for the Middle Ages, and socialism of the kind proclaimed in the European revolutions of 1848. The utilitarians were at first sympathetic to the *laissez-faire* principles of Political Economy for there was a close intellectual and cultural relation between the two. “The real objective of the philosophical radicals, however, turned out to be not freedom from government but freedom from inefficient government, and efficiency meant effective and purposeful intervention in the economic system” (Deane, p. 215). Rational interventionists found unexpected support from a miscellaneous assortment of disaffected Tories and romantics ranging from Cobbett to Coleridge, united only in their hatred of the heartlessness of Political Economy and their propensity to treat Malthus as a bogeyman. Many of the clergy, including high-church bishops such as Philpotts of Exeter and VanMildert of Durham, sharing their sentiments. The temporary alliance, from 1848 to 1855, of the radical, French-educated J. M. Ludlow with the romantic Kingsley and the theologically liberal F. D. Maurice is generally agreed to mark the beginnings of “Christian Socialism” in the English-speaking world (Chadwick, pp. 346–63; Norman, pp. 167–75).

Though Christian Socialism suffered a temporary eclipse and did not reappear until the 1870s, the vitality had departed from Christian Political Economy: as an intellectual force in the church it seems to have died with the last of its distinguished exponents, Archbishops Sumner (ob. 1862) and Whately (ob. 1863). E. R. Norman has argued very convincingly (1976, *passim*) that what happened thereafter was a “layered filtration” of ideas within the church. The academic clergy at Oxford and Cambridge, together with the younger and more intellectual of the bishops, tended to adopt the ideas of the most advanced section of the intelligentsia, of which, of course, they



were themselves an important component. From the second half of the nineteenth century, these have been increasingly radical, secular and interventionist. Because of the time-lag in the transmission of ideas, and because of the reluctance of those who are not professional thinkers to accept new ones after their mid-twenties, the parochial clergy and the educated laity generally exhibited the opinions held by the elite of a generation before. Thus Political Economy became widespread among the literate public at about the time it was being abandoned by the most advanced thinkers. At least another generation was required before the working class and white-collar workers could absorb a watered-down version of what were the latest ideas fifty years before.

Though something of the kind has persisted into the twentieth century, the more rapid spread of ideas, together with the apparent bankruptcy of all existing ideologies, has encouraged in Christians, as in others, a more eclectic approach to political doctrine. The choice of Christian Political Economy by such highly educated and intelligent Christians as Margaret Thatcher and Enoch Powell (1977) may be less a conservative nostalgia for working-class folklore than a desperate attempt to find something that might just work.

## NOTE

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**Comment****Stephen Tonsor**

Professor Waterman has given us an interesting, knowledgeable and useful account of the development of “Christian Political Economy.” He has been careful to place it in the historical context of the late eighteenth century and nineteenth century intellectual, social and political developments. He has raised the important question of why this effort to combine the economics of the Manchester school with the imperatives of the Gospel was so briefly successful and he has intimated that Prime Minister Margaret Thatcher’s address, “‘I Believe’: A Speech on Christianity and Politics,” on Thursday March 30, 1978 at St. Lawrence Jewry in the City of London was the last hurrah of this all but defunct and certainly misguided set of ideas. Consequently his paper is not only a statement of the historical facts; a statement valuable in itself, but it is also an opinion as to the validity and permanence of these ideas.

First, let us turn our attention to the historical analysis. I was particularly delighted to read an essay which continued the pioneering work of my former colleague, Richard Soloway. Some years ago I read his book in manuscript and though I disapproved of its tone I recognized its importance. Over the past several decades the *Journal of the History of Ideas* has kept up a barrage of articles dealing with the Scotch Enlightenment, Classical economics and “Christian Political Economy.” Two recent articles bear directly on Professor Waterman’s topic and while they do not diverge substantially from his thesis they do amplify and enlarge considerably the matter he is discussing. In the January–March 1977 number, Salim Rashid writes on “Richard Whately and Christian Political Economy,” and more recently Edmund N. Santurri published in the April–June 1982 number an article entitled, “Theodicy and Social Policy of Malthus.” More importantly, it is surely mistaken to assert, as Waterman does, that after 1789, “there was no fear of revolution at home” (England). I believe that Albert Goodwin in his magisterial study, *The Friends*

of Liberty. *The English Democratic Movement in the Age of the French Revolution* (Cambridge, Mass.: Harvard University Press, 1979), demonstrates that there was abundant fear of revolution at home though whether or not the fear was justified is another matter.

The Romantic attack on Classical economics was in place and proved to be very effective long before 1833, which Professor Waterman describes as “the *terminus quem* of Christian Political Economy.” Kenelm Henry Digby published *The Board Stone of Honor* in 1822. It became one of the most influential books in the English language in the first half of the nineteenth century. As important as its nostalgia for the Middle Ages is its attack, in page after page, on capitalism and the economy of the Manchester school. It is no accident that in 1825 Digby became a convert to Catholicism. It is well to recall too that John Stuart Mill’s utilitarianism was tempered by his reading of Coleridge and that the impact of the medieval revival antedates the 1830s. I say this because I believe that pushing the date of the beginning of the attack upon the emerging industrial capitalism well back into the early nineteenth century gives us a more accurate notion of the social dynamics of the period.

### Linkages

But these are quibbles and should not be construed as criticism of a paper which is knowledgeable and explores new territory. There are reasons other than the presentation of the facts of the matter which are open to criticism and debate. Whatever the merits of this paper as history, Waterman simply has not established a link between “Christian Political Economy” and Prime Minister Margaret Thatcher. Moreover, to link by implication rather than proof the ideas of the Prime Minister to a defunct and dubious set of notions, is to reject those ideas without taking the trouble of disproving their validity. There is not a scrap of evidence linking that impressive lady and her ideas to the ideas of Malthus, Paley, Sumner, Copleston, Whately, and Chalmers. Waterman argues for guilt by association. One might as legitimately argue that the eye of the squid and the eye of man have the same evolutionary origin simply because they are structurally the same. The intellectual “smoking gun” is absent and Waterman simply has not made his case.

Over a century has passed since the demise of “Christian Political Economy.” Indeed, it is a century and a half since these ideas in their

early formulation were taken seriously. Meanwhile “Liberal-Conservative” thought has not stood still. I doubt that the lady whose training was that of a chemist ever read Malthus, to say nothing of the lesser-known lights of “Christian Political Economy.” On the other hand, I think it unlikely that she has not read von Hayek, Milton Friedman, and Enoch Powell. These men have little enough in common with “Christian Political Economy.” Moreover, in the background of contemporary Liberal-Conservatism stand the two giants of the nineteenth century; Alexis de Tocqueville and Lord Acton, to say nothing of J. S. Mill and Jacob Burckhardt. To be active in contemporary Conservative politics is to have absorbed, at least by osmosis, the ideas of these men who stand between the demise of “Christian Political Economy” and the Liberal-Conservative political thought of today.

Not only has the intellectual basis of modern Liberal-Conservatism changed, but experiential reality, history, has helped to transform the ways in which men view politics and economics. Prime Minister Thatcher does not think, cannot think, in terms of Robert Malthus because her experience of the world has been so radically different from that of Malthus.

### **Political experience**

Modern Liberal-Conservatism is based less on economic theory and social policy than it is on political experience. The fundamental fact in that political experience has been the usurpation by the state of the freedom and dignity of the individual. Margaret Thatcher, as is the case with nearly every thoughtful Liberal-Conservative of the twentieth century, is far less interested in denouncing socialism because it rests on unsound economic assumptions than because the idea of omniscient state and radical state interventionism results inevitably in the loss of freedom and the imposition of some form of totalitarianism. The primary experience of the twentieth century has been the experience of totalitarian socialism no matter whether one calls it Soviet Communism, National Socialism or Fascism. This experience has brought the realization that all collectivism is inherently totalitarian; that planning and intervention leads inevitably to the loss of freedom. It was this realization which led Friedrich von Hayek to publish *The Road to Serfdom* (1944). This book marks the beginning of contemporary Liberal-Conservatism as an intellectual and political movement.

To be sure von Hayek is no Christian. His devotion to freedom, however, is Christian. Lord Acton, Hayek's nineteenth century predecessor once said that "God so loved freedom that he permitted even sin." It is an odd fact that the Church in the twentieth century has generally loved liberty less than security, has loved freedom less than justice and equality. Not only has the spirit of the modern church been dominated by a pre-capitalistic mentality but the Church has been statist in its mentality.

The combination of the growth of the powers of the modern state and the quest for equality have been the chief sources of totalitarianism. Alexis de Tocqueville at the end of Vol. II of *Democracy in America* wrote:

Our contemporaries are constantly excited by two conflicting passions: they want to be led, and they wish to remain free. As they cannot destroy either the one or the other of these contrary propensities, they strive to satisfy them both at once. They devise a sole, tutelary, all-powerful form of government, but elected by the people. They combine the principle of centralization and that of popular sovereignty; this gives them a respite: they console themselves for being in tutelage by the reflection that they have chosen their own guardians. Every man allows himself to be put in leading-strings, because he sees that it is not a person or a class of persons, but the people at large who hold the end of his chain.

Nineteenth century theories of the state which made it not only the source of life and order but the arbiter of virtue effectively extinguished both the realms of conscience and freedom. The Church, still trammled in the Constantinian structures of establishment, accepted the omniscient state in exchange for exclusivity of establishment and the shadow freedom of orthodoxy. It is not surprising therefore that both de Tocqueville and Acton were unalterably opposed to established religions.

The Liberal-Conservatives of the nineteenth century were far less concerned about economics than they were about freedom. They dreamed of an economic order which would provide opportunities for expanding the area of freedom. They dreamed of a state which lacked either the power or the opportunity to destroy the freedom of the individual. Even those who reluctantly consented to state intervention did not forget the long range goal of increased freedom. J. S. Mill wrote in this vein in *On Liberty* when he remarked:

...A government cannot have too much of the kind of activity which does not impede, but aids and stimulates individual exertion and development. The mischief begins when, instead of calling forth the activity and powers of individuals and bodies, it substitutes its own activity for theirs; when, instead of informing, advising, and upon occasion, denouncing, it makes them work in fetters, or bids them stand aside and does their work instead of them.

### **Interventionism**

It is well to recall that Mill's *On Liberty* was published in 1859. It is simply not true that an interventionist consensus existed in the second half of the nineteenth century and that intellectuals in particular were motivated by collectivist economic and social theories. If this was indeed the case, one must ignore Lord Acton and Jacob Burckhardt, William Graham Sumner and the Social Darwinists, the critics of mass society and those who worried increasingly about the growing power of the national state and its increasing drive to militarism and imperialism. No doubt these voices constituted a minority which was not adequately appreciated until the terrors of totalitarianism, the horrors of total war and the quiet and insidious power of the "Big Brother" state made them intellectual heroes. It is, I believe, this intellectual tradition which lies behind the remarks of Prime Minister Thatcher rather than the ideas of "Christian Political Economy."

Finally, it is important to ask the question of why the Church has been so tardy in developing a theology of freedom. I am not asking the Church, or the churches, to subscribe to particular economic or political systems. There has been far too much of that already and its net effect has been to corrupt the *magisterium* of the Church and to discredit it before the world. You must recall that Austrian clerical fascists of the 1930s and Father Charles E. Coughlin found approval for their particular political and economic theories in the social teachings of the Catholic church. Hanno Helbling in his recent book, *Politik der Papste, Der Vatikan im Weltgeschehen, 1958–1978* (Berlin: Ullstein Verlag, 1981), has explored the tangled accommodation of the Papacy with both Fascism and Communism.

What I am asking is that the Church consider theologically the full importance of freedom in all its aspects including economic. One cannot, it seems to me, call for freedom of conscience without affirming



the importance of political and economic freedom. However, you must remember that it was not until Vatican II that freedom of conscience was affirmed by the Church and then only after the most intense debate.

Freedom, like all other dimensions of human existence, does not manifest itself as an abstract and isolated quiddity. It exists in a complex of conflicting values and human aspirations. Often it can be had only at the expense of absolute justice, security and equality. Does freedom by its nature take precedence over other values? When, if ever, may it legitimately be sacrificed in the pursuit of other values? It simply will not do to argue that freedom of conscience or freedom of religion is the only freedom important to the Christian and that under certain circumstances the political and economic tyranny characteristic of collectivism is legitimate.

## **Reply**

**A. M. C. Waterman**

It was no part of my intention to disparage, or indeed to appraise in any way, either the political ideas of Mrs. Thatcher or the tradition of Christian Political Economy. The reader who looks for evaluation in my paper will look in vain. Whether my history is valid is another matter, and here I stand to be corrected by the experts, including Stephen Tonsor. For I am a mere economist.

Tonsor is probably right in saying that I have failed to prove that the ideology of Margaret Thatcher and Enoch Powell is heir to the

tradition of Malthus, Sumner and Chalmers. My title bites off more than I was really trying to chew in this paper, and I deserved to get put down by the professionals. But in partial defence of my historical efforts, I will make three brief points.

1. Chalmers's *Bridgewater Treatise* is the *terminus ad quem* of Christian Political Economy not because the "Romantic attack on Classical economics" had not already begun—that is irrelevant—but because there is no further intellectual development of the tradition after that work.
2. Though Christian Political Economy made no progress after 1833 and was intellectually superseded by interventionist ideology, it retained its hold on the popular imagination for more than a century after. Edward Norman has explained why, in *Church and Society in England, 1770–1970*. Though I did not *prove* that Mrs. Thatcher derived her ideas from that source, I was entitled to *suggest* it.
3. Both Margaret Thatcher and Enoch Powell differ sharply from the "Liberal-Conservative" tradition Professor Tonsor so admires, precisely because they are Christian, and that tradition is not. Mrs. Thatcher went out of her way in 1978 (only a few months before a crucial general election!) to criticize those members of her own party who had abandoned the Christian underpinnings of British Toryism

## Chapter 4

# Clerical Laissez-Faire: A Study in Theological Economics

Paul Heyne

In a recent essay on the evolution of Roman Catholic social thought in the United States, James V. Schall laments his church's failure to take seriously the productive achievements of the American economy. He writes:

[I]n the one country wherein we might expect the most enthusiastic and enterprising efforts to relate productive economy to Christian ideas, namely in the United States, with rare exceptions, we do not find in the literature much attention to the extraordinary historical accomplishment of creating a system whereby the physical toil of man and vast natural energies of the earth could be so interrelated that what Pius XI called "a higher level of prosperity and culture" could be conceivable for all of mankind. Attention has been focused almost invariably upon abuses rather than on the essence of the system itself, what makes it productive for a whole society, what makes it grow, what makes it open to correction. There has been very little original thinking by the American Church about its own system precisely in the context of those values religion constantly announces it stands for—those of justice, rights, growth, aid to the poor, quality of life, ownership, dignity of work, and widespread distribution.<sup>1</sup>

A similar statement could not be made about Protestant Christianity in America, at least not by anyone familiar with its nineteenth century history. Protestant clergymen played a prominent part in the early teaching of economics in the United States, especially prior to the Civil War, and their doctrines generally lauded the productive as well as the moral virtues of the American economy. The Rev. John McVickar of Columbia University, a contender for the title of first academic economist in the United States,<sup>2</sup> was expressing the general conviction of nineteenth century clerical economists when he attributed the rapid advance of the United States in wealth and civilization largely to her respect for the divinely ordained laws of morality and political economy. These laws called for individual responsibility, private property, and minimal government intervention in the economy.<sup>3</sup> This position acquired almost axiomatic status in the second quarter of the nineteenth century among clerical economists, prompting the historian Henry F. May to speak of “a school of political economy which might well be labeled clerical *laissez-faire*.”<sup>4</sup>

What exactly did these theological economists teach? On what were their doctrines based? And what was the fate of these doctrines? Those are the questions to which this paper is addressed.

### **Francis Wayland, 1796–1865**

The most influential member of the school of clerical *laissez-faire* was Francis Wayland, author of *The Elements of Political Economy*, first published in 1837. Michael J.L.O'Connor, in an exhaustive examination of the origins of economic instruction in the United States, says that Wayland's *Elements* “achieved more fully than any other textbook what appear to have been the ideals of the clerical school.”<sup>5</sup> It also achieved, in its original version and in the abridged version published for secondary school use, immediate and widespread adoption; it was by far the most popular political economy textbook prior to the Civil War. Even after its sales declined in the 1860s, its influence continued to be exerted through adaptations and imitations. Because of the authority and prestige that Wayland commanded as clergyman, educator, and moral philosopher as well as author and teacher in the field of political economy, I will use him as a paradigm case in exploring the origins,

nature, and eventual fate of “clerical *laissez-faire*.”<sup>6</sup>

The basic facts of Wayland’s life may be quickly sketched. He was born in New York City in 1796 of devout Baptist parents, who had migrated from England in 1793. His father set himself up in business as a carrier, became a deacon in his church, received a license as a lay preacher in 1805, and by 1807 had given up his business to become a full-time minister. Francis entered Union College in 1811 as a sophomore, graduated in 1813, and began the study of medicine. About the time he completed his medical studies, Wayland experienced a deep religious renewal and decided to study for the ministry. He entered Andover Seminary in 1816, but left after one year, because of severely straitened circumstances, to accept an appointment as tutor at Union College. In 1821 he was called to the First Baptist Church in Boston and ordained as a minister. In 1826 Wayland accepted an offer to return to Union College as a professor of moral philosophy. Before he had moved his family from Boston, however, he received news of his election as President of Brown University, a Baptist institution. Wayland took up his duties in Providence in 1827. He exerted enormous influence on Brown and on American higher education generally until his resignation in 1855. After a vigorous “retirement” devoted to preaching, teaching, writing, and active work on behalf of a variety of social causes, Wayland died in 1865.<sup>7</sup>

Wayland introduced the study of political economy and took on the duty of teaching it soon after assuming the presidency of Brown University in 1827, at the age of 31. In church-related colleges in the first half of the nineteenth century, it was generally the president’s prerogative to teach moral philosophy to the senior class, and political economy was considered a branch of moral philosophy. The only training in the subject required of a teacher or author was the sort of philosophical background that a well-educated clergyman would be assumed to possess.<sup>8</sup>

In the preface to his *Elements of Political Economy*, Wayland wrote:

When the author’s attention was first directed to the Science of Political Economy, he was struck with the simplicity of its principles, the extent of its generalizations, and the readiness with which its facts seemed capable of being brought into natural and methodical arrangement.<sup>9</sup>

Moreover:

The principles of Political Economy are so closely analogous to those of Moral Philosophy, that almost every question in the one, may be argued on grounds belonging to the other.<sup>10</sup>

### Tariffs

Wayland nonetheless promised not to intermingle the principles of these two disciplines in his textbook, but rather to argue “economical questions on merely economical grounds.” He offered the issue of protective tariffs by way of illustration.

[I]t is frequently urged, that, if a contract have been made by the government with the manufacturer, that contract is morally binding. This, it will be perceived, is a question of Ethics, and is simply the question, whether men are or are not morally bound to fulfill their contracts. With this question, Political Economy has nothing to do. Its only business is, to decide whether a given contract were or were not wise. This is the only question, therefore, treated of in the discussion of this subject in the following work.<sup>11</sup>

As we shall see, Wayland did not consistently fulfill this promise. It may be impossible for anyone to maintain a clear distinction between what is moral and what is wise when discussing the organization of economic life. The separation will be especially difficult to maintain if one believes, as Wayland did, that the science of political economy presents the laws to which God has subjected humanity in its pursuit of wealth.

It may be objected, of course, that Wayland was only making a conventional bow to current piety when he referred to the laws which the sciences discover as the laws of God. The *Memoir* published by his sons two years after his death, however, offers persuasive evidence to the contrary. Wayland’s religious faith was deeply and sincerely held, and he continually tested his academic labours for conformity to what he perceived as the will of God. The *Memoir* contains extensive excerpts from Wayland’s personal journal, and the following extract is quite representative:

I have thought of publishing a work on moral philosophy. Direct me, O thou all-wise and pure Spirit. Let me not do it

unless it be for thy glory and the good of men. If I shall do it, may it all be true, so far as human knowledge at present extends. Enlighten, guide, and teach me so that I may write something which will show thy justice more clearly than heretofore, and the necessity and excellence of the plan of salvation by Christ Jesus, the blessed Redeemer. All which I ask through his merits alone. Amen.<sup>12</sup>

Wayland always thought of himself as a theologian first and only secondarily as a moral philosopher or political economist.

The interesting view which Wayland held on the invariability of divine laws almost certainly affected his conclusions in the area of economics. He presents his position near the beginning of his textbook on moral philosophy:

[A]s all relations, whether moral or physical, are the result of this enactment, an order of sequence once discovered in morals, is just as invariable as an order of sequence in physics.

Such being the fact, it is evident, that the moral laws of God can never be varied by the institutions of man, any more than the physical laws. The results which God has connected with actions, will inevitably occur, all the created power in the universe to the contrary notwithstanding. Nor can the consequences be eluded or averted, any more than the sequences which follow by the laws of gravitation.<sup>13</sup>

We should therefore not expect to find in Wayland much sympathy for the idea that different eras, different nations, or different cultures will have their own distinct laws of political economy. Wayland's position is at the opposite pole from the historical relativism imported into American economics from Germany in the last quarter of the nineteenth century.

### **Wayland's political economy**

Wayland apparently learned political economy largely by teaching it. He wrote the following, shortly before his death, in a reminiscence reviewing his experience as a teacher:

I endeavored always to understand, for myself, whatever I attempted to teach. By this I mean that I was never satisfied with the text, unless I saw for myself, as well as I was able,

that the text was true. Pursuing this course, I was led to observe the principles or general truths on which the treatise was founded. As I considered these, they readily arranged themselves in a natural order of connection and dependence. I do not wish to be understood as asserting that I did this with every text-book before I began to use it in my class. I generally taught these subjects during a single year. Before I had thought through one subject, I was called upon to commence another. Yet, with every year, I made some progress in all. I prepared lectures on particular subjects, and thus fixed in my mind the ideas which I had acquired, for use during the next year. The same process continued year by year, and in this manner, almost before I was aware of it, I had completed an entire course of lectures. In process of time I was thus enabled to teach by lecture all the subjects which I began to teach from text-books.

The textbook he used from 1828, when he began teaching the subject to Brown seniors, until 1837, when he published his own text, was J.B. Say's *Treatise on Political Economy*, translated from the fourth French edition and published in the United States in 1821. Since Wayland rarely cites authorities or indicates a source and since the *Memoir* contains only a few paragraphs on the subject of political economy, we have no way of knowing how many other European economists influenced his thinking. We can be fairly certain, however, that he had read extensively in the work that had influenced Say: Adam Smith's *Inquiry into the Nature and Causes of the Wealth of Nations*. Smith is sometimes cited specifically. What is more conclusive, however, is Wayland's use of Smithian classifications, premises, and analyses as well as what might be called a Smithian "tone" on particular topics.

Wayland's discussion of what governments may do to promote the increase of knowledge, for example, brings immediately to mind the language used by Smith in his section "Of the Expense of the Institutions for the Education of Youth."<sup>15</sup> The causes Wayland lists for differences in wage rates are Smith's famous five circumstances that explain differences in pecuniary returns.<sup>16</sup> Wayland's extended discussion of money and banks frequently teaches notions that could only have been derived from Adam Smith's fatefully erroneous explanation of the ways in which metallic and paper money function in an economy.<sup>17</sup> Wayland's refutation of arguments for re-



strictions on imports reveals the clear influence of Smith's treatment.<sup>18</sup> Though Wayland, unlike Smith, preferred direct to indirect taxes, his analysis shows that he had considered Smith's arguments.<sup>19</sup>

The authority of Adam Smith's ideas must have been increased for Wayland by their embodiment in the "Scottish school" which exercised such powerful influence on American colleges in the late eighteenth and early nineteenth centuries.<sup>20</sup> In his student days at Union College, Wayland studied *The Elements of Criticism* by Lord Kames (Henry Home) and Dugald Stewart's *Elements of the Philosophy of the Human Mind*.<sup>21</sup> When he began teaching at Brown, fifteen years later, he used as texts both these books and also *The Philosophy of Rhetoric* by George Campbell, a member of the famous Aberdeen Philosophical Society.<sup>22</sup> It may also be noted that Wayland greatly admired the Scotch theologian-economist Thomas Chalmers.<sup>23</sup> Chalmers was one of the "heretics" who rejected the "orthodox" position of British classical political economy by asserting the possibility of "general gluts." Wayland's treatment of this topic, under the heading "Stagnation of Business," seems unclear and unsure of itself, a reflection, perhaps, of Chalmers' influence.

Ambivalence was not generally characteristic of Wayland's teachings on the subject of political economy. God had ordained laws governing morality and laws governing the accumulation of wealth, and Wayland did not expect to find contradictions between them. "In political economy as in morals." Wayland insists,

every benefit is mutual; and we cannot, in the one case, any more than in the other, really do good to ourselves, without doing good to others; nor do good to others, without also doing good to ourselves.<sup>24</sup>

Wayland often pauses to call his reader's attention to the divinely intended harmony in the relations he is describing.

All the forms of industry mutually support, and are supported by, each other; . . . any jealousy between different classes of producers, or any desire on the one part, to obtain special advantages over the other, are unwise, and, in the end, self-destructive.<sup>25</sup>

Nothing can, therefore, be more unreasonable than the prejudices which sometimes exist between these different classes of laborers, and nothing can be more beautiful, than their harmonious cooperation in every effort to increase production, and thus add to the conveniences and happiness of man.<sup>26</sup>

Trade, especially international trade, is a fulfillment of God's plan for amity:

God intended that men should live together in friendship and harmony. By thus multiplying indefinitely their wants, and creating only in particular localities, the objects by which those wants can be supplied, he intended to make them all necessary to each other; and thus to render it no less the interest, than the duty of everyone, to live in amity with all the rest.<sup>27</sup>

Individuals are thus made dependent upon each other, in order to render harmony, peace, and mutual assistance, their interest as well as their duty. . . .

And, for the same reason, nations are dependent on each other. From this universal dependence, we learn that God intends nations, as well as individuals, to live in peace, and to conduct themselves towards each other upon the principles of benevolence.<sup>28</sup>

Toward the end of the book, after discussing some common causes of inefficiency, Wayland comments:

We see, in the above remarks, another illustration of the truth, that the benefit of one is the benefit of all, and the injury of one is the injury of all. . . . [H]e who is honestly promoting his own welfare, is also promoting the welfare of the whole society of which he is a member.<sup>29</sup>

Wayland is so impressed with the mutually beneficial aspects of self-interested behaviour that he has trouble recognizing or acknowledging that interests can also conflict. Don't poor harvests in one region cause higher prices and greater prosperity for farmers in other regions? Don't sellers sometimes benefit from the greater scarcity that is caused by the misfortunes of others? Wayland is reluctant to admit this. He appeals to the true but irrelevant argu-

ment that sellers benefit from the prosperity of their customers, and applies the label “short sighted, as well as morally thoughtless” to merchants who expect “to grow rich by short crops, civil dissensions, calamity, or war.”<sup>30</sup>

Monopoly, from this perspective, is self-defeating. If the agricultural interests of Great Britain had not tried to maintain high prices through the Corn Laws, but had allowed imported grain to lower the price of food, population growth and industrial growth over the most recent fifty years would have more than compensated for the landed proprietors’ loss. Wayland concludes a somewhat vague analysis with the observation:

If this be so, it is another illustration of the universal law, that a selfish policy always in the end defeats itself; and reaps its full share of the gratuitous misery which it inflicts upon others.<sup>31</sup>

### **Wayland on the relation between economics and morality**

The essential unity that Wayland saw between the laws of political economy and the laws of morality emerges most clearly in his chapter “Of the Laws Which Govern the Application of Labour to Capital.”

Section I of the chapter explains how the laws on this subject are founded on “the conditions of our being,” conditions that Wayland summarizes in seven paragraphs.<sup>32</sup>

1. God has created man with faculties adapted to physical and intellectual labour.
2. God has made labour necessary to the attainment of the means of happiness.
3. We are so constituted that physical and intellectual labour are essential to health. Idiocy or madness is the consequence of intellectual sloth; feebleness, enervation, pain, and disease appear in the absence of physical labour.
4. Labour is pleasant, or at least less painful than idleness. People crave challenges on which to exercise their faculties.
5. God has attached special penalties to idleness, such as ignorance, poverty, cold, hunger, and nakedness.
6. God has assigned rich and abundant rewards to industry.

Wayland's seventh paragraph draws the conclusion: We are required "so to construct the arrangements of society, as to give free scope to the laws of Divine Providence." We must "give to these rewards and penalties their free and their intended operation." We are bound, at the very least, to try these means first if we want to stimulate economic growth, and to avoid other policies "until these have been tried and found ineffectual." Everyone should be "permitted to enjoy, in the most unlimited manner, the advantages of labour," and all should suffer the consequences of their own idleness.

In Section II Wayland explains what is required if each is to enjoy, in the greatest degree, the advantages of his labour.

It is necessary, provided always he do not violate the rights of his neighbor, 1st, *That he be allowed to gain all that he can;* and, 2d, *That, having gained all that he can, he be allowed to use it as he will.*

The first condition can be achieved by abolishing common property and assigning all property to specific individuals. These individually-held property rights must then be enforced against potential violation either by individuals or by society. Individual violations are held in check through the inculcation of moral and religious principles—the most certain and necessary method of preventing violations—and through equitable laws firmly and faithfully applied. Violations by society, through arbitrary confiscation, unjust legislation, or oppressive taxation, are more destructive than individual violations, because they inflict wrong through an agency that was created for the sole purpose of preventing wrong and thereby they dissolve the society itself. The best preventative is an elevated intellectual and moral character among the people and a constitution which guarantees immunity from public as well as from private oppression.<sup>34</sup>

The second condition is achieved when individuals are allowed to use their labour and their capital as they please, without legislative interference, so long as they respect the rights of others.<sup>35</sup>

In Section III Wayland shows what must be done to make sure that everyone "suffers the inconveniences of idleness." If the dishonest acquisition of property is prevented "by the strict and impartial administration of just and equitable laws," then, in a regime

of private property, “the indolent” will be left “to the consequences which God has attached to their conduct. . . . they must obey the law of their nature, and labour, or else suffer the penalty and starve.”<sup>36</sup>

What about charity? Where people are poor because “God has seen fit to take away the power to labour,” God has also commanded generosity on the part of those who have wealth to bestow. But no one is entitled to support merely by virtue of being poor, and institutions that provide relief to the indigent without any labour requirement are “injurious.”

### Dependency

Poor laws violate “the fundamental law of government, that he who is able to labour, shall enjoy only that for which he has laboured.” By removing the fear of want, they reduce the stimulus to labour and the amount of product created. By teaching people to depend on others, they create a perpetual pauper class. This process, once initiated, grows progressively. Eventually it destroys the right of property itself by teaching the indolent that they have a right to be supported and the rich that they have an obligation to provide that support. Poor laws thereby foster class conflict.<sup>37</sup>

In cases where a person has been reduced, by indolence or prodigality, to such poverty that he is in danger of starving, he should be “furnished with work, and be remunerated with the proceeds.”<sup>38</sup>

Section IV explains how the accumulation of capital increases the demand for labour and the rate of wages. Section V argues for “universal dissemination of the means of education and the principles of religion” on the grounds that intellectual cultivation and high moral character among a people promote prosperity.<sup>39</sup>

In Section VI Wayland reluctantly takes up “bounties and protecting duties, as a means of increasing production.” His reluctance is due to his inability to discover how they can produce this effect; but he knows that popular opinion holds otherwise and so he cannot pass the subject by in silence. After presenting a careful and quite classical criticism of such measures on economic grounds,<sup>40</sup> Wayland raises the moral question: *By what right* does society interfere in this way with the property of the individual, and without offering compensation? He declines to answer, however, on the grounds that this question belongs not to political economy but to

moral philosophy; but he clearly thinks that no satisfactory answer can be given to his essentially rhetorical question.<sup>41</sup>

After stating and criticizing, again in an orthodox classical manner, the arguments in favour of legislative stimulus to industry, Wayland raises the Smithian question of whether it is not unjust for a government to abolish a restrictive system upon which people have come to depend. "To this objection," he says,

I have no desire to make any reply. It is a question of morals and not of political economy. Whatever the government has directly or indirectly pledged itself to do, it is bound to do. But this has nothing to do with the question of the expediency, or inexpediency, of its having, in the first instance, thus bound itself; nor with the question whether it be not expedient to change its system as fast as it may be able to do so, consistently with its moral obligations.<sup>42</sup>

The section and chapter conclude with a brief account of what governments *can* do to promote industry and increase production. They can enact and enforce equitable laws; promote education and learning; manage strictly experimental farms and manufactures; and above all:

They can do much by confining themselves to their own appropriate duties, and leaving every-thing else alone. The interference of society with the concerns of the individual, even when arising from the most innocent motives, will always tend to crush the spirit of enterprise, and cripple the productive energies of a country. What shall we say, then, when the capital and the labour of a nation are made the sport of party politics; and when the power over them, which a government possesses, is abused, for the base purpose of ministering to schemes of political intrigue?<sup>43</sup>

Wayland was not, strictly speaking, an advocate of *laissez-faire*. As we have just seen, he supported government-sponsored industrial research, and he believed that what economists today call "externalities" justified government efforts to increase and disseminate knowledge.<sup>44</sup> He argues that religious institutions also confer benefits upon the state and upon people who have not contributed to their support; but he refuses to draw the conclusion that this entitles religious institutions to a share of the funds from public taxation.<sup>45</sup> He doubts that public funds ought to be used to finance

most internal improvements, such as roads, canals, or railroads; these are better left to individual enterprise, which will undertake them when they are profitable and leave them alone when they are not. There will be exceptions, however, such as works of exceptional magnitude or where the public importance of the work is too great for it to be entrusted to private corporations. Works for the improvement of external commerce, such as the improvement of coasts and harbours, are assigned entirely to government.<sup>46</sup>

The relief of the sick, destitute, and helpless is a religious duty, in Wayland's view, and for that reason ought to be left to voluntary efforts. He recognized, however, that purely voluntary relief would occasionally be inadequate and might in addition strain the resources of the most charitable. So he was willing to allow some provision out of tax revenues "for the relief of those whom old age, or infancy, or sickness, has deprived of the power of providing the means necessary for sustenance." For the sake of these people themselves, as well as for the sake of the economy, relief should be provided in return for labour in the case of all those capable of work.<sup>47</sup>

### **Wayland's theological economics**

American economists of this period, unlike their European counterparts, were not much concerned with the Malthusian problem.<sup>48</sup> Wayland was no exception. Near the beginning of his chapter on wages, he takes up the possibility that human beings will reproduce too rapidly for the real wage-rate to be maintained above the subsistence level. This does occur, he asserts, and the consequences are "painful to contemplate." But after quoting Adam Smith on the high infant mortality rates in the Scottish Highlands and in military barracks, Wayland abruptly changes direction.

God could scarcely have intended so many to die in infancy from hardship and want. It therefore follows that the normal wage level for industrious, virtuous, and frugal workers will be one "which allows of the rearing of such a number of children as naturally falls to the lot of the human race." Improvidence, indolence, intemperance, and profligacy can interfere with this happy outcome; but in such cases "the correction must come, not from a change in wages, but from a change in habits."<sup>49</sup>

It is at first difficult to reconcile this position with Wayland's explanation of how the supply of labour adjusts itself to the demand,

or his account of the relationship between the growth of capital and the growth of population. His conclusion to the latter discussion is especially puzzling:

And hence, there seems no need of any other means to prevent the too rapid increase of population, than to secure a correspondent increase of capital, by which that population may be supported.<sup>50</sup>

The clear implication is that, unless God intended many to perish in infancy, capital can always and everywhere be accumulated at least as fast as the population chooses to expand.

Wayland has an escape from this strong implication, however. God is not responsible for evil that is the consequence of immoral behaviour, and the rate of capital accumulation is crucially dependent upon moral considerations. Frugality increases it, prodigality diminishes it, laws of entail diminish it, as do all restrictive laws that “fetter and dispirit industry.” Above all, however, war diminishes the rate of capital accumulation:

If the capital which a bountiful Creator has provided for the sustenance of man, be dissipated in wars, his creatures must perish from the want of it. Nor do we need any abstruse theories of population, to enable us to ascertain in what manner this excess of population may be prevented. Let nations cultivate the arts of peace.<sup>51</sup>

In a properly ordered society of moral persons, capital accumulation will be adequate for the number of people and “we shall hear no more of the evils of excess of population.”<sup>52</sup>

This analysis still leaves room for paupers to blame their plight upon others, albeit immoral others. Wayland closes that door with the claim that almost all crime and pauperism in the community is caused by intemperance, and the further claim that America, which has few beggars, would have none at all if intemperance and vice were eliminated.

### **Wage determination**

The laws that regulate wage-rates are finally beyond the power of individual capitalists or labourers to affect. The competition that will naturally exist where there are no restrictions on the mobility



of capital or labour will “bring wages to their proper level; that is, to all that can be reasonably paid for them.” Combinations among capitalists or workers designed to raise or lower wage-rates are “useless,” Wayland asserts, because combinations cannot ‘change the laws by which remuneration is governed. Without pausing to defend this *non sequitur*, he hastens to add that combinations are also expensive, because they expose capital and labour to long periods of idleness. And combinations are unjust, because they deprive the capitalist of the right to employ labour and workers of the right to be employed on terms to which the parties have freely agreed. Is this another case where moral philosophy has crowded out economic analysis? The injustice of a particular combination does not guarantee that the combination will be unable to increase the wealth of those who participate in it.

Wayland has the same sort of difficulty when he tries to explain why political economy finds laws regulating interest rates “injurious to the prosperity of a country.” His first reason is that such laws violate the right of property. One could make this an “economical” rather than an ethical argument by incorporating into it Wayland’s case for the dependence of prosperity on respect for property rights. If this is done, however, the distinction between questions of right and questions of expediency collapses.

The point here is not that Wayland *ought* to have maintained a clear distinction between economic and ethical arguments, but rather that he claimed to be doing so when in fact he was not. The nature of his argument is consequently obscured at important points, and the critical reader is left uncertain about the kind of evidence and arguments that would be required to buttress or to refute his conclusions.

What evidence and arguments are we supposed to consider in evaluating Wayland’s claim that labour expended in the creation of a value gives one an exclusive right to the possession of that value? Or his claim that different labourers are “entitled” to dissimilar wages? Or that the liability of *all* property to depreciate in value must be taken into account when estimating the job-destroying effects of machinery? That “the act of creating a value appropriates it to a possessor” and “this right of property is *exclusive*?” That a college graduate is “fairly entitled” to a wage that will compensate him not only for the cost of his education but also for the forgone interest on the amount invested? That the capitalist comes into the market “on equal terms” with the labourer because “each needs

the product of the other?" Or that the capitalist "may justly demand" a greater interest the greater his risk?<sup>53</sup>

### **Incorrect generalization**

At one point in *The Elements of Political Economy* Wayland finds it "worthy of remark" that human ingenuity has done more to increase "the productiveness of labour" in manufacturing and in transportation than in agriculture. A generalization of that kind presupposes the solution of some rather formidable problems of definition as well as measurement. What is the common denominator in terms of which one can meaningfully compare rates of productivity growth when it is the *usefulness* of diverse products that matters? But Wayland is sure that his generalization is correct, sure enough to add these comments:

It is, doubtless, wisely ordered that it be so. Agricultural labor is the most healthy employment, and is attended by the fewest temptations. It has, therefore, seemed to be the will of the Creator that a large portion of the human race should always be thus employed, and that, whatever effects may result from social improvement, the proportion of men required for tilling the earth should never be essentially diminished.<sup>54</sup>

Francis Wayland apparently misread "the will of the Creator": in the United States today fewer than 3 per cent of the work force are employed in agriculture. The error in this case may be unimportant, but the problem to which it points is not. Those who look for the will of God behind concrete social arrangements thereby incur an added risk of failing to perceive the social arrangements correctly. Those who concern themselves too quickly with the moral implications of social interactions may become less able to see how those interactions are evolving. And an empirical proposition that supports an important theological or moral conviction can become extraordinarily resistant to anything as inconsequential as empirical evidence and argument.

### **The reaction against "clerical *laissez-faire*"**

Twenty years after Wayland's death and half a century after publication of his textbook on political economy, many influential

thinkers and writers still maintained that economics and religion were and ought to be intimately linked. When the American Economic Association was formed in 1885, Protestant clergymen were prominent among its founders. The dominant figure in the organization of the Association was Richard T. Ely, a young economist who insisted upon the necessity of basing economics upon ethics and who wanted to make applied Christianity the foundation of economic reform. Religious impulses played such an open and major role in the Association's early history that even sympathetic participants believed it might be interfering with the scholarly impartiality essential to a scientific body.<sup>55</sup>

The banner under which they organized, however, was decidedly not one behind which Wayland could have marched. The prospectus which Ely sent out in his call for the organization of the American Economic Association included a four-part platform. The first paragraph read as follows:

We regard the state as an educational and ethical agency whose positive aid is an indispensable condition of social progress. While we recognize the necessity of individual initiative in industrial life, we hold that the doctrine of *laissez-faire* is unsafe in politics and unsound in morals; and that it suggests an inadequate explanation of the relations between the state and the citizens.<sup>56</sup>

The laws of God, which ordained a minimal role for government in economic life according to Wayland, required a vast extension of state activity according to Ely. How did Ely and his associates justify this remarkable about-face? How did they criticize the theological-ethical arguments that had been advanced by Wayland and his school and which were still being taught in the 1880s by prominent academics? The answer is that they did not attempt to do so.

## Conflict

The most prominent exponent of "clerical *laissez-faire*" in the 1880s was probably the Reverend Arthur Latham Perry, professor of history and political economy at Williams College, author of several widely used textbooks in economics, and trusted adviser of government officials.<sup>57</sup> Moreover, Perry attacked Ely by name in his *Principles of Political Economy* for urging that government take

a hand in the determination of wages. “The fine old Bentham principle of *laissez-faire*,” Perry wrote,

which most English thinkers for a century past have regarded as established forever in the nature of man and in God’s plans of providence and government, is gently tossed by Dr. Ely into the wilds of Australian barbarism.

There are some propositions that are *certainly* true, and one of them is, that no man can write like that, who ever analyzed into their elements either Economics or Politics.<sup>58</sup>

Ely was not one to steer clear of conflict. He often responded to his critics, and he took the lead in the 1880s in attacking the “old school” of political economy. Moreover, ethical and religious premises consistently played a large part in the arguments he advanced on behalf of a reconstruction of economics. Nonetheless, he never attempted a systematic critique of the theological-ethical claims of his opponents or tried to show in what specific ways his own theological-ethical premises were more adequate. His fundamental contentions were that the “old school” relied upon an obsolete deductive method, that it employed much too narrow a conception of economic science, and that it refused to take account of the results of historical research.<sup>59</sup>

Charles Howard Hopkins, in his history of the Social Gospel in American Protestantism, writes:

The first advocates of social Christianity subjected the presuppositions of classical economic theory to searching criticism. They regarded unrestricted competition as an arrogant contradiction of Christian ethics and the inhuman treatment accorded the laborer as a violation of fundamental Protestant conceptions of the nature of man.<sup>60</sup>

But condemnations of unrestricted competition or inhuman treatment of labourers do not constitute a criticism of classical economic theory. Hopkins refers to an 1866 article by George N. Boardman as “one of the most searching utterances of its kind in this period.”<sup>61</sup> It may be unfair to take this compliment too seriously, especially since Henry F. May finds Boardman’s essay “generally in support of contemporary economic theories.” But the fact remains that

Boardman's critique is far from searching; that it does not show a wide acquaintance with the literature it purports to discuss; and that the religious critics of "unrestricted capitalism" in the last part of the nineteenth century did not really address the arguments that had been advanced by Wayland or his successors. Neither the economists like Ely nor the clergymen—Washington Gladden, W. D. P. Bliss, and George Herron are more representative figures than Boardman—take the claims of the "clerical *laissez-faire*" school seriously and respond to them.<sup>62</sup>

### **Refutation?**

These views, of course, have been widely repudiated, both in the 1880s and in our own time. But repudiation is not the same as refutation. Contemporary critics have generally assumed that to refute such views as Wayland's it was enough to describe them. Thus Henry F. May, after quoting Wayland on the divine imperative to labour, says: "From this simple proposition Wayland deduced the whole platform of the New England mercantile interest." A page later he refers to Wayland as one of the "simple dogmatists of the thirties and forties [who] set the tone of American political economy for many years to come." May also speaks of "the pat theories of Francis Wayland," his "all-sufficient optimistic formulae," and his "simple, dogmatic method."<sup>63</sup> Simple dogmatisms, pat theories, and all-sufficient optimistic formulae don't have to be taken seriously, especially if they are in reality a defence of special interests rather than an honest effort toward understanding.

One problem with this approach is that it works equally well when applied to the simple dogmatisms, pat theories, and all-sufficient optimistic formulae of Richard Ely and the clergymen who responded so enthusiastically to his call for organization of the American Economic Association. Consider the conclusions of John Rutherford Everett, at the end of his sympathetic study of the relation between religion and economics in the work of Ely and two of his prominent collaborators in the founding of the American Economic Association, John Bates Clark and Simon Patten:

They are to be criticized . . . for falling into the easy optimism of the nineteenth century progressivist thought. Although the excuse might be found in their unwitting correlation of moral

and material progress, the error is nonetheless grievous. . . . Certainly any perfectionist doctrine of sanctification has ample historical and contemporary disproof. . . .

Patten's analysis of selfishness as a result of deficit economics is superficial to the point of foolishness. . . .

It certainly looks as though the solution to the economic problem offered by these men is nothing short of "social magic."<sup>64</sup>

Moreover, many of the "empirical" conclusions wielded with such assurance by Ely and his colleagues in the 1880s now seem quite as *a priori* as the deductive theories they condemned. And their confident assumption that they were the "new" and "scientific" school of political economy destined to control the future looks almost pathetic in hindsight; most of them seem to have been completely unaware in the 1880s of the "marginal revolution" taking place at that very time, through which "abstract-deductive" economics would acquire a renewed and more powerful hold on the discipline.

### **"Clerical school"**

It would be unfair to fault May too severely, since his understanding of "clerical *laissez-faire*" and Francis Wayland was derived from the scholarly work of Joseph Dorfman and Michael J. L. O'Connor. Dorfman's *The Economic Mind in American Civilization* is the indispensable source for anyone interested in American economics in the nineteenth century. O'Connor's investigation of *The Origins of Academic Economics*, May's principal source, is actually an examination of the origins and rise to prominence in the northeastern United States of what O'Connor called the "clerical school." As such it was especially useful to someone like May who was interested in Protestant analyses of economic issues but was not himself an historian of economics. The biases of both authors ought to be kept in mind, however, by anyone using their work.

Dorfman tends to present economic theory as a reflection of the theorists' social circumstances, with the result that arguments are sometimes not so much explained as explained away. This tendency is especially marked in the case of early economists with whose

policy positions Dorfman is not in sympathy. That would emphatically include Francis Wayland, whose treatment by Dorfman comes close to cynicism.

In the ten pages he devotes to “The Reverend Francis Wayland: Ideal Textbook Writer,” Dorfman tells us that Wayland studied at Union College under “the famous Reverend Eliphalet Nott, who was highly successful in acquiring a fortune for himself, in obtaining funds from the New York legislature for the college, and in teaching students the ways of God and the world.” He states that Wayland received at Union “a thorough indoctrination in the Common Sense philosophy.” He sketches Wayland’s changes in vocational plans in a way that suggests flightiness or instability. He tells us that Wayland “took an active interest in all the movements that a respectable person should” after becoming President of Brown. His account of Wayland’s position on slavery is highly misleading and seems designed to discredit Wayland rather than to present his actual views. The same might be said of his sketch of Wayland’s position on the wage-fund doctrine. Dorfman seems almost to postulate bad faith and apologetic intent, as in the claim: “As the cry for tariffs and government relief became more insistent with every depression, Wayland became increasingly adept at mollifying the one and denying the other.”<sup>65</sup> The reader would never suspect, for example, that Francis Wayland taught pacifism in his textbook on moral philosophy, raising *and rejecting* each of the standard arguments by which traditional ethical thought had attempted to exempt national governments from the prohibition against returning evil with evil.<sup>66</sup> Dorfman’s *ad hominen* arguments are not only irrelevant but also often unfair and occasionally even false, or at least as false as innuendo can ever be.

### Omission

May’s principal source, however, was O’Connor’s meticulously researched *Origins of Academic Economics in the United States*. Because Wayland’s *Elements of Political Economy* was the most important text to emerge from the “clerical school,” O’Connor presents its contents in some detail. The account is careful and balanced; but there is no systematic criticism of Wayland’s economics. The reason for this omission emerges in the concluding chapter, where O’Connor lays out the lessons he would have the reader draw from his study.

The clerical school of political economy, according to O’Connor,

was the social instrument of the northeastern merchant-capitalist elite, valuable to them because it taught an ideology that was useful in countering populist political pressures. These religious economists, in supporting the theory of automatic natural-law control, were in reality endorsing the social power of the merchant-capitalist groups and making it easier for that class to enjoy its privileges with a clear conscience. The clerical economists were rewarded with financial aid for the institutions they headed. Their influence lasted well into the twentieth century because cultural lag is so prominent among academics, and because they are willing to use textbooks for sixty or seventy years. The time has now come, however, to purge this obsolete but lingering ideology from economics courses and textbooks and to create a new economics that will “reflect the current social forces of the country” and enable these social forces “to play as directly as possible upon the introductory courses.”<sup>67</sup>

In short, there is little point in criticizing Wayland or other representatives of clerical *laissez-faire* because their economics merely reflected their objective social position. The task now is not to construct an economics that will more adequately explain social reality, but to construct a system of economic education that will “command the faith of the people.” O’Connor concludes:

If cultural lags, economic barriers, and vested minority interests prevent such adjustments, the result may be that popular disillusionment which in a democracy leads to social disintegration.<sup>68</sup>

If what purports to be “pure” economic theory can so easily be dismissed by critics as ideology, what fate awaits an economics that is explicitly theological? O’Connor may be extreme in his willingness to reduce social theory to class-based ideology; but he is probably representative in his reluctance to take seriously any theological-ethical justification or defence of a social system of which he disapproves.

## Conclusion

This paper began with James Schall’s comment on the church’s failure to relate Christian ideas to the productive achievements of capitalism. After examining one major effort to do exactly this, we find ourselves wondering at the end what worthwhile purpose it serves.



Does theological economics do anything more than polarize discussion? Those who already approve a particular economic system are generally pleased to read arguments showing that the system is also superior by theological and ethical criteria. Those who disapprove of the system are much less likely even to read a theological-ethical defense of it, and the likelihood is still less that they will read it fairly and sympathetically.

Theological economics or economic theology seems to possess a powerful capacity for turning conjectures into convictions and for making the rejection of favoured hypotheses seem like moral cowardice. Significant issues that could be illuminated or even resolved by careful empirical inquiry are instead “settled” on the basis of what fits most comfortably into the system. That healthy suspicion of one’s own argument which is always difficult to keep alive when one is working toward a thesis seems almost impossible to maintain in theological economics. Even more serious is the tendency of those who practise theological economics to assess the cogency of their opponents’ arguments by attacking imputed (and, of course, assumed) motives. It is so tempting and so easy, when we imagine ourselves to be standing on the high ground of theology or morality, to slander our opponents by accusing them of slander—or other hidden and malicious intent.

The fate of George Gilder’s *Wealth and Poverty* strikes me as sadly instructive. Here is a popularly-written but nonetheless serious and well-documented attempt to examine some of the relationships between economic behaviour and religious beliefs. The book deserves the careful attention of any American who is both concerned for the health of the United States economy and convinced that an adequate economic system must satisfy important ethical criteria. The point is not that Gilder is correct: it is rather that he has raised most of the important questions in a careful and responsible way, citing his evidence and spelling out his reasoning. The sadly instructive fact is that his argument for the moral merits of capitalism has not been taken seriously by the moral critics of capitalism within the churches. The book has hardly been reviewed in the religious press. Where it is mentioned, it is usually caricatured, with some such phrase as “a bible for those who have recently come to make absolute claims for private enterprise.”<sup>69</sup>

There is little to be learned from those who make absolute claims about economic systems, and even less to be learned from those who imagine that a caricature constitutes a rebuttal.

## NOTES

1. James V. Schall, "Catholicism and the American Experience," *This World* (Winter/Spring 1982), p. 8.
2. Edwin R. A. Seligman conferred this distinction on McVickar in "Economics in the United States: An Historical Sketch," reprinted in his *Essays in Economics* (1925), p. 137. Michael J. L. O'Connor, in the course of surveying existing literature on the origins of American economics, has shown that McVickar's title is open to challenge. O'Connor, *Origins of Academic Economics in the United States* (1944), pp. 6–18.
3. "That science and religion eventually teach the same lesson, is a necessary consequence of the unity of truth, but it is seldom that this union is so early and so satisfactorily displayed as in the researches of Political Economy." John McVickar, *Outlines of Political Economy: Being a Republication of the Article upon that Subject [by J. R. McCulloch] Contained in the Edinburgh Supplement to the Encyclopedia Britannica, together with Notes Explanatory and Critical, and a Summary of the Science* (1825), p. 69. See also McVickar's notes on pp. 88, 102–03, and 159–60 and his Concluding Remarks on pp. 186–88.
4. Henry F. May, *Protestant Churches and Industrial America* (1949), p. 14.
5. O'Connor, *op. cit.*, p. 189.
6. Charles Dunbar, in a centennial review of "Economic Science in America, 1776–1876," mentioned "President Wayland's book" as "the only general treatise of the period which can fairly be said to have survived to our day." Charles Franklin Dunbar, *Economic Essays*, edited by O. M. W. Sprague (1904), p. 12. Joseph Dorfman devotes a chapter to "The School of Wayland" in *The Economic Mind in American Civilization*, Vol. II (1946), pp. 758–71. John Roscoe Turner's 1921 essay on *The Ricardian Rent Theory in Early American Economics* states: "[Wayland's] *Elements of Political Economy* (1837) was, as a text, the best work previous to the Civil War, and probably as popular as any American text on this subject. It survives, and is used as a text in some places to this day." p. 61.

7. See *A Memoir of the Life and Labors of Francis Wayland, D.D., L.L.D.*, assembled and written by his sons Francis Wayland and H. L. Wayland, originally published in two volumes in 1867 and reprinted in a single bound volume by Arno Press in 1972.
8. Gladys Bryson, "The Emergence of the Social Sciences from Moral Philosophy," *International Journal of Ethics* (April 1932), pp. 304–12.
9. Francis Wayland, *The Elements of Political Economy*, p. iii. All page references will be to the 1857 edition, (Boston: Gould and Lincoln).
10. *Ibid.*, p. iv.
11. *Ibid.*
12. *Memoir*, Vol. I, p. 380.
13. Francis Wayland, *The Elements of Moral Science*, p. 25. The edition used is the 1854 edition, (Boston: Gould and Lincoln).
14. *Memoir*, Vol. I, p. 233.
15. Wayland, *The Elements of Political Economy*, pp. 128–30; Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book V, Chapter I, Part III, Article 2d.
16. Wayland, *ibid.*, pp. 311–13; Smith, *ibid.*, Book I, Chapter X, Part I.
17. Wayland, *ibid.*, pp. 188–288, especially pp. 211–12, 231–32, 259–61, 278–79; Smith, *ibid.*, Book II, Chapter II.
18. Wayland, *ibid.*, pp. 145–51; Smith, *ibid.*, Book IV, Chapter II.
19. Wayland, *ibid.*, pp. 391–97; Smith, *ibid.*, Book V, Chapter II, Part II.
20. Bryson, *op. cit.*, p. 309.
21. *A Memoir . . .*, Vol. I, p. 32.

22. *Ibid.*, p. 227.
23. *Ibid.*, Vol. II, pp. 39–40, 289–90.
24. Wayland, *Political Economy*, p. 171.
25. *Ibid.*, p. 46.
26. *Ibid.*, pp. 55–56.
27. *Ibid.*, p. 91.
28. *Ibid.*, pp. 159–60.
29. *Ibid.*, p. 378.
30. *Ibid.*, pp. 176–77.
31. *Ibid.*, pp. 343–44.
32. *Ibid.*, pp. 105–08.
33. *Ibid.*, p. 108.
34. *Ibid.*, pp. 109–13.
35. *Ibid.*, pp. 113–18.
36. *Ibid.*, p. 119.
37. *Ibid.*, pp. 119–20.
38. *Ibid.*, p. 122.
39. *Ibid.*, pp. 123–32.
40. *Ibid.*, pp. 133–40.
41. *Ibid.*, pp. 140–41.
42. *Ibid.*, p. 151.
43. *Ibid.*, p. 152.

44. *Ibid.*, p. 128. For his views on how government should offer financial assistance to education, see pp. 399–403.
45. *Ibid.*, pp. 403–04.
46. *Ibid.*, pp. 184–86, 404–05.
47. *Ibid.*, p. 405.
48. George Johnson Cady, “The Early American Reaction to the Theory of Malthus,” *Journal of Political Economy* (October 1931), pp. 601–32.
49. Wayland, *Political Economy*, pp. 293–94.
50. *Ibid.*, p. 305.
51. *Ibid.*, pp. 305–07.
52. *Ibid.*, p. 308.
53. *Ibid.*, pp. 19, 26, 98–99, 154, 297, 301, 320.
54. *Ibid.*, pp. 47–48.
55. For an excellent and fairly recent survey of these events, see A. W. Coats, “The First Two Decades of the American Economic Association” (*American Economic Review*, September 1960), pp. 555–74. Joseph Dorfman probably offers the best general introduction to the period in *The Economic Mind in American Civilization*, Vol. III (1949), pp. 113–212.
56. Ely reproduced the prospectus in his autobiography, *Ground Under Our Feet* (1938), p. 136.
57. Dorfman, *op. cit.*, Vol. III, pp. 56–63; O’Connor, *op. cit.*, pp. 265–66.
58. Arthur Latham Perry, *Principles of Political Economy* (1891), pp. 251–52.
59. See especially Ely’s contributions to the 1886 exchanges in *Science* between the “old” and the “new” sciences of political

- economy: Ely, "Economics and Ethics," *Science* (June 11, 1886), pp. 529–33; "The Economic Discussion in *Science*," *ibid.*, (July 2, 1886), pp. 3–6 (a rejoinder to Simon Newcomb); and his reply to a negative review by N[icholas] M[urray] B[utler] of his book *The Labor Movement in America*, *ibid.* (October 29, 1886), pp. 388–89. For Ely's comments on Perry, see *Ground Under Our Feet*, pp. 127–28.
60. Charles Howard Hopkins, *The Rise of the Social Gospel in American Protestantism, 1865–1915* (1940), p. 25.
  61. George N. Boardman, "Political Economy and the Christian Ministry," *Bibliotheca Sacra* (January 1866), pp. 73–107; Hopkins, *ibid.*
  62. The best survey of this literature with which I am familiar, covering both the social gospel and the "new" political economy, is that of Sidney Fine, *Laissez Faire and the General-Welfare State: A Study of Conflict in American Thought, 1865–1901* (1956), pp. 167–251.
  63. May, *op. cit.*, pp. 15, 16, 91, 111, 141.
  64. John Rutherford Everett, *Religion in Economics* (1946), pp. 143–44.
  65. *Ibid.*, Vol. II, pp. 758–67. Dorfman's treatment of the slavery issue should be compared with Wayland's *Elements of Moral Science*, pp. 206–16. Dorfman accords John McVickar, the other leading clerical economist of this period, a similar treatment: *Ibid.*, pp. 515–22, 713–20.
  66. Wayland, *The Elements of Moral Science*, pp. 390–95.
  67. O'Connor, *op. cit.*, pp. 277–89.
  68. *Ibid.*, p. 289.
  69. The phrase is from John C. Bennett's lecture on "Reaganethics," reprinted in *Christianity and Crisis* (December 14, 1981), p. 340.

## Comment

### Martin E. Marty

Three-fourths of Paul Heyne's paper is devoted to Francis Wayland's *The Elements of Political Economy*. This apportioning of energies is extremely attractive to an historian of American religion, an event that delights the eyes of someone who too regularly sees people like Wayland left in the obscurity of the American sub-basement. Heyne does justice to the achievement and the limits of Wayland. The book was enormously influential and carefully reasoned, and here it is accurately summarized and reasonably commented upon.

There is little point in my dwelling on Wayland's book or Heyne's account of it. He uses Wayland chiefly to show that once upon a time there was such a thing as respectable clerical *laissez-faire* argument— or almost *laissez-faire*, for Wayland qualified his approach, as Heyne himself notes. I take it that Heyne is less interested in saying, "read Wayland," or "believe Wayland" as he is in saying, "imitate Wayland's intention" in the language of a new day.

We cannot go back to Wayland, as his commentator well knows. Heyne reminds us that Wayland cherished "the Scottish school." He was an heir of Scottish Common Sense Realism, a philosophical outlook that is simply not available to philosophers or economists today. From the viewpoint of thinkers across most of the spectrum today, his book would be an interesting period piece, a reminder that Wayland built a rather impressive structure on what is now a metaphysically condemned site. You might want to visit it now and then as a curiosity but you wouldn't, you couldn't live there.

For those who do wish to pick up Waylandian themes I suggest direct conversation with Professor Heyne, who has read the author more recently and with closer care than I have. Let me use an image and say that around the Wayland picture Heyne has presented a very interesting and attractive frame. I shall comment on that frame

as a stimulus to further conversation between him, his audience, his readers, and the larger community of political economists and economic politicians, theological economists and economical theologians.

### What Heyne is “really trying to do”

Heyne’s essay, I take it, is a call or four kinds of call:

1. He would like us to appreciate if not a classic, then still an exemplar of American clerical *laissez-faire*, for the sake of its own inner integrity, so that we recognize that such a school of thought existed, and that we might take lessons from the author’s intention. This point is fairly easily made, taken up, and followed if we have the will to follow.

With this first part of his call Heyne does not try anything overly ambitious. That is, he does not commend Wayland as intrinsically awesome, as a classic. The author was a talent, not a genius. We have to decide to read it; we can be kept from it. We cannot, if we have passions in this field, be kept from the works of genius, no matter from what direction they come. Adam Smith and Karl Marx will attract friend and foe for centuries to come. After this conference Wayland will be back in the Old Curiosity Shop, having served our present purposes and merited our thanks.

2. Heyne would use the occasion to point to the dangers of theological economics and economic theology. “Theological economics or economic theology seems to possess a powerful capacity for turning conjectures into convictions and for making the rejection of favoured hypotheses seem like moral cowardice.” He continues his attack on this approach for its failure to be empirical and for the temptation it brings for people on all sides to attack the motives of others. I agree with his criticism of the tendencies when the theology and economics are brought together, but shall try to show that when one gets near the zone where theology and economics meet—and there manifestly is such a zone!—“theological economics or economic theology” is inevitable. What we must do is not dismiss it but improve the rules of the game, and play by them.
3. Heyne concludes by calling for fairness on the part of a reader-



ship that approaches or should approach a twentieth century work on the elements of political economy, George Gilder's, *Wealth and Poverty*. This book is, as he says, an attempt "to examine some of the relationships between economic behaviour and religious beliefs." For some reason, however, Heyne does not go on to give us the gist or heart of Gilder. Whoever has read it will know that it is, is not ashamed of being, and aggressively purports to be a work of theological economics and economic theology. Gilder undertakes a work there that, had he been a genius and written a classic, would stand for the ages. He sets out to show that the risk inherent in capitalist ventures is a form of altruism. Therefore it is in the zone of religious sentiment and motivation. Gilder says that capitalism as he describes it is a work of faith and it demands a faith.

It is beyond my scope to say that Gilder possesses "a powerful capacity for turning conjectures into convictions and for making the rejection of favoured hypotheses seem like moral cowardice." It is within my scope to say that his genre definitely falls into the "theology—plus—economics" zone and deserves careful reading on those terms. Heyne could have chosen any number of cooler, more dispassionate, more analytical works to illustrate the idea that there can be "attempts to examine some of the relationships between economic behavior and religious beliefs."

4. It may seem condescending, even infuriating, to an author to be told what he or she is "really doing," but I mean no condescension and I hope not to infuriate Heyne by saying that what the open and close of his essay shows him "really to be doing" in his framing and framework is to ask for equal time. His quotation of James V. Schall on the first page and his reference to the treatment or mistreatment of George Gilder on the last, along with his helpful analysis of the limits of progressive or Social Gospel liberalism as theological economics make clear that what bothers him is the onesidedness of so much religious inquiry and advocacy in the field of modern economic theory.

This observation, which I hope is sustainable in the eyes and minds of other readers and which I hope will convince Paul Heyne in response, leads to the main points of my own reaction. The pur-

pose of responses of my sort, I always assume, is to draw out the author of the original essay rather than to state a counter-thesis that obscures his. To draw him out, then, I would be explicit: “Professor Heyne, are you now, or have you ever been, an advocate of ‘equal time’ and ‘fairness’ in theological economics or economic theology—or do you really mean that the interdisciplinary field itself is so full of hazards that it should be eliminated?”

### **Can there be genuine dialogue in “theological economics”?**

If the latter, to draw him out further, I would say I disagree. It is possible to sustain debate about economics, social thought, republican polity, and civil life without engaging at all points in what Albert Cleage has called “religiocification.” Not all talk about economics has to express “ultimate concern,” or have ritual and mytho-symbolic value, supported by metaphysical sanctions and implying sustained behavioural correlates. (That sentence is intended to include some of the elements of definition of “religion,” the interpretation of which would be “theology.”) I would resent as much as does Heyne the imperial definitions of religion that let nothing be non-religion, or of theology that allows for no non-theological zones.

At the same time, there *are* theological and quasitheological motifs in Adam Smith and Karl Marx and the many heirs of both. They make assumptions about the most profound elements of human nature and about the right use of property. Both Smith and Marx, moreover, are philosophers of history—they treat the future as if it had already occurred, for which one needs some revelation or metaphysical speculation—and thus tread dangerously close to the explicit theological economists and economic theologians.

The economic debates of our day do fall into a field that the late Father John Courtney Murray so well described in *We Hold These Truths* (New York: Sheed and Ward, 1960, p. 15): “As we discourse on public affairs, on the affairs of the commonwealth, and particularly on the problem of consensus, we inevitably have to move upward, as it were, into realms of some theoretical generality—into metaphysics, ethics, theology.” Murray continues ruefully, with a line that Heyne could have written: “This movement does not carry us into disagreement; for disagreement is not an easy thing to reach. Rather, we move into confusion. Among us there is

a plurality of universes of discourse. These universes are incommensurable.” In the confusion, “one does not know what the other is talking about. One may distrust what the other is driving at.” I take it that the purpose of the present conference and inquiry is to help us gain enough commensurability to be able to have a universe of discourse, and to move from confusion to disagreement.

How did we come to our present incommensurabilities of discourse, our distanced universes of meaning? We might accuse each other of bad faith, as some proponents of “democratic capitalism” and “democratic socialism” are wont to do. It is not hard to observe that theologians do tend to blow with the wind if it comes from a strong enough *Zeitgeist*. With Nietzsche, we can criticize them for “thinking what the day thought,” for sidling up to power and the powers that be. This is what the founders of “the Scottish school” did when *laissez-faire* thought was being shaped in the eighteenth century. The early “Christian Socialists,” F. D. Maurice and J. Malcolm Ludlow, tried to socialize the Christian order in an age when secular-minded folk like Robert Owen and Karl Marx were socializing without Christianity.

### Unanimity

Somewhat later, in the era of Social Darwinism, (a neo-Lamarckian secularization of some Calvinist capitalist drives), almost the entire Protestant clerical establishment wrote or preached in defence of *post-clerical laissez-faire*. Richard Hofstadter’s durable monograph, *Social Darwinism in American Thought* (Philadelphia: University of Pennsylvania Press, 1944) is eloquent testimony to the theologians’ virtual unanimity. Then the wind blew from another direction, and the men to whom Heyne refers critically—Richard T. Ely, Washington Gladden, W. D. P. Bliss, George Herron (he should have mentioned Walter Rauschenbusch) wanted to *Christianize the Social Order* on progressivist, mildly socialist lines of thought then current.

They failed. In 1901 Herron had prophesied: “now is the time of Socialist salvation, if we are great enough to respond to the greatness of our opportunity.” In 1925 he mourned, “I really believed . . . that America would . . . become a Messianic nation . . . in which there would be a new human order that would be at least an approach to the kingdom of heaven. . . .” But it had turned into the

kingdom of hell. The Age of Normalcy hardly lasted long enough for theologians to retool after the demise of the Social Gospel. But for the next fifty years most Catholic and Protestant theological economists and economic theologians were devotees of some form of welfare-minded, liberal, New-Deal progressivism. A few were socialist.

Today that epoch is over, or its assumptions are being qualified and new economic thinkers are in power in government, supported by a new generation of qualified advocates of “clerical *laissez-faire*.” This is a game that is played by innings, and a new team is at bat. At such a moment it is easy to question the assumptions of thinkers in the previous era, easier than to examine those of the school now in vogue. Heyne’s essay provides an opportunity for doing both.

Rather than see theological economics or economic theology as illegitimate, it might be more advisable to ask in what ways it is legitimate and to engage in criticism of the assumptions and proposals of those who work in that discipline or interdisciplinary zone. We have no right to expect it to be merely critical, always judgmental. At least in the Jewish and Christian orbits, there are calls for support of political and economic order. God works through human structures and while humans are not to presume that they perfectly represent the mysterious divine will, they are, in Abraham Lincoln’s terms, called upon to seek to discern it so far as they are able and humbly to follow it, never claiming that they thus become God or gods or arrogate to themselves divine attributes like omniscience.

### **Exclusion**

At the same time, theological economics and economic theology does and should have a constant critical focus. God, the believer must presume, got along for aeons without either broad set of economic systems that for the past two centuries have been coded under the terms “capitalist” or “socialist.” Presumably God can outlast them, world without end, Amen. He that sitteth in the heavens shall laugh at clerical *laissez-faire* supporters of princes and liberation theologian advocates of pretenders who claim to know exactly what God would do were God also in possession of economic facts. Under the conspectus of eternity, it is possible for advocates of both sides, or I would prefer to say—shunning the

tyranny of possibly false and certainly confining alternatives—advocates of many, or all sides, to have sufficient identification with current economic theories to be responsible and to keep sufficient distance that they might preserve theonomous notes and a “Protestant principle” of prophetic protest. Or, more modestly, a critical principle.

James V. Schall complains that Catholicism had not developed rationales for the American system with its support of “justice, rights, growth, aid to the poor, quality of life, ownership, dignity of work, and widespread distribution.” He might have noted that until a score of years ago Roman Catholics, excluded largely from the public academic dialogue and self-excluded by theological inhibition, were not producing “original thinking” on other subjects. Orestes Brownson, Isaac Hecker, Bishop John Carroll, James Cardinal Gibbons, Monsignor John Ryan—these were eloquent publicists and activists of talent in a church and state that allowed no room for genius to develop. Catholic social thinkers, we remind ourselves, were also not using the American grist to turn out socialist theological economics and economic theology.

We also lack a great Protestant tradition in this field. Wayland is an interesting figure in a gallery but no candidate for a pantheon, nor are Richard Ely and the Social Gospel thinkers. Reinhold Niebuhr, who is claimed for different reasons by both sides, or many sides, today provides some sort of a model and he bears reexamination as advocates of “clerical *laissez faire*,” “liberation theology,” and “democratic capitalism” or “democratic socialism” line up their pins and positions. Not always aware of his own presuppositions, capable of possessing “a powerful capacity for turning conjectures into convictions and for making the rejection of favored hypotheses seem like moral cowardice,” and falling victim to ideologies of what his day thought, he did have some assets we still can use. He was aware that he had unexamined assumptions, provided tools for examining those of which he was aware, and had a theological vantage that allowed for the transcendent note both to energize responsible participation and to help analysts withhold consent and remain critics. He brought to the field a sense of irony from which Francis Wayland could have profited and from which Paul Heyne, Martin E. Marty, and, presumably, the other conferees can still learn.

**Reply****Paul Heyne**

Professor Marty poses the question: Am I calling for “equal time” and “fairness” in theological economics? Or am I urging abandonment of this interdisciplinary field on the grounds that it is too full of hazards to be cultivated safely?

I certainly believe in fairness; but I don't at all believe that fairness requires equal time for all points of view. As for interdisciplinary talk, I am increasingly inclined toward Frank Knight's suspicion that most interdisciplinary work represents a cross-sterilization of the disciplines. Nonetheless, here we are, engaging in interdisciplinary inquiry. I can hardly intend to reject my own efforts. Let me therefore try to state more clearly what I failed to make clear in my paper. What I learned in the course of preparing it seems, upon reflection, to have changed my underlying attitude toward theological economics.

I am *not* recommending that we imitate Wayland's intention in the language of a new day. I rather want to say: “*Abandon* Wayland's intention. Do not use theological arguments to support, in debate, a social analysis.” Why not? Because, as the case of Wayland illustrates, the use of theological arguments to support a social analysis is counter-productive.

To begin with, it hardens one's social analysis and renders it less open to correction.

Secondly, it fosters alliances, and alliances subvert collegiality. A genuine colleague will tell you exactly where she thinks you're wrong. An ally is less interested in the truth of the matter at hand than in preservation of the alliance, or the overall system, against attacks.

Thirdly, it needlessly and prematurely excommunicates those who disagree. Excommunication is inevitable in communities of inquiry if they are to become and remain effective. But excommunica-

tion is an unavoidable evil, not an outcome to be sought or hastened through the employment of theological argument.

Fourthly, theological arguments used in this way never persuade any of those to whom the arguments are directed. When the opinions of economists shifted in the 1880s, no religiously-oriented advocate of increased state activity paid a moment's attention to Wayland's theology. Contemporary scholars who are out of sympathy with Wayland's economic analysis and policy proposals refer to his theology only to caricature or ridicule his position.

### Hidden theology

On the other hand, I do not want to be placed among the advocates of a purely "positive" economics.

I believe that any economics which purports to be relevant to policy-making contains a hidden (sometimes not even well-hidden) theology.

I also believe that experts should not be trusted completely: that medical doctors can be too obsessed with physiology to recognize health, that economic doctors too easily forget how little is really settled by their cost-benefit analyses, and that systematic theologians are often more eager to be systematic than theonomous. A man's best friend is too often his dogma.

And I suspect that interdisciplinary inquiry is potentially useful, but only when carried on among friends or genuine colleagues. Areas of overlap or meta-disciplinary questions can probably be explored fruitfully only between people who trust each other, who are trying to understand and improve understanding—not between people interested primarily in gaining acceptance for their own positions.

I would certainly like to take back or revise my concluding references to George Gilder. What I wanted to say is that *Wealth and Poverty* is theological economics and theological economics of substantial merit, as merit is usually measured. The author writes well, has done considerable research, and has attracted a great deal of attention to his arguments. Nevertheless, the religious press has largely ignored the book, and theological critics of capitalism have not responded to his arguments save with jibes and caricature. Isn't this evidence that theological economics promotes polarization, not dialogue or enhanced understanding?

Might it be, however, as Marty suggests, that we just haven't perfected the rules of the game? Perhaps. But when I look at what emerges from the game, I think we would be better off to abandon it. I draw a rather different lesson than does Marty from the career of Reinhold Niebuhr. Those who quote Niebuhr to support their positions seem to me to show thereby that they have missed the point. Niebuhr's sense of irony, ambiguity, and human capability mixed with incapacity are useful when applied to one's own views, but lose their point when employed in argument or when turned into a system of thought (a Niebuhrean *theology*) with which to capture or defend intellectual terrain. I recommend a careful reading of the exchange between Niebuhr and Kenneth Boulding, appended to Boulding's contribution to the Council of Churches' series on Ethics and Economic Life, *The Organizational Revolution*. It shows, I believe, that when Niebuhr distilled his insights into a "theology" for use in debate, he too tended to obscure the issues.

### Value judgements

And of course, so does Heyne when he distills his conclusions into four points. But four is at least better than two, as eight would be better than four. The larger number will be more adequate and less polarizing. I think we are too eager to reduce complex, multi-faceted issues to a single question. "It all comes down to this." It probably doesn't; but even if it did, would we know how to test or assess the Big Issue? "Does the competitive economy tend to destroy itself?" That's certainly a Big Picture Question. It's probably also an unanswerable question. Useful discussions take up manageable issues, so that the conversation can focus and the participants can begin to learn from each other. A dialogue on "tendencies of the market economy" will become two monologues. Genuine dialogue requires less ambitious questions, such as "What are the causes and consequences of conglomerate mergers?" (Is that too small a question for theological economics? Are manageable questions perhaps beneath the dignity of theology?)

But what about those "hidden theologies" which I think every serious economic theory harbours? (Hidden agendas would be a less antagonizing term for those who don't agree that economic theory contains any theology.) Isn't it better that the hidden theology be explicit rather than implicit? It may be. The trouble is that



not everyone who wants to explicate a hidden theology can do it effectively. Two sorts of people in particular are so bad at articulating hidden theologies that they should never foist their work upon others.

The holder of the theology is one. Gunnar Myrdal has become notorious for insisting that value judgements underlie all economic inquiry and that these judgements should be confessed before the economist begins his exposition. The trouble is that Myrdal's confessions become boring before they become revealing. Should we hope for anything else? We don't expect candor from the person who begins, "Let me be candid with you."

The other inept explicator of a hidden theology will be someone who wholly rejects the analysis in question, and consequently wants to *expose* the hidden theology so that its revealed absurdity will condemn the structure allegedly based upon it.

Perhaps theological economics is inevitable, as Marty says. I will continue to wonder whether that calls for us to improve the rules of the game or to make confession of our invincible arrogance.

## Discussion

**Edited by: Irving Hexham**

**Anthony Waterman:** Though I am not an authority on Margaret Thatcher's thought, I don't think it necessary to prove that she read Malthus in order to be able to assert that she and her colleagues may well have been influenced by this particular tradition. Keynes has some famous, and oft quoted words in the last chapter of the *General Theory*, about politicians and people in authority being slaves of some defunct economist.

Whether we realize it or not, we say and do things which were first thought by Aristotle or somebody long before him. The climate of opinion, the sorts of things which we grow up with and take for granted, are created by all kinds of people in the past, whose existence we are not aware of.

The purpose of my paper is to bring into the open one putative set of influences upon the political thought of modern Christian conservatives. It could well be that a lot of people who call themselves Christian conservatives are more influenced by secular, agnostic, humanistic liberalism than they are by Christian Political Economy. But certainly in England, in the Tory Party, and in the case of Mrs. Thatcher, there is a large element in that tradition which is not in the least bit influenced by, or even sympathetic to, the so-called "liberal conservative" tradition that Stephen Tonsor was talking about. To illustrate my point, I want to remind you of one very important difference between the Tory conservative, which Mrs. Thatcher unashamedly is, and the "liberal conservative" of the secular, agnostic kind. It's almost an axiom of the latter that there should be a clear *separation* between church and state. But Christian conservatives, of the Tory kind, believe that there should be a *union* of church and state.

The episode of so-called Christian Political Economy is the first instance in modern, post-agrarian times, of an attempt to construct a Christian social theory which is formed by the latest, or what were the latest, scientific insights about the nature of a society itself. I am not going to pretend that it isn't open to all kinds of criticism. But I do want to suggest that since that time, in the development of Christian thought, there has been no comparable school. There has not been a school which has had such a firmly social-scientific underpinning in addition to theological insight. Why was it that in the 1830s virtually every influential Christian thinker in Britain belonged to this school, but by the middle of the century it had ceased to command the attention and respect of the British intelligentsia?

I have a hunch, based on Phyllis Dean's argument, that Christian political economy, and the *laissez-faire* approach to social policy which it sanctioned, was or seemed to be appropriate in the early part of the nineteenth century. This is because by focusing attention upon equilibrium outcomes, it drew people's attention to the fact that at equilibrium under competitive conditions the market

economy maximizes welfare, subject to all the usual assumptions. Every economist now knows that the welfare predictions of economic theory are not relevant to disequilibrium. In the 1840s and 1850s, however, there were serious disturbances to equilibrium, and Christians, despite their *laissez-faire* principles, found themselves compelled to support intervention.

The basic point is this: a “market economy” type of Christian political thought may be shown to be appropriate to a society in which economic magnitudes are at or near the equilibrium values. It may not be at all appropriate when these magnitudes depart widely from their equilibrium values, because we have to live in the transition.

**Paul Heyne:** I have tentatively concluded that interdisciplinary inquiry should only be carried on among friends. (laughter) I am very serious about that. Higher questions can only be explored fruitfully between people who trust each other. To illustrate: Marty says he would like to see this group explore the question, “Why has this movement to the left occurred?” I am fearful of this group’s taking that up, because we disagree so profoundly on whether it’s a good or a bad thing. The question “why” can be discussed among people, all of whom agree it’s a good thing, or all of whom agree it’s a bad thing. But when you get people who believe that the church’s movement to the left is a disaster, talking to people who think that it is fidelity to the gospel, dialogue does not occur.

Finally about Reinhold Niebuhr. I concluded from what I learned from him that anybody who quotes Reinhold Niebuhr has missed the point. (laughter) Reinhold Niebuhr taught the importance of irony, ambiguity, humour, the inescapability of conflict, the existence of contradictions between capability and incapacity. But when you have turned Reinhold Niebuhr into a club with which to beat somebody down, or a weapon with which to seize or hold some territory, I really think you’ve missed the point.

**Martin Marty:** A little story may condense my point. The Rabbi of Chelm is finishing his sermon toward sundown before the Sabbath. *Children distract him under the window.* He says, “Quick, run down to the river. There is a great dragon there. Great plates like bronze are on his sides, under which is puss, and when he breathes, the earth quakes, and inhales the river dry.

And the children think—the Rabbi told us, so they go running down to the river. And the town empties out, so the parents follow the children. And now the Rabbi is left alone in the town and it is kind of eerie and quiet, and the sun is almost setting; so he grabs his hat and runs down to the river and says, “Well, you know I only made it up, but then you never know.” (laughter)

**Jim Sadowsky:** I just want to come to the rescue of what my good friend, Jim Sadowsky (laughter), for whom I have boundless admiration (more laughter), said. To my knowledge he does not engage in theological economics except perhaps in the sense that everybody does anyway. I have to plead innocent to that.

I want to say a word about Anthony Waterman’s analysis. The question has been raised: “Why, given the alleged disequilibria in economic situations, did some people start to support interventionism?” First of all there is a problem of talking about disequilibrium. When is the economy not in a state of disequilibrium? Equilibrium is an imaginative state, like a frictionless body, it can never be arrived at. The long lasting unemployment situation in the 1920s and 1930s, was the result of government intervention in support of the trade union movement and its unwillingness to deal with the excessive wage rates that were making so many people unemployable for so long a period of time.

The situation could hardly have obtained had the government not been inflexibly supporting higher than equilibrium wage rates. Surely it’s very difficult in the absence of government interference to have inflexible wage rates for a very long period; hence involuntary unemployment cannot last for a long period of time in a free market.

**P. J. Hill:** I don’t see the very clear connection between much of Christian political economy and Margaret Thatcher’s position. The connection that Anthony Waterman makes between Thatcher’s views about the imperfectibility of man and the position of Malthus about God ordaining misery seems unclear to me.

To argue that man is imperfectible does not necessarily mean that God has ordained poverty. Anthony Waterman argues that, “Though poverty and inequality entails some genuine suffering to be accounted for by the fall, they may therefore for the most part be regarded as a deliberate contrivance by a benevolent God for bring-

ing out the best in his children, and so training for the life to come.’’

The fact that Margaret Thatcher says man isn’t perfect, and has imperfect institutions, doesn’t seem necessarily to lead to the conclusion that God finds poverty pleasing or that it is necessarily ordained by Him.

**Susan Feigenbaum:** Professor Waterman argues that the growing efficiency of government enhances intervention. I find the causal relationship between government efficiency and government size to be problematic. If we look at the work of Jim Buchanan and others who discuss public choice theory we find that government bureaucracy and *inefficiency* lead to expansion of government. In fact it’s the extension of political franchises and the impact of interest groups on the political system that leads to growing government intervention.

The argument that if there are economies of scale in government, they will be exploited, and hence government will grow, is problematic. It is certainly the case that in a *laissez-faire* economy, for-profit enterprises would exploit such economies.

However, I am not sure why we would expect, even if there were economies of scale in government, that there is any behavioural or institutional mechanism that would lead it to grow and exploit such economies.

**Imad Ahmad:** Paul Heyne’s arguments show the danger of theological arguments about economies. But I’m not persuaded that they necessarily prohibit such arguments.

He says that theological arguments harden analyses. They often do. But I don’t see that they necessarily have to. Hardening of arguments seems to be more a reflection of people’s attitudes. If we take theological premises, and try to find what economic conclusions they lead to we have two choices: either to find the flaw in the reasoning or to show that the premises are incorrect.

There is a danger that if people disagree about reasoning, they will challenge arguments on theological premises when they are not really involved.

Heyne also says that theological arguments foster alliances. That’s true but then so do economic discussions. People have their economic prejudices just as they have their theological biases. I’m not sure that theological alliances are necessarily as dangerous as he

thinks. What theological alliances may do is cause people to give one another the respectful hearing that in the absence of common theological premises they would not be prepared to do.

Thirdly, Heyne says theological economics excommunicates those who disagree. That's certainly true. We also see it in theological physics. Whenever someone wants to maintain that their theology has implications for our view of the physical world, the Galileos get excommunicated. But why is it necessary to excommunicate someone who comes to a theologically incorrect conclusion?

Fourth, in the case of Islam different schools of thought have developed from common theological premises and they led to conclusions that affected various spheres of life. If the same is not true in Christianity, maybe that theology really doesn't have anything to say about economics.

Finally, consider Heyne's point that economic positions reflect hidden theological premises. I think it is important that theological premises be out in the open, and that people see what influences a person's reasoning rather than that their assumptions remain hidden.

**Ronald Preston:** There was, in fact, a collapse of the Christian social tradition which began at the end of the seventeenth century. It only revived again in the middle of the nineteenth century. It collapsed because it came from a time when the independence of various disciplines from theological control had not been achieved. When Christian social thought began to recover either it referred back to the old tradition and still didn't come to terms with what one might call the autonomy of economics or it made the autonomy too absolute.

I don't think that clerical *laissez-faire* collapsed after the 1830s. It didn't add anything new after that, but it really triumphed. It was the orthodoxy of large numbers of Christian people all through the middle of the nineteenth century.

All the issues of public and social policy go beyond the purely scientific. It's absolutely essential, therefore, that some kind of continued reflection takes place between theologians and economists.

**Stephen Tonsor:** I would like to suggest that the disappearance of equilibrium theory in economics is a part of the general collapse of equilibrium theories: in cosmology, in biology, in landscape archi-

ture, in physical chemistry, etc. Equilibrium theory as a set of ideas has had its ups and downs. We're currently seeing a resurgence of anti-equilibrium theory in intellectual thought generally.

This is a part of a larger movement in Western thought which has emphasized since the beginning of the nineteenth century, conflict, catastrophe, changes, revolution, class conflict, national conflict, and the survival of the fittest. All of these are a part of a general attack upon equilibrium theory. This discussion must therefore be seen in a larger perspective rather than simply as something which is happening only in economics.

Secondly, Mrs. Thatcher's conservatism is radically different from the conservatism of Edward Heath, Harold MacMillan, Stanley Baldwin, etc., and the British conservative tradition which believed in state intervention. Nineteenth century British conservatism believed that the state had moral purposes and objectives. This radical shift in the British conservative movement is well documented. There are still old conservatives in England but they feel quite estranged from the "Thatcherite" government of the new conservatives.

Finally, Margaret Thatcher is urging that religious and moral ideas be taught in schools. This is a position which has been supported by liberal conservatives since de Toqueville's day. De Toqueville believed that religion was absolutely essential for the survival of democracy. I have no doubt that if de Tocqueville were around today he would advocate prayers in the public schools of the United States. He would support prayer in school even though he believed in disestablishment. There is no incompatibility in being a "Thatcherite" liberal conservative and supporting public religion. Such support for religion doesn't make her an old fashioned conservative.

**Marilyn Friedman:** When Heyne says that any economics relevant to policy-making contains a hidden theology, I assume he is using the word "theology" in a very broad sense to mean something like "value framework."

My question is: Are the theologies we normally associate with religions more dogmatic and intolerant than those theologies which don't derive their moral concepts from typically religious concepts?

**Paul Heyne:** Ahmad said, "Isn't it better that the theology hidden in

economics be explicit rather than implicit?" I reply. "Yes, but be careful." The trouble is, there are two types of people who are no good at making their hidden theology explicit. One is the economist himself. Gunnar Myrdal illustrates this. He painfully and tediously tries to lay out all his value presuppositions and bores you to death before he reveals anything significant. He approaches his topic with all those vague values such as the dignity of the human person. But the real value assumptions that are informing him are not revealed.

The other person who's no good at revealing your hidden theology is an enemy. He's going to do it in order to show the absurdity of the structure you have erected. That is why I talked about friendly critics.

Perhaps Malthus and his contemporaries represented a group of theologians and social scientists who were friends rather than just allies. But here is a contrast. American economists of that same historical period who were clerical supporters of free markets did not form any kind of scientific community. They weren't professional enough as economists. Maybe they weren't professional theologians either. There is no evidence that they engaged in any kind of critical dialogue with one another.

In answer to Marilyn Friedman's point: the kind of theology I am talking about is whatever ultimately informs a person.

People who stand within a more orthodox theological tradition have a better opportunity to dialogue productively. They are more likely to have a community of colleagues who can criticize one another in a scholarly manner. The kind of vague theology where you appeal to something that you've vaguely apprehended which you call God is the kind of theology that's least likely to be subject to or accept criticism.

**Marilyn Friedman:** Do you think that people who derive their moral concepts from what are standardly called, "religions," that have some concept of the ultimate ground of all-being, perfection and so on, are worse in regard to those points you mention—hardening social analysis, and so on?

**Paul Heyne:** What I am trying to say is they are better. Because they are more likely to be sitting among a group of friends and colleagues who will criticize them and prevent them from running and finding God in anything they read such as this morning's editorial page. (laughter)



**Richard Neuhaus:** The four cautions that Paul Heyne gives for robust skepticism with respect to theological economics are well taken and very important.

Oscar Cullmann, the great New Testament scholar shortly before his death made a well-known appeal to end what he called “generic theologies”—i.e. theology of sex, theology of society, theology of economics, theology of etc. He said that theology should get back to its proper business: how we relate to that reality we call God.

I think the cautions Heyne raises apply to “generic theologies.” Some of us see economic discussion as a fourth level discussion. The main discussion is theological, the second is cultural, the third political, and only then do we discuss economics. Economic questions come in terms of what kind of economic system, or systems, or approach or bias, or whatever, is supportive of those political, cultural and theological assumptions.

This is doing economics by implication. It is economics as an ancillary reflection. I suspect that within religious communities today how scholars view economics is a very significant divide.

**Robert Benne:** The papers here illustrate how embarrassing it can be for theologians to claim to have identified what God wills in the world, the laws of motion, history, and so on. If that’s what is meant by theological economics, it’s probably a good thing that we don’t engage in it anymore. Niebuhr had a very good instinct for the common ground by which one could begin to talk about theology in relation to economics, or political science. Niebuhr’s strength was that he developed a doctrine of human nature or anthropology that was persuasive to people who had very different religious frameworks, and to some who had no religious framework at all.

Niebuhr did not do theological economics nor did he do theological politics. That’s why he was so influential. He didn’t claim to have discovered the laws of motion, of history, or God’s will, or what God is doing in the world. By focusing the discussion on more penultimate questions about common human knowledge and experience we produce an approach to the interrelation of theology and economics which is much richer.

**Bob Goudzwaard:** Waterman’s paper points to the interesting debate between Godwin and Malthus about the perfectability of man. I would like to use that debate in relation to the question about the decline of Christian political economy.

Waterman talks about the presuppositions of Malthus. Here an element of scarcity enters: “Scarcity caused by the principle of population, in fact does bring into existence those very institutions—private property, marriage, base labour, estate—to which Godwin describes human misery.”

There is in those institutions, which are essential to an extensive working of the free market economy, an ambiguity because they can be seen to be caused by the existence of scarcity. They can also be seen to overcome scarcity. So the question is how far this system of political economy is destroying its own underpinnings.

Perhaps I can relate this to questions about theology in economics. One of my problems with the discussion of the presuppositions of economics is that it usually starts from the scarcity concept. Therefore it can only define economic objects as objects of use needed to overcome a power of scarcity. The other element, which you find in Aristotle and the Bible is an element of care.

The decline of Christian political economy may have to do with the image of man. It is very clear that Malthus is convinced about the imperfectability of man. Belief in the sinfulness of man is something which leads to a consistent theory in conservative political and economic thought. If you have the idea that sinfulness leads to the accumulation of power, then state intervention should be kept to a minimum.

But if in economic life there is a market institution through which self-interest brings about the well-being of the whole, then you have a system in which you can deal with the general presupposition of human sinfulness. This leads to a belief in minimum state intervention because the market economy restrains sinfulness.

Now, if in reality, the market economy leads to mass production and a decline of competition, and human sinfulness renews itself in the marketplace, then the consistency of the whole theory collapses.

I think that is one of the main reasons for the decline of the so-called Christian political economy.

**John Yoder:** The problem is misdefined when Paul Heyne makes the possibility of reasonable discussion a matter of theology and economics. I think it is a problem of civility in discourse which applies in all disciplines. The fundamental question is whether you can, in any dialogue, process the other person’s position by giving

some kind of benefit of the doubt to its integrity and frame of reference. The alternative is to say that the only way to converse is to impose my frame of reference on you, and then it's obviously only to show how silly you are.

What we are talking about is a general question of method in inter-system clashes. This question is quite independent of which discipline we are in. It also applies within each discipline. It's only a little more messy when we are between disciplines.

Now let us get back to the explanation for the waning of the American and the English schools of Christian economics. Waterman suggested that there were social emergencies that obviously required intervention even in the minds of *laissez-faire* theorists and that these crises caused the theories to fall apart. Finally, he uses the Norman thesis of intellectual infiltration as an explanation. I'm not convinced that any of these explanations fits the evidence.

**Martin Marty:** I would like to comment on the issue of who listens, which Paul Heyne raised. If you pose this question across the line of disciplines, there is not a lot of listening. When I joined a divinity faculty at a university, people said that's strange; you'll be irrelevant to the other disciplines. For a year or two that bothered me. Then I realized that all disciplines seemed irrelevant to each other. (laughter)

I would argue that the importance of hearing is the tie to subcultures which have political potency. This is where the theological economist of left or right or whatever has a certain political potency. You might call it a "trickle down" theory because I'm not sure that the people who make their moves know they're making the moves in the light of the academic experts who devise them.

Some years ago *Newsweek* polled adult American Roman Catholics and found that only 4 per cent were conscious of ever having made a decision in light of what their bishops said. And yet I would argue that more than 4 per cent have done so, because it's mediated through the priest, the religious, popular kinds of literature and so on.

People have to make certain moves. At a certain moment in the 1830s, 1840s, or 1850s, evidently people felt that the patterns we have described in these papers no longer worked. There were no potentials in the economic order. They needed people who could

wield and transform certain symbols to give them both a sense of continuity with the tradition and a sense of innovation.

In American Protestantism, Lyman Beecher, in the Wayland era, had a very static view of the economy. He basically preached that the rich should be very self-conscious about the temptations of being rich, and the poor should have contentment with their poverty. His son, Henry Ward Beecher, in a time of an expanding middle class, ministered to the sons and daughters of the once poor who had to make a move into the middle class. To legitimate this move he used the same symbols; heaven, hell, Jesus, God, Holy Spirit, Kingdom, as his father, but in a very different context.

I would argue that this goes on today. Robert Schuller's power as a mediator of psychological theories is to teach people who didn't have it self-esteem. He advocates that they should use self-esteem as an instrument toward economic prosperity. And it works. I think it empirically verifiable that the theology of Norman Vincent Peale and Robert Schuller works if you're in an economic group that has a certain potential.

The current U.S. administration welcomes the fact that there are both pop clerics on television and "new class" clerics in the academy who legitimate some of the moves the public feels it has to make. It feels that the old system, call it the Roosevelt New Deal of fifty years ago, isn't working and we have to try something else. People need a sense that this is latent in the symbolic pool to which they are already committed as Jews, Christians, or whatever.

These are subcultures. The whole culture isn't paying attention. But the people who already believe say, "What must I do?" I think here is where George Gilder was a trial balloon for a certain section of the culture. I don't think he's been that widely read or believed, but some people wanted a theology that would legitimate capitalism as altruism instead of as competition.

On the left, Robert Heilbroner has written a script that says after business civilization collapses, America will reorganize itself economically, when somebody takes existing symbols and says this is all right.

I don't mean that it's mere ideology. I'd rather say it is normal that the public sees a new opportunity, and dares not make the complete break it demands. Professor Gellner has said that Marx would not recognize most societies that call themselves Marxist. We call ourselves Judeo-Christian, but I'm not sure "Judeo" or

Christ could recognize us as such.

However, we recognize continuities. We have to feel we're making a move in the light of our past. So we transform symbols constantly. During the Vietnamese War, American Catholic bishops and major Protestant denomination leaders said that selective conscientious objection was not incompatible with their traditions. They didn't say that tradition impells you to it. But they did say that it's a possibility. This was a move beyond the "mere pacifism" of the Mennonite, Quaker, or Church of the Brethren style.

Today's Roman Catholic bishops may be inspiring a great deal of antagonism. For them to begin to voice criticism of nuclear arms as an option within Roman Catholicism is the beginning of what will probably trickle down into a broader thing.

I think this stand is inducing everything from disdain to panic among people who realize that while the Catholic bishops may not inspire American philosophers, there is a subculture out there over whom they wield considerable, if indirect, power.

**Muhammad Abdul-Rauf:** I would like to emphasize the relationship between beliefs and lifestyle. If we consider preliterate societies in Africa or Asia, we discover that belief in magic and superstitious ideas do in fact interfere with and determine their way of living. Their belief in the spirits of the ancestors and how they influence their life, etc., all modify the way they live.

The other point is that even in highly developed societies, in recent years, there has been a flow of literature which demonstrates the relationship between theology and economics.

For example Michael Novak talks about the doctrine of the trinity in relation to democratic capitalism. He assumes the existence of three mutually autonomous institutions: the state, the economic institutions, and cultural, religious institutions. He also relates the development of economic capitalism to a belief in incarnation.

**Moderator (Walter Block):** That's a perfect point upon which to end the round table discussion. I now call upon the paper givers for a summary.

**Anthony Waterman:** The most important part of my paper was the question of why the British tradition of Christian social thought lost the allegiance of the intelligentsia in the second half of the nine-

teenth century. Granted Ronald Preston's point that it continued to persist among the public at large, it certainly lost the allegiance of the intelligentsia.

What no economist to my knowledge has yet attempted to construct is a theory of the welfare effects of the transition between one equilibrium position and another. Everybody knows that these can sometimes be serious, because sometimes it takes a long time, and a lot of human suffering, to move from one position to equilibrium to another. A coal miner in the Maritimes who's technologically unemployable will eventually become a computer programmer in Vancouver. But a lot of upset and misery may have to be borne before that new state of affairs is brought about.

Therefore I want to suggest that it is possible, in principle at least, that the difference between those here, who by and large are predisposed in favour of a free enterprise economy, and those who on the other hand are by and large predisposed against, may be merely *empirical*, and not *theoretical* at all. It could be that those who favour a competitive economy with a minimum of government interference, are those who make the empirical judgement that generally speaking the economy is at or near the equilibrium position, and that disturbances to equilibrium are sufficiently small for the painful period of readjustment to be slight, and the costs which have to be borne worth bearing. Whereas those who take the other position may be those who focus very much upon the short-run consequences of disequilibrium, and upon the human suffering, dislocation, and so forth which are involved.

Now, if that way of thinking is correct it may be at least part of the explanation that in the 1840s and 1850s in Britain, there were such violent disturbances to competitive equilibrium that even those who were most firmly convinced of the long-term merits of the capitalist system had to concede from time to time that exceptions should be made. In the name of humanity, intervention was required even though it might preclude the eventual achievement of the welfare optimum associated with full, long period equilibrium.

One of the reasons why Christians, whether predisposed to the Right or Left, have been willing in practice to favour what seemed to be interventionist or Leftist solutions, is because all Christians are obliged to take seriously the welfare of their fellow human beings, even if that violates the canons of perfect, *laissez-faire* competitive equilibrium.

**Paul Heyne:** I have five points. First of all, I wish I'd never mentioned George Gilder. (laughter)

Secondly, perhaps John Yoder is right in saying that the problem which worries me so much is simply civility.

Third, I think that when Reinhold Niebuhr distilled his considerable insights into a concept with which to debate, he often obscured the issue.

Fourth, Bob Goudzwaard's assertion that the market economy destroys itself—that competition leads to monopoly—is very debatable. Every economist here knows how debatable it is. I would like to suggest that this is a good example of a question that should not be taken up at a high level of abstraction. Too quickly when the economists start talking about this they are pushed into questions of the autonomy of the market system. And that's almost an impossible question to talk about. It polarizes.

Finally, I want to give a partial answer to John Yoder's question: "Why, in the American scene, did the Wayland outlook decline?" I think that one important explanation is the erosion of the belief that private property was "sacred." That is to say, that it stood above government. I think I could demonstrate that this was held by a substantial body of literate, and maybe even illiterate opinion in the early nineteenth century and that this settled the issue for Americans. But that belief changed. Why it changed is itself a complex story. I think one of the reasons was the use of the courts by business entrepreneurs to trespass on private rights. Private rights got violated in the name of economic growth. When Americans thought they had to choose between economic growth and basic rights, they lost their conviction that property rights were sacred.

