

## **PART FIVE**

# **JUDAIC SOCIAL THOUGHT**



## **Chapter 10**

# **Judaism's Historical Response to Economic, Social and Political Systems**

**Ellis Rivkin**

It is pointless to ask a critically minded scholar what Judaism teaches about economic, social, and political systems.

### **The biblical beginnings**

The Jewish people had their beginnings as semi-nomads sojourning in the land of Canaan. Their society was patriarchal, and their God was pictured as an eternal patriarch who had made a covenant with the Patriarchs to care for them and preserve them. This mode of life continued under the leadership of Moses throughout the wilderness wanderings.

During the semi-nomadic stage, the Patriarchs and Moses took for granted that tribal property rights in sheep, cattle, gold, and silver were divinely sanctioned and that polygamy and concubinage were allowable. It is also evident that the Patriarchs respected the property rights of the settled peoples, and the merchants with whom they traded.

During the stage of conquest and settlement, there was transition from a semi-nomadic to an agricultural and urban society, handled by prophetic leaders such as Joshua and Samuel. With the growing complexity of Israelite society, however, the need for an effective defence against external threats exposed the inadequacy of prophetic

leadership and paved the way for the rise of monarchy. Although the United Kingdom of David and Solomon split into two kingdoms, monarchy persisted until the destruction of the Temple in 586 B.C.

Throughout this period, private ownership of land, houses, tools and personal possessions was taken for granted. For example, when Ahab confiscated the vineyard of Naboth, Elijah denounced this act as a heinous crime against God. Though Amos and Isaiah, rebuked those who ground down the poor and exploited the weak, they did not challenge the right to private property. Rather they denounced the powerful for taking away the property of others, in violation of the traditional standards of justice. No prophet ever denounced private ownership as such, or pictured the End of Days as a collective paradise. When prophets such as Isaiah envisaged the End of Days, they spoke of equity, justice, harmony, tranquillity and material abundance. But they foresaw no public ownership of land, houses or productive goods.

In the phase which followed the Babylonian exile, Jewish society was radically restructured and reorganized as a hierocratic community governed by the Aaronides, whose authority was underwritten by the Persian emperors. This hierocracy displayed many novel and interesting features. The priests owned no property, but were supported by a portion of the peasants' harvest, and by a share of the sacrifices offered by the people in public worship. The Aaronide priests built their popular support on a free peasantry. For more than two hundred years there was a flourishing and prosperous peasantry with no widespread use of slaves for agricultural purposes.

Provision was made for the welfare of the poor, orphans and widows, by setting aside corners of the field, forgotten sheafs, and gleanings for their exclusive use. Nowhere in the Pentateuch do we find the problems of the needy and the helpless solved by the collectivization of wealth, or by the expropriation of privately owned land or other possessions. The biblical record suggests that the Law accommodated itself to the economic, social, and political modes of the time.

The Law was non-Utopian. It took for granted that the poor would always be with us, and that though God promised nurturing care, His promise was conditional on absolute adherence to His laws. By contrast, the prophets pictured a Messianic age—an age in which there would be harmony among nations, collaboration between nature and humankind, equity, justice, and material well-being for all.

Thus there was in the Bible an accommodating skein of law, and a utopian skein of prophecy. The two are interwoven because both derive from the same divine source. The God who proclaimed that the poor would always be with us is the same God who will usher in a Messianic Age of abundance in which all barriers to individual fulfilment will fall. Because the source of these two skeins is the same, later Judaism wove them together in a single tapestry. Paradoxically, it was the prophetic vision which gave the people hope and courage to soldier on when the going was rough. These hopes, however unrealistic, proved to be the single most important factor in enabling the Jewish people to survive when there were no grounds for continued faith in a seemingly powerless God.

Utopian dreams were also significant because they pictured the Messianic Era as one which would be realized in this world and not beyond the grave: a fulfilment of human, not angelic, aspirations. Those who would have the good fortune to live in that age would differ from those living in Isaiah's day only in one respect: they would have committed themselves to those values which alone could sustain so idyllic an existence: justice, righteousness, compassion, and peace among nations. Individuals would then be free of the fear of hunger, nakedness, homelessness, and destructive wars. Isaiah saw the Messianic Age as one in which all human wishes would be fulfilled.

### **Individualism and universalism**

The Hebrew Bible contains two other skeins: that of individuality and that of universality. In the first chapter of Genesis, we read that God created Man in God's image and after God's likeness, "male and female created He them." God is pictured as both male and female. This Divine Being completes His/Her creation, not with crowds, not with communities of people, not with nations, but with two individuals. It was to these and their progeny that God gave dominion over all that He had created, confident that they would bring forth from the earth all of the goodness that He had built into it. God endowed the world with abundant resources ready to yield their wealth to enterprising and risk-taking individuals. God had not doomed humankind to eternal scarcity. Scarcity was a vibrant challenge, and not a tragic destiny.

Closely linked with this focus on the individual is the focus on God as Creator of the whole universe, not as Creator of a specially fa-

voured territory. God did not endow some part of the earth with less divine goodness than any other. According to the Book of Genesis, God looked upon His/Her total creation and was pleased with His/Her handiwork. Indeed, it was only after God had despaired of a global solution to the problem of human evil that He called upon Abraham to father a people to whom he promised the land of Canaan.

This people, however, was to be no ordinary people. They had a divine task to perform. This was to teach the world that there was one God, who had created the heavens and the earth, and had made humans in God's image; and that this God must be recognized if humankind was to enjoy felicity. The people of Israel were singled out to restore humankind to the trans-national, trans-racial, trans-sex, and trans-class state at the time of creation.

The Israelites thus found themselves to be an anomalous people. Their most sacred book, the Pentateuch, begins not with God choosing a people, but with God creating an individual who, being in the divine image, is an individual per se. It also tells them that God is Creator of the entire universe, and that He/She chooses a particular people and promises them a particular land only because this is God's way of dealing with human free will. And having chosen this particular people, God assigns to them the task of teaching other nations that there is one God who has stamped *every* individual with His/Her image.

That God regarded all the peoples of the earth as equally precious was expressed by Isaiah when the kingdom of Israel was destroyed by Assyria and the kingdom of Judah was expecting a similar fate. Far from threatening Israel's enemies with God's unremitting vengeance, Isaiah tells both Assyria and Egypt of God's love for them:

"In that day," Isaiah prophesied, "Israel will be the third with Egypt and Assyria, a blessing in the midst of the earth, whom the Lord of Hosts has blessed, saying, 'Blessed be Egypt my people, and Assyria the work of my hands, and Israel, my heritage.'" (Isaiah 19:24–25)

Isaiah was only echoing what Amos had proclaimed only a few years before:

"Are you not like the Ethiopians,  
O people of Israel?' Says the Lord.  
'Did I not bring up Israel from the land of Egypt,

And the Philistines from Caphtor.  
And the Syrians from Kir?" (Amos 9:7)

### **Sin and well-being**

The focus on the significance of the individual is also evident in the role that the priesthood and the system of sacrifices played in the Aaronide levels of the Pentateuch. The individual was warned of the grievous consequences of sin. Sin threatened one's well-being and it threatened the well-being of the entire people. It was, therefore, essential that the individual be fastidious in seeking expiation for his/her sins from the Aaronide priests, who would sacrifice a sin-offering and secure from God a complete atonement.

The individual was thus encouraged to take responsibility for his/her acts and to reckon with the tragic consequences that might befall the community if one was heedless and neglectful. This sense of individual responsibility was heightened by the knowledge that there was only one God, who was all-powerful, all knowing, all-virtuous and impeccably just. If one disobeyed this God's commands, there was no other to whom one might fly for protection. God was also a model of human perfection.

These skeins interweave to form a tapestry which runs throughout the Hebrew Bible. They can be found in no other literature of the ancient Near East, all of which were polytheistic and mythical. For Israel alone, a single God had created the heavens and the earth and the unique individual. This God had chosen a single person to serve His/Her purposes which would find their fulfilment in historical time. The sacred literature of Israel was unique and anomalous, historical and non-mythical. It enhanced the sense of individuality because God was an individual, and because the individual was held to account for his/her actions.

Although the Bible is shot through with contradictions, inconsistencies, and incongruities, it has embedded within it values which were bound to tip Judaism's response to economic, social, and political systems in the direction of the sanctity of property and the personal responsibility of the individual.

### **Post-exilic developments**

These values were sustained by the teachers of the two-fold Law, the written and the oral. They called themselves scribes or sages, but

they are better known to us as the Pharisees. They elevated the individual beyond even the level attained in the Aaronide system. They proclaimed that God was the personal Father of each and every individual; that He so loved each one that He revealed two Laws (a written and an oral Law) which when *internalized* opened eternal life for each soul and resurrection for each body.

Pharisaism intensified the individualistic strain within Judaism so much that the very concept of peoplehood was altered. Whereas the Pentateuch offered the righteous no escape from punishment meted out to the people as a whole for collective sins, the Pharisees promised eternal life and resurrection even if the individual were the only Law-abiding one. The individual, not the collective, gained or lost the gift of immortality.

This stress on individual responsibility and internalization of the two-fold Law had powerful consequences. Guided by reality within, the individual was immune from realities without. No external force had power over the true believer. As Josephus phrased it:

For those . . . who live in accordance with our laws, the prize is not silver or gold, no crown of wild olive or of parsley with every such mark of public distinction. No, each individual on the witness of his own conscience, confirmed by the sure testimony of God, is firmly persuaded that to those who observe the Law, and if they must need die for them, willingly meet death, God has granted a renewed existence, and in the revolution of the ages the gift of a better life. . . . I should have hesitated to write thus had not the facts made all men aware that many of our countrymen have on many occasions ere now, preferred to brave all manner of suffering rather than utter a single word against the Law. (*Against Apion* II: 218–219)

Believing Jews were able to survive every kind of hardship: impoverishment, humiliation, degradation, pogroms, and expulsion. In each instance, it was the individual, not the collective, who had to decide whether reality was to be found within, or whether it was to be found without; whether the life one was now living was the only life, or whether there was a life without end where one's soul would be allotted a holy place, and whence in the revolution of the ages it would return to find in a chaste body a new life (cf. Josephus, *The Jewish War*, II: 370–375).

The shift from this-worldly to other-worldly rewards and punish-



ments was bound to affect Judaism's response to economic, social, and political systems. The external world was a brief and transitory road to the world to come and, as such, unreal. But it was the road which each individual had to travel. It was also a winding and tortuous road with alluring by-ways which led not to salvation but to damnation. The external world might not be real, but it had to be dealt with.

The principle that underlay this teaching of the scribes and Pharisees was simple. Any system was legitimate so long as it did not block the road to eternal life and resurrection. This pragmatic approach appeared when they ruled that the payment of taxes to Caesar was allowable. A state was legitimate so long as it did not require Jews to abandon their belief in a single God or their adherence to God's two-fold Law. The scribes and Pharisees pioneered the doctrine of "two realms," the one secular and the other religious, thus allowing for a peaceful co-existence between Judaism and the Empire.

The scribes and Pharisees were no less pragmatic in their response to economic and social systems. They accepted as legitimate whatever mode of production and distribution was the norm in the host society. They did not oppose slavery, nor wage labour, nor taking interest, nor making profit as practised by their Gentile neighbours, nor did they prohibit Jews from owning slaves. They had no objection to Jews employing fellow-Jews as wage-workers so long as the workers were paid the going rate and not unjustly or harshly treated. Private property was taken for granted and protected. Inequality of wealth raised no religious problem so long as the wealth was honestly come by. Only the taking of interest from a fellow-Jew was disallowed. But even this prohibition was overcome, so far as commercial transactions were concerned, by distinguishing between "usury" and profit-sharing. As for family relations, the position of women was secured by allowing them to own property and by protecting them from casual divorce: the marriage contract provided for a substantial payment by the husband in the case of divorce.

### Medieval Judaism

The Judaism which prevailed throughout late antiquity proved to be pragmatic, supple, and adaptable. In relation to the non-Jewish world, it came to be summed up in the talmudic dictum of *dina de-malkuta dina*: in non-religious matters, the law of the kingdom is law.

In relation to the Jewish world, the scholar class of each generation had authority not only to preserve, alter or abrogate the law as transmitted, but to introduce new laws whenever necessary. It was thus possible to deal with unforeseen conditions, situations and problems with religious authority. As a consequence, dialectical reasoning was not only encouraged but highly rewarded. First, the Mishnah, then the Talmud, and finally the vast *responsa* literature became repositories of laws and models of how the laws could be adapted to solve problems in a realistic and constructive way.

Sealed off from the harsh facts of life by its focus on the world to come, the Judaism of the two-fold Law bred whatever variations the experience of differing societies, cultures, and civilizations required for survival. Encounter with the Sassanian-Zoroastrian civilization yielded the Babylonian Talmud. Encounter with the Ummayyad and the Abassid Caliphates yielded the Gaonate, the Exilarchate, and a rich collection of legal *responsa*. Encounter with the Islamic culture of Andalusia produced a Golden Age of Jewish creativity. Long settlement in Christian-feudal Europe yielded Rashi's commentary on the Talmud, and the Tosaphists' dialectical-scholastic commentaries on the Talmud and Rashi. Experience of Italian city states, eastern Europe, Russia, and the Ottoman Empire further enriched the tradition of medieval Judaism. Since the economic systems of these societies differed widely, expositors of Judaism learned to adapt the tradition without compromising its uniqueness. So long as the Jews were permitted to believe in the one God and adhere to the two-fold Law, it made little difference whether the economic system was precociously urbanized (as it was in Moslem Spain in the tenth and eleventh centuries) or overwhelmingly agrarian as in Christian-feudal Europe.

There were, however, certain enduring economic and social consequences which followed from the fact that Jews in Christian-feudal Europe were largely denied the right to hold land. Jews were compelled to earn their livelihood as merchants and moneylenders. When the capitalist system emerged in Europe, Jews were already an urbanized people, though not as yet modern capitalist entrepreneurs. Their dominant *elites* consisted not of kings, nobles, or ecclesiastics, but of legal-religious scholars and the wealthier lay members of the community. Religious learning, piety, and adherence to the two-fold Law were the attributes most prized and most rewarded. The high value placed by Judaism on learning was to prove highly beneficial when capitalism reached a knowledge-intensive stage. Aristocratic

values, especially those associated with military achievement, were inappropriate. When the capitalist system began therefore, Jews had no kings, nobles, or ecclesiastics to overthrow; though they did have to contend with religious *elites* which found themselves threatened by the critical spirit unleashed by the spread of capitalism.

During the Middle Ages, the Jews experienced sometimes generous, sometimes hostile treatment. Though a powerless minority, the Jews found themselves well-treated in Sassanian and Christian societies—despite religious and ideological differences—whenever these societies were experiencing economic growth. When economic stagnation and shrinkage occurred, however, they were harassed, murdered and sometimes expelled from those societies. Economic, social, and political collapse, with its attendant deterioration in the legal status of the Jews and its violent destructiveness, were viewed by Judaism as but trials and tribulations to be more than compensated for by the peace, tranquillity and joy of life eternal. Medieval Judaism, like medieval Christianity and Islam, was appropriate to the vicissitudes of human existence in a pre-capitalist world dominated by the interests of kings, nobles, and ecclesiastics.

### **Judaism and capitalism**

The rise of capitalism in Europe posed as great a challenge to Judaism as it did to Christianity. But Judaism and the Jewish people have had a special relation to capitalism. Not because Judaism emerged out of, or along side of, capitalism. Judaism has its origins in the ancient Near East. Its subsequent development occurred, for the most part, within the framework of pre-capitalist societies. When the first great capitalist enclaves emerged in Antwerp, Amsterdam, and London, Judaism was a religion which promised to its adherents eternal life beyond the grave, and which exhorted them to pray, fast, study, and carry out meticulously the prescriptions of the Law which God commanded. Although Jews had to earn their livelihood, their ultimate concern was with the state of the soul, not the state of the body. Judaism in no way spawned the spirit of capitalism as Sombart and others have asserted.

In the sixteenth century, the majority of Jews lived in eastern and central Europe, and within the Ottoman Empire, far from modern capitalism. There were a few in Antwerp, Amsterdam, and London where it originated. The only connection between Jews and these

capitalist centres in the sixteenth century was provided by Christian merchants of Jewish stock (called *Conversos*, or New Christians, or Marranos), who became Jews only when they no longer were allowed to be Christians. These first “Jewish” entrepreneurs owed as much to their “Jewishness” and their Judaism as Christian entrepreneurs owed to their Christianity. Jews were drawn into the capitalist orbit in the same way as Christians were. As capitalism penetrated central Europe, and began to appear in eastern Europe, entrepreneurially-gifted Jews, like entrepreneurially-gifted Christians, took advantage of the new opportunities.

Nonetheless, the spread of capitalism did establish a special relation between Jews and capitalism, and between Judaism and capitalism. We only have to follow the path of capitalist development from Holland, to England, France, and Germany, to see that wherever capitalism spread and triumphed, Jews were emancipated. In no instance did Jews gain emancipation before the capitalist transformation of their society. Furthermore, the degree of emancipation of the Jews was directly related to the degree of capitalistic transformation. That society least hampered by pre-capitalist ways, namely the American, was that in which Jews had never to be formally emancipated by federal law. They were singled out neither for inclusion nor exclusion. It was also in America that the Jews came to enjoy an equality of status and opportunity in practice which no other society in history had extended to them.

The relation between Judaism and capitalism, however, is highly complex. Judaism of the Middle Ages was a Judaism which proclaimed that God had revealed His will in the Bible and in the teachings of the rabbis, and that the goal of human endeavour was to believe in God, keep His commandments, and look to salvation in the world to come. Despite the individualistic implications of the Genesis story developed in the Oral Law, its broader implications were overwhelmed by the subordination of the individual to God’s will which was to be found exclusively within the two-fold Law. There was no allowance either for the free play of individuality or for the critical spirit. One was bound to an external authority whose word was Law and whose teachings were sacrosanct, however unintelligible they might be. Isaiah’s vision of a time when scarcity would be no more and when every individual would enjoy well-being was sacralized, its fulfilment to be brought about by the exercise of divine power and not

by human endeavour. Judaism in its medieval form was not a religion for capitalist entrepreneurs, though it did not disallow entrepreneurial activity. But its central religious values were incompatible with capitalism. To be sure, there were implicit values within biblical and rabbinic Judaism congenial to the spirit of capitalism; but they were embedded within a framework which subjected the individual to an external authority, and hindered a free interplay of the critical spirit with the phenomenal world.

### **Reform Judaism**

Jewish religious leaders in nineteenth-century Germany, priding themselves on their Westernization and enlightenment, created a new form of Judaism which proclaimed that God was always revealing Himself; that the essence of Judaism was not the Law, but ethical monotheism; and that the people of Israel were a transnational people spread among the nations of the world to be a light unto the Gentiles with no call either to return to Zion or to exercise political sovereignty. Although this new form of "Progressive" or "Reform" Judaism, originated in nineteenth-century Germany, it flourished only in the United States where the capitalist climate was favourably disposed to the right of an individual to choose his/her own road to salvation.

This radically new form of Judaism said "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. But in saying "Yes," Reform Judaism by no means gave a blank cheque to capitalism. Reform Judaism is a religion and not an economic system. Its essential teachings are that there is a single God, the consequences of Whose unique existence is the totality of the universe as it was, as it is, and as it is yet to be. It affirms that all diversity in the world is a consequence of God's unity. Reform Judaism claims that God is not only the creative source of all of sentient and non-sentient beings, but He is also the source of their capacity to be loving, compassionate, just, and wise. This variant of Judaism teaches that it is God who makes humane values possible, and God who gives the human mind the power to penetrate the mind of God Himself in knowing the laws of nature. Reform Judaism affirms that God gives free will to humankind; and is

confident that goodness, love, compassion, justice, wisdom, and creativity will triumph over evil, depravity, destructiveness, cruelty, and hostility.

With access to the mind of God, we can see that other worlds beckon the human spirit. No longer confined to our planet, we need never fear extinction. Having access to other worlds, we need fear no scarcity. With moons and planets without number, we need fear no Malthusian destiny. With endless horizons beckoning, we need fear no stifling of the spirit of adventure. If humankind fails to choose wisely, then God's gamble with free will may have proved a disaster, but the disaster will have been of Man's choosing, not God's.

Reform Judaism gambles even as God "gambles." God made a good world, and He/She endowed the first humans and their progeny with the right to hold dominion over it, confident that these individuals and their progeny would realize all of its good. This confidence was misplaced, as the biblical account of the flood and the Tower of Babel makes clear. Twice "defeated," God called Abraham to father a people which would "gamble" with God, confident that humans would freely choose to build a world rather than destroy it.

These teachings of Judaism, embedded in the sacred texts, were rendered explicit for the first time by Reform Judaism, and liberated from the constraints of the ritual law. They are religious, not economic teachings, concerned with God and the metaphysical nature of reality. They evaluate economic, political, and social systems by the degree to which they are compatible with these teachings. So that when I speak of Reform Judaism's saying "Yes" to modernization and westernization, capitalism, the risk-taking individual, and the spirit of critical inquiry, it is a conditional "Yes" dependent on the nurturing of love, compassion, justice, goodness, individuality, and wisdom.

Reform Judaism could say "Yes" to capitalist development at the turn of the century, because exploitative features were more than compensated for by its liberating effects. Reform Judaism is idealistic, but non-utopian. The successes of industrial capitalism were impressive and promised more to come.

### **Totalitarianism**

The First World War burst the bubble of confidence and hope. What occurred was so devastating that the capitalist system was shaken to its roots. Its universal and humane values were transmuted into the

national, racial, and destructive values of totalitarian capitalism.

Capitalism's dynamic, revolutionary, and developmental face is congruent with the essential values of Reform Judaism. Its stagnant, totalitarian, and repressive face, however, is demonic. Capitalism is not some sturdy, unchanging entity driven by principles allowing for no compromise. It is a chameleon which becomes whatever the political climate requires it to be. It is thoroughly opportunist, settling for the best arrangement available. For capitalism is not a system of values, but an economic system energized by the drive for profits.

Yet on closer inspection, the unattractive side of capitalism is seen to have been caused by the accommodation to restrictions placed on its free development by the division of Europe into sovereign nation-states. These in turn were survivals of a pre-capitalist era. Capitalist opportunism was thus an adaption to historical circumstances, not an expression of its inherent drive. For when capitalist development was not barred by pre-capitalist obstructions, its thrust was towards the building of an economic infrastructure in which humane, non-economic values might flourish. Unobstructed, capitalism generates a spiral of economic and humane development, providing an economic basis for the good, the beautiful and the true.

## Comment

**Susan Feigenbaum**

Professor Rivkin addresses two issues significant alike for Jewish theologians and practitioners. Does Judaism dictate a specific economic, social and/or political system?; and is Judaism compatible with capitalism? To the first question, he concludes that

it is pointless to ask of a critically minded scholar what Judaism

teaches about economic, social and political systems.

A state (is) legitimate so long as that state (does) not require that Jews abandon their belief in a single God or their adherence to God's two-fold Law.

In response to the second, Rivkin argues that

Judaism in its medieval form was not a religion for capitalist entrepreneurs...its central religious values were incompatible with capitalism...[A] radically new form of Judaism [Progressive or Reform Judaism] said "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.

I take strong exception to both of these claims. I will therefore offer an alternative view of the relation between traditional Judaism and the choice of social systems, and identify what I view as weaknesses in the author's analysis.

### **Judaism and the choice of an economic, social and political system**

Judaism is a religion of deeds. While the basic tenet of Judaism is the belief in one universal, sovereign God, Judaism requires a positive affirmation of this belief by one's actions. Abraham affirms his commitment to a covenant with God not only through prayer but also through action; specifically through *Brit Melah* (circumcision) and *Akedah* (the sacrifice of Isaac). Similarly, although the first five of the Ten Commandments are concerned with Man's recognition of the sovereignty of God, the second five require that Man sanctify human existence through fulfilment of specific duties to his fellow man.

Indeed, the *Torah* may be viewed as a document of the development of property rights which dictates an allocation deemed compatible with the sanctification of the one, holy God. Here I use the term "property rights" to mean not only control over physical property, but in a broader sense rights to engage in certain actions related to property. In every society, whether capitalist, socialist or feudalistic, the property rights of individuals are defined, protected and limited by social consensus. This assignment determines the distribution of income in society and creates incentives for the use of society's resources. Changes in consensus about appropriate allocation will be



followed by changes in the assignment of rights.

The *Torah* describes a property-rights system which is consistent with the ethical code mandated by a just and merciful God, creator and protector of all life. It is a *private* property-rights arrangement, enforced by such prohibitions as “Thou shalt not steal” and “Thou shalt not murder.” The initial distribution of rights is divinely made, as symbolized by the promise of land to Abraham’s descendants, the Children of Israel. Property claims can be transferred only through the act of voluntary exchange and contracting, and can not be expropriated even in the name of God. Even Abraham, to whom a land is promised as part of his covenant with God, is required to honour the property rights of the Hittites and purchase from them a burial site for his wife Sarah.

### Limitation of rights

A primary object of both the *Torah* and later rabbinic writings was to define and limit rights in a fashion consistent with this divinely-inspired system. For example, the *Torah* prohibited Israelite masters from working either Hebrew or non-Hebrew slaves on the Sabbath day. It forbade the complete harvesting of fields and the gathering of fallen fruits and vegetables by owners of the fields. Through the institution of the Jubilee year, pre-Exilic Israel addressed the issue of intergenerational transfer of property. Every fifty years (the approximate length of a generation), land would revert to its original owner, thereby allowing new generations the same “fair start” afforded their parents. Concern about the impoverished and the perpetuation of poverty led to no collectivization of wealth but did result in specific limitations of individual property rights. Private property was not abolished but “moralized.”

As Rivkin correctly observes, not even the prophetic texts picture the end of days as a collective paradise. However, the prophets did characterize the Messianic Age as an era of material abundance, devoid of scarcity. In such a state, property rights are unimportant, since all demands may be fulfilled at no opportunity cost to society or its individual members. Only in an era of scarcity is choice of a property-rights system critical to the distribution of wealth and the maximization of social well-being. In my opinion, traditional Judaism recognized that it was through private property that Man could best act as a co-Creator with God to improve the human condition in pre-

Messianic scarcity. The *Torah* makes clear that belief in God implies the acceptance of a divinely-inspired assignment *and* limitation of individual rights. These are categorical imperatives independent of time or nation. While it is true that Jewish scholars throughout the ages were charged with the difficult task of extending the rights system of the Written Law to new social and technological situations, they were not authorized to abrogate any aspect of the Law unless its current observance was impossible. The acceptance by the scribes and Pharisees of slavery, wage labour and profits was no adaptation of the Written Law, as Rivkin suggests, but the application of rights predefined in the *Torah*. The scribes did not abrogate biblical prescriptions concerning the treatment of slaves as persons rather than chattels, nor the prohibition against charging interest on non-commercial loans made to fellow members of the Jewish community. Rivkin's conclusion, that traditional Judaism views any state as legitimate if it does not require abandonment of belief in God, imposes a significant constraint on the rights-assignment permitted by such a "legitimate" state.

### **Judaism and capitalism**

Given the inextricable link between traditional Judaism and a social system defined by private property rights, what, if anything, does Judaism say about capitalism?

In view of the benefits conferred upon Jews by the capitalist system, one would expect that if any conflict existed between traditional Judaism and capitalism it would be resolved in such a way as to allow Jews to survive economically as well as to practise their religion. Rivkin argues that such a conflict did exist, leading the development of Progressive, or Reform, Judaism. This movement proclaimed that "the essence of Judaism was not the Law, but ethical monotheism," supposed to have provided Jews with a new-found rights of free choice and free inquiry. That such rights are critical to the development and sustenance of a capitalist system is beyond doubt. The crucial issue is whether traditional Judaism, with its emphasis on Law and the authority of God, is incompatible with these basic human freedoms.

In contrast to Rivkin, I contend that there is no conflict between capitalism and traditional Judaism. There is an inextricable link between traditional Judaism and a divinely-dictated system of private property rights. Any conflict between capitalism and traditional

Judaism must come from the second cornerstone of capitalism: freedom to exploit such rights in order to pursue personal well-being, subject only to the agreement of others whose own property rights may be infringed.

Just as capitalism emerged when the ruler was seen as the protector and regulator, rather than owner, of property rights, so too the *Torah* describes the emergence of a religious order in which the function of God is to be protector and enforcer, rather than controller, of a predefined system of property rights. Adam is given dominion over the whole of creation, to be used for his own well-being. That God does not arbitrarily rescind the rights of individuals is made clear in the Sodom and Gomorrah narrative, where God must show Abraham that His threatened destruction of the cities is not capricious but rather a response to a nation's violation of predefined limitations upon individual property rights. The existence of laws which define and limit property rights in no way reduces one's freedom to exploit these assigned rights in an unconstrained fashion. God's punishment of Sodom and Gomorrah may be interpreted as the enforcement of the bounds of such rights, rather than as an arbitrary constraint upon individual freedom. Thus, while Judaic Law dictates the bounds of an individual's property rights, it does not interfere with the ability to manage these assigned rights freely. Furthermore, traditional Judaism recognizes the individual's right to engage in voluntary exchange and contracting, and portrays God as the enforcer of such arrangements. This is the essence of the covenant between Abraham and God, subsequently ratified by the followers of Moses. God is viewed in a manner analogous to the State, as the protector and regulator of rights. Without such an enforcement mechanism, a private property-rights system such as capitalism could not survive.

Not only is Man given the freedom to dispose of his property in order to enhance his well-being, but the *Torah* indicates that Man is given the freedom to reject the bounds of his rights and incur the costs of his actions. Just as Adam exercised his free will to disobey God, all men have the privilege of accepting or rejecting a system of individual rights consistent with the sanctification of God. This is nowhere more evident than in the parting words of Moses:

See, I have set before thee this day life and good, and death and evil; In that I command thee this day to love the LORD thy God, to walk in his ways, and to keep his commandments and his statutes and his judgements, that thou mayest live and

multiply: and the LORD thy God shall bless thee in the land wither thou goest to possess it. But if thine heart turn away, so that thou wilt not hear, but shalt be drawn away, and worship other gods, and serve them; I denounce unto you this day, that ye shall surely perish, and that ye shall not prolong your days upon the land . . . I have set before you life and death, blessing and cursing; therefore, choose life, that both thou and thy seed may live . . . —(King James version, Deuteronomy 30: 15–19)

There is no doubt that the individual is given freedom to reject the system of property rights inspired by God and delineated through His laws. This choice is an individual one and it is the individual who must bear the consequences of his choice. The responsibility of the individual for his own actions, independent of the collective body, is reflected both in the narrative of Noah (who was righteous in his generations) and the story of Sodom and Gomorrah (where God assures Abraham that he will not sweep away the innocent with the guilty). This individualistic view of society is fundamental to the capitalist system, which allows individuals to make their own decisions concerning the disposition of their physical and human capital—and bear the total costs or enjoy the full benefits thereof—independent of any collective action.

In conclusion, let me state that I disagree with the contention that Progressive Judaism's adaptation and partial abrogation of traditional Law was a necessary response to the spirit of free inquiry that emerged from the period of the Enlightenment; or that it was essential to the development of a capitalist system founded on the principle of free choice. The central role of private property rights, the view of God as protector of these rights, and the freedom of individual choice are all aspects of traditional Judaism which are clearly compatible with the fundamental tenets of capitalism. The existence of laws which constrain these rights should not lead one mistakenly to conclude that traditional Judaism is in conflict with the freedoms inherent in the capitalist system, for the capitalist system requires a set of laws to define, enforce and regulate the rights of all individuals.

## Chapter 11

# Judaism and the Market Mechanism

Meir Tamari

### INTRODUCTION

The treatment of the economic life of the Jew, both academically and popularly, has been to either portray a picture of a creature devoted to the sole aim of acquiring material wealth, or as a society whose economic behaviour is determined primarily by non-religious and exogenous factors.

Marx and Bauer<sup>1</sup> depict much of modern and primitive anti-Semitism when they present the Jew as a creature whose sole aim is the accumulation of money. This stereotype was not depicted as reflecting individuals nor as a temporary aberration caused by a specific situation; it was untruthfully held as something which flows from the very basis of Judaism itself.

Even the Judophiles adapted Judaism to bolster up their particular brand of economic philosophy. Sombart,<sup>2</sup> following Weber,<sup>3</sup> saw the Jews as prime creators of modern capitalism through frugality and hard work, the high level of Jewish literacy and education and the importance of family and community relations. Later scholars have added other factors to link the Jew with capitalism,<sup>4</sup> such as the political freedom associated with the free market, the effect of minority status as a spur to excellence and the ability to transcend national boundaries.

Jewish apologists, too, seem to have accepted this divorce of economic activity from Jewish religious ideology. They reason that the economic life-style of the Jew was caused partially or solely by extraneous factors. Unknowingly, they accept the anti-Semitic analysis, even though arguing that historic events deprived the Jew of a normal economic existence. Therefore, they hold, it is these events which are to blame for the commonly accepted picture of the Jew.

### **Independent framework**

While it was obviously true that extraneous historical and social factors affected the Jewish economic history, this paper will attempt to show that there exists an intrinsic and independent framework within which the creation of economic assets, the use of material wealth, and the issues which flow from them have been handled by Jews throughout the history in all the countries of their dispersion. This paper will discuss the religious teachings and practices which are the primary constituents of this Jewish economic framework.

Although it can be shown that some 2,000 years ago the sages of the Talmud possessed a knowledge of economic mechanisms akin to that of some modern concepts, this aspect is beyond our present scope.<sup>5</sup> Our concern is not with the economic mechanism, nor to write a Jewish economic textbook, but with describing the ethical and religious conceptual framework within which the Jewish economic man operates.

Judaism has to be considered basically as a code of conduct rather than a creed or statement of belief. Its basis lies in the fulfilment of the divine statutes and the observance of the Commandments to a greater extent than in understanding or interpreting the will of God, important as these are. Although as in all the religions, faith is an important constituent of Judaism, man's salvation is attained through mundane actions and everyday deeds. This supremacy of action rather than of reason or of faith is one of its most distinguishing features, and, therefore, it is to the legal system, *halacha*—literally, “walking”—to which we have to turn—not for economic theories, but rather, for a code of Jewish economic conduct.

### **THE LEGITIMACY OF ECONOMIC ACTIVITY**

In Judaism, as in all socio-religious movements, economic activities give rise to basic moral problems which have to be solved in some fa-

shion. Broadly speaking, these problems fall into two major categories which come to define both the scope of economic activity and the moral legitimacy of such activity:

- A. The status of economic activities *vis a vis* the demands of the particular religion: that a man spend time in prayer, study and meritorious deeds. In essence this is a problem of allocation of time between economic and religious acts.
- B. Since the creation of economic goods and their accumulation often leads to visible inequalities, accompanied by greed, injustice, theft and, often, bloodshed, it is linked to man's evil inclinations or a sort of a *lust* which is inconsistent with the ethical and moral teachings of the religion.

At the outset, therefore, we have to consider Judaism's answer to these two serious questions in order to verify the legitimacy of the Jew engaging in economic activity if he wishes to remain true to his Judaism.

#### **Worshipping God at the expense of economic activity.**

Since time is a limited resource, man has to ration the time available between satisfying his economic needs and his religious ones. The first restraint in Judaism on the time available for economic activity, which comes to the popular mind, are those periods in the year when such activity is not permissible under religious law. The Jewish calendar is indeed replete with days when complete abstinence from labour, commerce or any other economic activity is mandatory as a major form of observance. There are 52 Sabbaths in a year, 8 major festivals; in the agricultural world every seventh year is a sabbatical one, and the fiftieth year a Jubilee year, in which much agricultural activity is limited. Furthermore, there are occasional periodic requirements such as the week-long mourning for a close relative, the week during which a bridegroom is not permitted to work, etc., which add to the number of days which automatically restrict economic activity. Measured quantitatively, however, the actual effect of these religious restrictions on economic activity is probably far smaller in the modern world than it was in ancient times. In modern Israel, farming, which is considered to be a 24-hour-a-day, 7-day-a-week occupation, is conducted by religious settlements no less efficiently than their non-religious counterparts, even though the religious restrictions are strictly observed. Modern technology has also provided the answer

for many industrial plants; they are able to operate without major loss accruing as a result of religious observance.

### **Religious study**

There is, however, a far more basic and far-reaching limitation on the time involved in economic activity which has the added distinction of being peculiar to Judaism. This is the obligation of religious study. This is an obligation binding not only on the priests, rabbis and scholars, nor limited to a special period of time in a person's life. Every individual, irrespective of age, knowledge, or economic status, is required to devote unlimited time to learning, so that one is obligated to study day and night until one's dying day. All other activities, since they detract from the amount of time devoted to learning are considered wasteful and a sign of a serious religious misconduct.

Carrying this concept to its logical, if extreme, conclusion, there developed a school of thought which views all time devoted to economic activity as illegitimate since it is time taken away from studying; and this even though generally speaking such activity was considered legitimate. God, according to this view, would provide man with the necessities and man would devote his life to study.<sup>6</sup> However, the majority opinion of Jewish thinkers was summed up by Maimonides when he ruled that a man should divide his time equally into three sections, one devoted to the study of Torah, one devoted to earning a living, and the third for sleeping and eating, etc.<sup>7</sup> It is clear, therefore, that devoting time to study is an essential tenet of Judaism even as a limitation on economic activity. This opinion has led in Jewish history to the search for such occupations as would allow one to devote time to study, either because they did not require much time, or because they could be followed in areas where there were concentrations of Jews which made such study feasible. So Maimonides recommends, for example, that a man should go into commerce, rather than farming, because commerce allows far more time for the study of Torah.<sup>8</sup>

### **Economic wealth as a form of man's evil inclination**

Man's economic wants or lusts are treated by Judaism in exactly the same way as all the other basic human tendencies. They are not something which has to be destroyed, but something which man can



and must sanctify, and himself be sanctified thereby. This attitude is a reflection of man's partnership with the Deity, a continuation of the process of Creation. In such a partnership, the holy sparks which reside in man transform the ordinary everyday acts into communion with God.<sup>9</sup> Therefore, earning and keeping of such economic assets is considered by Judaism as legitimate, permissible and beneficial, sanctified by the observance of God's Commandments, yet restricted.

The observance of God's Commandments in Judaism leads not to some ethereal other world, but to an abundance of material goods.<sup>10</sup> Starvation, poverty and drought are depicted as divine punishments and anger,<sup>11</sup> whilst a God-fearing man is characterized as one whose flocks and orchards bear their fruit in season and produce a bounty of goods.<sup>12</sup> The land of Israel of the Bible, the divinely defined geographic area for the Jews to live in and create a nation of priests, is not a bleak desert, but a land flowing with milk and honey.

The daily prayers of the Jews contain requests not only for divine forgiveness, for peace, for healing of the sick, etc., but also for an equitable and bountiful livelihood earned through honest and moral means. For instance, on the holiest day of the Jewish year, Yom Kippur, the Day of Atonement, perhaps the pinnacle of Jewish life, the High Priest offers a special prayer in the Temple. This prayer has as one of its major components the request for a year of plenty, a year in which the people will not be dependent on others for their livelihood, and will enjoy material plenty.

### **A contrast**

The fact that these requests should be not only included, but highlighted in the public prayer on this important and solemn occasion stands in glowing contrast to the glorification of poverty of other faiths and creeds. The Jewish Bible does not exhort against engaging in economic activities or in the accumulation of material goods. There are no accusing fingers pointed at those engaged in normal economic activities for the earning of material goods. There are no echoes of asceticism nor of the cleansing and spiritual effects of poverty on man.

Despite the legitimacy of economic activity and man's enjoyment of material goods, however, Judaism does not allow unlimited accumulation of such goods nor an undisputed use thereof. Both the

achievement of economic wealth and the use thereof are very strictly limited and channelled by Judaism, both on an individual and group basis. This does not flow from an exalted view of poverty or an other-worldly philosophy; rather, from the view that all of man's actions, including these, are to be subjected to the ethical, moral and religious demands of the Torah.

That the sphere of economic activity is a major vehicle for achieving such sanctity may be seen in the fact that well over a hundred of the 613 Commandments mentioned in the Torah as obligatory on every Jew, are related to it. This is in comparison with the 24 laws which form the basis of the dietary laws, which are such a well-known phenomenon of Judaism. The sages of the Talmud said, "He who is desirous of achieving sainthood, let him live according to the tractates of the Talmud dealing with commerce and finance."<sup>13</sup>

## **THE CONCEPTUAL FRAMEWORK FOR JEWISH ECONOMIC ACTIVITY**

**"The Earth is the Lord's and the fullness thereof."<sup>14</sup>**

The most important premise behind the whole Jewish economic framework is that all wealth originates from God alone. God in His infinite mercy makes sufficient economic resources available to man. This wealth belongs to the Deity who has given it to man for his physical well-being. This is under the concept of economic stewardship for the temporary holders of wealth. Since Judaism is a community-oriented rather than an individual-oriented religion, this means that the group at all levels—communal, national and, during periods of the loss of sovereignty, international—are thereby made partners in fact, even if not legally so, in each individual's wealth. Perhaps two biblical institutions can establish this trinity of God, individual owner and society.

- 1) On the sabbatical year, the land was to lie fallow and man was to eat only of the natural produce of the ground. However, over and above this, man was required to renounce legal ownership over his land, so that everything growing thereon was available to all and sundry.

Periodically, man reaffirms his belief in God's mercy by not plowing, sowing, etc., and having to rely only on the natural increase of untilled ground, not only in the seventh year, but

in the eighth, as well. Even though man alone of all creatures is required to labour incessantly for his livelihood and to transform raw material into food, clothing, shelter, etc., nevertheless the Jew is taught that this economic welfare is in fact given to him by the deity and therefore has to be used according to the divine will;<sup>15</sup>

- 2) To any farmer, the first fruits of his endeavour are a special kind of crop—there is a special relationship to one's first business deal, to one's first profit, to one's first asset and even to less tangible achievements in other spheres of life. The Jew is obligated to take his first fruits to Jerusalem and to present them to the priest before he is able to eat of the new crop. However, what highlights the concept of dependence and thankfulness is not so much the bringing of the fruit, but in confession. Here, the Jew described how an insignificant little family went down to Egypt, was enslaved and persecuted. Only through the love of God and His power over the forces of nature was this family redeemed from slavery, carried through the desert, and brought into a land of its own. And it was this grace of God which gave them not only the land, but its fertility, crops and first fruits. The farmer, or the entrepreneur, was, in the final analysis, quite irrelevant.<sup>16</sup>

This understanding of man's dependence on the grace of God for his economic welfare and the obligation resulting from that *understanding* were translated in Judaism into legal forms and binding daily practices. Definitions were created as to what is permissible and what is forbidden, whilst regulations were promulgated governing how and when and where the permitted acts might be done. It is this definition and action-oriented legal framework to which we must turn for the implementation of the conceptual framework.

**“And thou shalt do that which is righteous and just in the sight of the Lord. . . .”<sup>17</sup>**

No society or economy can persist long without rules which limit theft and fraud. It is easy, therefore, to accept Maimonides's view of the numerous Jewish injunctions against economic crime and dishonest means of earning a living.<sup>18</sup> In the main, however, Judaism has viewed these concepts as far more than mere necessary social wis-

dom. They have been considered as part of a God-given moral, social order.<sup>19</sup> One is not allowed to steal simply because the Deity says so. This makes not stealing a religious act, and not merely something which flows from society's mores and concepts of economic morality. Halachik regulations consider honesty in economics as an absolute rule, not only a good, but required. Moreover, the concept of stealing has been extended far beyond that which is normal in humanistic morality. The question of theft has nothing to do with the damage done to the injured party, nor to the relative economic status of the parties concerned, so that even an item of economic insignificance is not permitted to be stolen.<sup>20</sup>

### *Misrepresentation*

It is prohibited to put good fruit on top or brush an animal in order to make him look different than he really is.<sup>21</sup> There is an extensive code for the repair and maintenance of scales and cleaning thereof, developed so that misrepresentation should not defraud the customer.<sup>22</sup> One is not allowed to steal, as it were, another's opinion; in other words, many of those things that we all too often classify under advertising are forbidden.<sup>23</sup>

Weak and powerless members of society have to be protected in their economic activities. They might not have a full knowledge of the law, they might not have the funds or the knowledge necessary to obtain their rights, and they might be *afraid* of pushing for such rights, even where these are known. So the widow and the stranger, the poor and the orphan were singled out for protection by Jewish law. One is not permitted to oppress them, one is not permitted to defraud them either in words or deeds, and one is not even permitted to deal harshly with them in a way that takes advantage of their special status.<sup>24</sup> All this, of course, is over and above the usual laws of morality which apply to them as to everybody else.

There are, however, many special circumstances in which normal people need protection. The rabbinic sages, in commenting on the biblical injunction, "thou shall not put a stumbling block in the path of the blind,"<sup>25</sup> saw it as forbidding the giving of unwise advice; or providing, through a legal transaction, articles which lead to physical or moral detriment.<sup>26</sup> Professions such as counselling, brokerage, accounting, advertising, etc., as well as the legal trading in weapons, drugs or pornographic literature, would find severe restraints placed

upon them by the acceptance of the rabbinic laws which flow from this concept.

*Damages*

A man is not permitted to use his property in a way which will cause harm or do damage to another person's body or property.<sup>27</sup> A tree planted alongside a neighbour's plot is in effect stealing through its roots another's wealth. Certain industries and professions through the pollution, noise and human traffic associated with them steal another's quiet, health, peace and fresh air, and therefore are forbidden or restricted to certain areas. The flesh of an ox which causes fatal damage cannot be eaten even when slaughtered ritually so as to teach the Jew the severity of causing damage to others.

It should be noted that Jewish law does not accept the Roman concept of "Let the buyer beware." Instead, it places the onus for preventing misrepresentation, damage, and loss solely on the seller. As an example, a vendor is assumed to guarantee the goods he sells even without an explicit statement to that effect, and the injured party can claim redress for fraud, irrespective of the time which has elapsed or of the value of the transaction.<sup>28</sup>

**"And thy brother shall live with thee . . ."**<sup>29</sup>

Not only was wealth to be earned in a moral way, but society—both as a group and as individuals—have rights with regard to private Jewish property. Although Judaism accepted the idea that man could have his own property, he is not the sole master of it. The rabbis of the Talmud, reflecting a thought process which was already hundreds of years old, claimed that Sodom's sin was its inability to share its wealth with strangers, with the weak and the poor.<sup>30</sup> The giving of charity is not considered as an act of kindness on the part of the haves to the have-nots. The have-nots have by right a stake or share in the property of the haves, since it was given to the latter partially for that purpose. It is no coincidence that the Hebrew word for "charity" flows from the same root as that of "justice." What is given to the poor is not an act of mercy or of righteousness, but an act of justice. Since the community has an obligation to provide food, shelter and basic economic roots for the needy, it has a moral right and duty to tax its members for this purpose. As well, it must regulate matters so

as to protect the interest of its weakest members.

This wealth-sharing requirement includes non-monetary acts as well. One is not allowed to oppress in words the convert, the widow, the orphan, or the stranger by reminding them of their special situation. A creditor is not allowed to intrude on the privacy of the debtor even when he is collecting his debts. Neither is he allowed to take as security items essential for the sustenance of the debtor or for the earning of a livelihood.<sup>31</sup>

### **Unfair competition**

Furthermore, the halacha produced the concept of “beyond the boundary of the law,” to educate and train the Jew to forego, voluntarily, economic gains which were legally his, in order to allow weak or lesser members of society to maintain themselves. For example, many famous rabbinic personalities closed their stores after a few hours of trading so as to prevent gross unfair competition against their less learned competitors.

The duties and obligations imposed by the code towards one’s neighbours went beyond the scope of charity and include acts of righteousness, acts understood in Jewish thought to be given to those who are undeserving of them. One example is the commandment to make interest-free loans. This is distinct both from the injunction against taking interest as well as from the obligation to give charity. It is an act of righteousness, granted both to the rich man who is temporarily in financial straits and to the poor man trying to improve his economic situation.<sup>32</sup>

Secondly, according to Jewish law a person whose land and property adjoins that of another person automatically has the first right to purchase such property (the concept of “bar-metzrah”). Since the purchase is to be at the market price, the seller suffers no loss. Yet at the same time the buyer gains, since the enlargement of his property is often an economic consideration. This is a concept of “one loses nothing and the other one gains.”<sup>33</sup>

So a system was built introducing the demands of charity and welfare in its wider sense into the Jewish economic philosophy. These demands often lead to a deliberate distortion of the market mechanism.<sup>34</sup>

## **Pursuit of justice**

A cardinal tenet of Judaism is the centrality of justice. Justice is an attribute of God, it is displayed in His conduct of the world, and its active pursuit is enjoined on man. The establishment of the legal system and courts of law is one of the Seven Noachide Laws seen in Judaism as binding on all men. This justice knows no class difference, favouring neither rich nor powerful, nor distorting itself for the poor or weak. So judges are not allowed to fear the wealthy nor favour the poor, nor succumb to bribery in all its varied and ingenious forms.

The centrality of justice provides the stable legal system which is an essential prerequisite for any economic activity. There is, however, far more than just such a legal framework contained in the Jewish concept of justice in the economic world. This justice is perfectly symmetrical. Creditors have an obligation to lend interest-free money; but the debtor has an obligation to repay the debt and not to waste the loans given to him. Employees have the right to receive prompt payment of their wages. Yet they also have an obligation, from the same source, to perform their work properly. Neither buyer nor seller enjoys special privileges in the marketplace.<sup>35</sup> Furthermore, there is a clear demarcation between justice, on the one hand, and mercy and charity, on the other, which has important implications for the modern welfare state.

The concept of the free loan can perhaps best serve to illustrate the separation in the economic sphere. Consider the case of a debtor who cannot repay his loan. One could argue that since the lender is presumably wealthier, he could forego his claim as a creditor. This would be an act of charity and so would seem to be the desired way to act.

## **A distortion**

Such charity, however, distorts justice. It ignores the obligations of the debtor and foists onto the creditor society's moral and social obligation, simply because he committed a praiseworthy act by making the interest-free loan in the first place. As a result of this unpremeditated and involuntary charity, the moral basis of the debtor and creditor are distorted. The borrower on the one hand could tend to make his investments casually and "wastefully," knowing that he could perhaps evade repayment altogether. The lender viewing the

loan as charity could simply be reinforcing the uneconomic behaviour of the borrower. This is a pattern often found not only in welfare states but also in economies where subsidized public sector funds are made available to entrepreneurs. The main creditor, the State, is often prepared to waive its debts or assume the debts of the defaulting corporations. This leads to uneconomic investments and their perpetuation and also to a wilful and immoral management of public funds.

The halachic view is that the creditor does not take on himself all the social and economic problems of the borrower. Therefore the debtor has to meet his obligation even at the cost of losing all his property.<sup>36</sup> At the same time the community has an obligation in which the creditor shares as a member, to help the debtor socially and financially.

It is important to note that the Jewish legal system keeps a clear demarcation between crimes against property and capital crimes. Murder, adultery and idolatry were punishable by death, without any possibility of a monetary settlement. On the other hand, no prisons ever existed for debtors, and no jail sentence was imposed for theft or embezzlement; punishment was limited to restitution and fines. Capital punishment, banishment or bodily mutilation for theft were never recognized. Whilst private property has rights, which must be equitably and severely enforced, they never were considered sacred or holy.<sup>37</sup>

### **Economic mechanism**

In every economy, there has to be some mechanism which determines the goods to be produced, in what quantities, and the price at which they are to be distributed. This mechanism may be the "hidden hand" of the market place or the decision of a central planning authority, or any number of variations of either of them.

Judaism is not an economic system and has no clearly defined economic theory. It is prepared to accept as legitimate any economic system which comes into being, provided it is consistent with the demands of Divine justice and mercy. Therefore it is not necessary to discuss the theoretical aspects of this mechanism, but only to present a schematic description of what the market would look like if it were conducted in accordance with Jewish legal and ethical principles.

There are many examples in talmudic and later literature of benefits of the market economy in providing society with economic goods in a manner beneficial to the majority.<sup>38</sup> Yet it was recognized that



many distortions and injustices occur within society as a result of this same mechanism. Such distortions may lead to poverty, hunger, injustice and other human suffering. In order to alleviate and prevent these, Judaism sought to impose checks and balances on the market mechanism. Since Judaism is an “action-oriented” religion rather than a “faith-oriented” one, restraints on the market mechanism consist not of lofty exhortations to do good and to be just, but of a set of permissible and non-permissible acts.<sup>39</sup> Because Judaism believes that man is unable to perfect himself or sanctify his actions in any sphere of life without divinely given codes, laws and *mitzvahs*, the correction of economic injustices and immoralities could not be left to the self-regulatory actions of a market economy.<sup>40</sup> A network of religious obligations exists, both in legal and ethical form, which frees the divine spark in man, so that his mundane, everyday acts may become sanctified in accordance with the Divine scheme.

**Price control: A “just price” and “reasonable profits”**

Control of prices and profits in Judaism does not flow from an anti-commercial position such as existed in Christian social thought. In Judaism, the merchant and the entrepreneur play a legitimate and even desirable role. Therefore they are morally entitled to a profit in return for their function.<sup>41</sup> Yet the Jewish conception of private economic activity, which sets the seal of justice, righteousness and morality on all mundane acts, requires control over prices and profits in order to prevent deviations from the Divine mandate. Jewish insistence on the centrality of justice introduces the need for full disclosure, equal rights of all parties concerned, and fulfilment of the contractual obligations into the discussion of the “just price.”

We may identify the elements of Jewish price and profit control as follows:

- a) Administrative, judicial and moral intervention to prevent the harming of Society (or sections of it) by deviations from “normal” market price and profits.
  - b) The denial of “abnormal” profits.
- (1) Moral restrictions on the prices of basic commodities

Though there is nothing wrong with trading in basic commodities,

the sages of the Talmud saw the increased costs caused by middlemen as detrimental to the poor and weaker classes. Enactments were cited in the Talmud which were later incorporated into the legal codes of rabbinic literature. These expressed moral disapproval of middlemen in basic commodities. "One may not earn a livelihood in the land of Israel in things which have life's soul" (basic commodities).<sup>42</sup> The same talmudic source mentions the injunction against earning a profit rate of one hundred percent on basic commodities, and against participation in the chain of marketing. There is further a general injunction against hoarding, or cornering the market of basic goods, which was obviously aimed at preventing speculation and raising prices of such things as oil, wine, fruit and vegetables.<sup>43</sup>

The rabbinic authorities saw nothing wrong with producers' withholding their products at times of oversupply in order to benefit from better prices later. Their objection was to dealers and middlemen. It would seem, therefore, that although transgressing these rabbinical dicta brought no punishment, neither social nor legal, they provided a cultural atmosphere in favour of direct producer/consumer marketing where possible, or of shortening the chain of intermediaries.

## (2) Administrative and executive actions

The appointment of inspectors to enforce price control or to reduce the profit margin was a common feature of Jewish communal structure. In their price-fixing activities, most authorities allowed for normal profit, which included (in the main) recompense for capital investment, labour, and risk.<sup>44</sup> The prime purpose of price enforcement was to prevent speculation and monopoly profits. It is interesting to note that the rabbis overruled the opinion of Samuel that the market mechanism would force merchants to offer goods at the lowest possible price, thereby making such overseers unnecessary.<sup>45</sup> Jews who infringed the communal controls on prices were liable to flogging, fining, or excommunication.

Another form of price control was achieved by bringing about a decline in demand and thereby a decrease in prices. There are several examples of rabbinic action to bring down the price of goods either by forbidding their use or by changing religious rulings with regard to them. In the sixteenth century in Moravia, for instance, fishermen raised the price of fish, an important part of the Sabbath meal, which placed it beyond the reach of many. The leading rabbinic authority of

that time pronounced the fish ritually unfit to eat, and the monopoly disappeared.<sup>46</sup> In our own day, a similar action was taken in order to reduce the price of the festive fur hats worn by members of the Hasidic sect.

It must be borne in mind that administrative attempts to impose price control were not a general concern to control all prices. Most of the time the actions of overseers and rabbis were aimed only at certain commodities thought to be essential. For example, most of medieval Jewish communities had some form of price control on the sale of wine, which forms an important part of almost all Jewish ceremonial acts. Many of them appointed special dealers who were obligated to provide this service.<sup>47</sup> Others limited both profit margin and price.<sup>48</sup> Meat and other essential articles also were often the subject of price control in medieval societies.<sup>49</sup> There are even a few isolated references to the subsidy of essential foodstuffs.

Generally speaking, this intervention of the community to keep prices and profits down on essential commodities would pave the way for present-day communal action when called for by suffering or distress caused by high prices. It must be pointed out that Judaism gave the communal authorities much leeway in economic legislation, provided such was in accordance with halachic rulings.

### (3) The legal “just price”—*ona'ah*

In addition to an ethical restraint on the market mechanism, the religious authorities also provided redress through the legal system. The concept of a “just price” does not flow from consideration of fraud or theft. These were dealt with by the rabbinic laws on buying and selling, which operated vigorously against even the smallest instances of harmful selling practices. There is ground to consider it as a deviation from a prevailing market price which arises from lack of knowledge on the part of one of the parties or the use of undue influence by either. The “just price” as expressed by the law of *ona'ah* in the Talmud and later legislation is based on the following principles:<sup>50</sup>

(a) A sale is valid only if the price differs from the normal price by less than one-sixth. At that point, though the sale is still valid, the injured party can claim compensation for the difference. Beyond it, the courts can invalidate the sale completely.

(b) This protection applies irrespective of whether the injured party is the buyer or the seller. However, it applies only to the time needed

to show the good to an expert and have it valued.

(c) Since the protection of *ona'ah* introduced an element of uncertainty into the market, businessmen desired as short a time-period as possible. There was an alternative rabbinic opinion that a sale could be valid even at a price up to one-quarter above normal. Naturally the business community was pleased with this ruling. Yet it preferred the majority opinion of one-sixth, since the minority opinion allowed the other party unlimited time to claim protection of the law.<sup>51</sup>

The protection of *ona'ah* does not apply to the sale of slaves, promissory notes, or land. It may well be that the economic reason for this lies in the difficulty of assigning a price to these articles in view of the subjective evaluation involved. Nevertheless, many authorities held that although the one-sixth restriction did not apply to land, there was a concept of exaggerated *ona'ah* (50 above market price) in which case the law of *ona'ah* would apply.<sup>52</sup> Promissory notes present a particular problem since we know that different investors have different degrees of risk-aversion and different methods of evaluating risk, so that a market price might not exist. There were also legal difficulties due to the fact that the signator of the note could repudiate his debt, in which case that which was sold did not really exist, which is contrary to rabbinic law. However, a discussion of the legal aspects is beyond the scope of this paper.

Maimonides, writing in the twelfth century, limited the scope of *ona'ah* to those cases where one of the parties is ignorant of the market price at the time of sale. Some of the Germanic school of rabbis, however, argued that full disclosure does not negate *ona'ah*. The injured party could claim that he was under duress of some form since he needed the goods urgently; duress voiding all sales in Jewish law.<sup>53</sup>

Although Maimonides also wanted to limit *ona'ah* to those goods which are basic necessities, the majority of rabbinic opinion held that as long as the goods were uniform and were not created by artisans (in which case each article acquired an individual intrinsic value), the protection of the "just price" applied.<sup>54</sup>

It would seem that the main application of the Jewish concept of a "just price" in a modern economy is in providing full disclosure and free flow of economic knowledge. This would impose on the community an obligation to see that all were informed about the availability of goods at the market price. The seller on his part could escape the legal consequences of evading the "just price" by making such full disclosure voluntarily. Recourse could be had to the courts to claim

protection so that the “just price” could become a real protection for the ignorant or the coerced.

### **Encouraging competition**

The sages understood that competition between sellers, in all its forms, leads to the benefit of the general public even if it means a decline in profits for some. We find rabbinic support for various methods of maintaining competition and preventing monopolies and licensing arrangements. Nevertheless, the moral issues raised by the free market, primarily in the short term, led to restricted practices sanctioned by rabbinic opinion, as discussed below.

#### **(1) Price competition**

Competition may take the form of direct price-cutting as well as methods such as prizes, gifts, and advertising. All these attract buyers, and accustom them either to buy a certain product or to frequent a specific seller. The moral question of unfairness to other sellers is raised, but the prevailing rabbinic view is that since other merchants or firms can also offer the same prizes or lower their prices, the public interest must prevail; and this is served by the encouragement of such competition.

In ancient times, majority opinion held that a firm may distribute roasted wheat or nuts to children even though this harms the business of the other traders. It was also said that “the memory of the shopkeeper who lowers prices will be blessed” (since he benefits the community by lowering prices).<sup>55</sup> Similarly, the sages permitted decoration of goods (provided the decoration is made known to the buyer in order to avoid any doubt of misrepresentation), an early form of advertising.<sup>56</sup> Yet at the same time that legal opinion was supportive of competition, a moral pronouncement was made which would limit such competition. This involved undercutting, or “forestalling,” a person or firm involved in a transaction. The offer of a lower price, or better conditions, or even the expression of an interest in a transaction which had not yet terminated either negatively or positively, was construed as morally unjust.<sup>57</sup> Obviously such practices were to the detriment of the buyer and regarded as harmful. Although many Jews, both rabbinic and lay, followed this principle in their daily lives, there was no legal redress for the injured party. Its existence in-

troduced a purely moral imperative into the marketplace.

## (2) Free entry

Inter-firm competition is not only expressed through price, but is dependent on the possibility of free entry. This may mean the ability freely to practise various professions, establish new firms, cater to expected or actual demand, or move from one place to another to benefit from changed economic conditions. Naturally such free entry affects the firms already established in that area or industry, which can often earn abnormal profits by restricting the supply of goods, by raising the price by preventing or limiting such entry. The “closed shop” principle, licensing arrangements and immigration laws are examples of this type of restriction on competition. It would seem, however, that the general trend in the Jewish world has been towards a liberal, open-market attitude on this issue. At the same time, however, the religious considerations of mercy, justice, and the general well-being of the community could lead to limitations on the right of free entry which would cause genuine economic suffering.

## Nuisance

Talmudic sources provide protection to neighbourhoods and communities against economic activity which may harm them physically or ecologically. Industries which cause pollution, noise, and congestion may be barred from a community or town by legislation. Such legislation, however, cannot prevent the establishment of new business ventures if such already exist. In modern parlance, firms cannot be prevented from establishing plants in those places where the zoning laws provide for them. The sages did not accept that the entry of new firms should be forbidden because they injure existing ones. So it is permitted to set up shop alongside shop, bathhouse alongside bathhouse, and so forth. Throughout the Middle Eastern and Mediterranean countries one can still see similar arrangements which create a far more competitive market than the shopping centres of modern town planning, with its principle of one firm for each type of business.

It is interesting to note that this ruling contradicts another talmudic decision whereby fishermen can force others to withdraw to a distance equal to that of a fish’s swim from his nets.<sup>58</sup> However, this has been explained as a special case. Since the bait nets have already

been set down, the fish may be regarded as the fisherman's property. Therefore, others would be guilty of theft. The Franco-German authorities of the twelfth century insisted, on the other hand, that customers are free to shop wherever they wish, so nobody can regard them as a captive market until the sale is completed.<sup>59</sup>

Free entry and competition are also dependent on the ease of population transfers and relocation of firms. The question whether non-citizens and aliens may work or establish businesses is an age-old one yet ever new. Jewish biblical commentators saw the exclusion of neighbouring tribes by the wealthy cities of Sodom and Gomorrah as their primary sin. Medieval cities limited the entry of citizens of other towns, and even today most nation-states restrict the freedom of non-nationals to work or engage in business. Generally speaking, the rabbinic authorities following a talmudical dictum held that a foreigner (or resident of another town or community) has full rights of residence, including those of an economic nature, provided he pays the taxes applicable to that community.<sup>60</sup> To allow freedom of entry without the tax liability would simply be immoral, in addition to being unfair. The talmudic authorities therefore favour payment of taxes by those earning their livelihood in the city but living in the suburbs.

There were, however, certain exceptions to the obligation of sharing in the tax liability in exchange for free entry. Peddlers were allowed to wander from city to city without paying taxes in order that "the daughters of Israel should not lack for jewelry and cosmetics." Out-of-town merchants were able to display their wares on market days without becoming liable for municipal taxes.<sup>61</sup>

In view of the religious injunction to study Torah, it is not surprising to find free movement of rabbinic scholars without the restraint of taxation.

The decision regarding the right of free entry negates the legal right of citizens of a community to exclude *on economic ground* others from entering and living in their community. It must be noted, however, that exclusion on *moral* grounds was accepted by all rabbinic authorities.<sup>62</sup>

### **Restrictive practices**

In the realities of a complex economy, competition may bring in its wake human hardship and deprivation, despite the economic benefits derived. Sometimes competition is unequal, as in the case of the

chain store versus the individual storekeeper, or that of the corporate employer versus the individual worker. This hardship or deprivation is also caused by large-scale unemployment, depressed or declining industries, bankruptcy, and the like. It is true that in economic theory human and financial resources are predicted to adjust *in the long run* to the changes brought about by competition. This is viewed as the market mechanism for achieving an efficient economy. In reality adjustment may often take a long time, especially when measured in terms of human life, and changes in the political or social framework within which they work may never be made. However, even if the long-term adjustment does take place, society still has to incur a human and moral cost until equilibrium is restored. Naturally, the social and moral values of society will balance the economic loss resulting from restrictive practices against the human suffering arising out of the change.

In Judaism, therefore, provisions were made for restrictive practices in order to alleviate or minimize the suffering and hardships caused by adjustment to new market equilibrium.

#### (1) Cartelization

The association of producers and traders into special groups, guilds or unions obviously yields economic benefits to their members by restricting competition, fixing the quantity of goods supplied to the market and so determining prices. Such associations, however, may benefit the general public by means of quality control, professional training, and mutual insurance. They also provide a mechanism for smoothing out short-run declines and booms which may occur in the market, thus preventing bankruptcy and financial hardship. Without denying the favourable effects of such associations, their adverse effects on the community must not be forgotten. It is necessary to balance the good effects of such restrictive practices against the damage in the form of higher prices and restricted entry. Talmudic authority gave the right to establish associations in which mutual agreement would limit production or determine prices.<sup>63</sup> However, these restrictive practices require not only the agreement of all involved in the industry, but also the public supervision of those agreements which serve as a basis for the association. The validity of trade agreements in Jewish law depends on a rabbi specially trained in this field who can serve as an arbitrator.<sup>64</sup> In cases where there is no such person,



cases would be decided by the community council. In our own day, this would suggest the desirability of some form of rabbinic supervision over trade unions, public utilities, and trade associations. It is interesting to note that Jewish thought insisted on the supervision of cartelization and monopoly by rabbinic authority, rather than by a lay council of interested producers or consumers. The reason for this is simple. It saw the review function as an adjustment of such associations to the demands of righteousness, justice and mercy rather than economic ones.

## (2) Free entry

The rabbinic opinions and rulings regarding free entry both into industries and into geographical areas discussed in the previous section were operative in a relatively free and competitive economy in which the Jews of the Hellenistic and Roman empires lived for many centuries. The economic and political conditions of Jewish life in Christian Europe, however, from the Crusades down to the turn of the nineteenth century, called into question the benefits of unlimited competition. Some communities found themselves in situations where competition not only brought greater poverty and suffering, but often would mean the destruction of the Jewish community itself. Since the purpose of the halachic rulings had been to minimize suffering and injustice, and to further communal well-being, the social data had to be examined to see whether they met these constant religious criteria.

## **Medieval Judaism**

Almost from the conversion of Europe down to the end of the nineteenth century, restrictive laws were placed on the Jew with regard to residence, travel and occupation. At the same time, physical persecution, expulsion and forced conversions became part of the everyday pattern of Jewish living. It is important to note that the Jew was denied the ownership of land (the major factor of production) until the Industrial Revolution. This meant that the economic existence of the Jew was peripheral to the general economic structure. As a result of these factors, the economic base of the Jewish community was both restricted and one which entailed great risk and uncertainty.

Under these conditions it was no longer true that competition was the best means of maximizing communal welfare. The contrary was

true, so that morality and charity demanded a limitation on competition which manifested itself in communal edicts and rabbinic decisions. These restrictive measures on free movement are typified by two institutions: the *Herem Hayishuv* and the *marufiya*. The first limited the right to geographic entry; the second limited inter-firm competition.

(1) *Herem Hayishuv*

This was a ruling whereby veteran settlers in a town were considered to have acquired a legal monopoly on residence and trade. Outsiders were prevented from settling and trading by the threat of excommunication unless they obtain permission from the community. Unlike the talmudic decisions quoted before, willingness to pay taxes was not considered sufficient to offset the threat to the economic stability of the community.<sup>65</sup> The *Herem Hayishuv* was widely prevalent in medieval France, Germany, Italy and eastern Europe. In the latter, it remained until the abolition of anti-Jewish legislation at the end of the last century.

The *Herem* did not exist in the Jewish communities of Spain, North Africa and the Middle East, since in these countries the economic structure and the role of the Jews in society continued to be the free-market type which had existed in the talmudic period. Therefore competition remained the best means of achieving general communal well-being.<sup>66</sup> The *Herem Hayishuv* may be regarded as a temporary rabbinic enactment to prevent disruption of the fragile Jewish community by increased competition. In this case, although consumers were affected adversely by higher prices, fewer services and fewer goods, the communal well-being outweighed these disadvantages.

It is important to stress that there were certain non-economic factors peculiar to Jewish life which limited the application of *Herem Hayishuv*. These related to refugees and to the educational profession. Jewish medieval history was characterized by continual expulsion from independent cities and feudal states, sometimes temporary, sometimes permanent. The refugee has therefore been a common feature of Jewish life down to our own time.

Refugees posed two problems for the communities:

(a) how to provide for their welfare, and to deal with competition from the newcomers;

(b) how to absorb the influx without upsetting the delicate balance with the non-Jewish community.

Judaism, with its emphasis on mutual responsibility, charity and mercy, could not countenance the exclusion of refugees. Communal practice was therefore to admit refugees freely and to allow them to trade and earn a livelihood.<sup>67</sup>

Judaism attaches great importance to the study of Torah, not as a means of achieving knowledge for practical everyday use, but as a basic religious discipline. It is not surprising therefore to find an insistence on the free movement and unrestricted practice of rabbinical studies, even though this meant hardship for scholars and teachers already in residence in a certain town.<sup>68</sup>

### (2) *Marufiya*

The *marufiya* (literally, “friend” in Arabic) protected the holders of monopoly rights (obtained from the Gentile authorities) from the competition of other Jews. Generally speaking these rights existed in tax-farming, public-sector loans, and the procuring of soldiers, arms, or luxury items, and were granted by the king, lord or bishop. In eastern Europe the same protection was afforded by the *Uronda*, primarily in the liquor trade, whilst in Moslem countries it prevailed in the silk trade. The moral argument for this restrictive practice, inconsistent with the free-entry principle discussed earlier, was that the holder of the monopoly right had made an investment in the grantor of the rights—had “cultivated” him, so to speak. This would suggest that rabbinic opinion might sanction monopoly rights today in such industries as public transport, communications and utilities; all of which necessitate a heavy investment which might not be forthcoming without such protection.

### (3) Intangible assets

Intangible assets such as patents, copyright, trademarks or licensing arrangements are all, in effect, restrictive acts protecting the holder’s investments. At the same time they may prevent society from benefiting from new technology or lower prices. Here too the moral problem of adjudicating between public benefit and private wealth applies. In the short run non-recognition of these protective mechanisms may lead to great loss on the part of both employers and employees. The rabbinic recognition of this was based primarily on the biblical injunction forbidding the removal of a neighbour’s landmark.<sup>69</sup> Since the law already forbade theft, this injunction was un-

derstood to refer primarily to the original Hebrew settlement in the Land of Canaan.

It was not difficult to expand its application to intangible assets in medieval Jewish communities. I will limit my discussion to its application to two types of intangible assets in Jewish life: the rule of copyright and the protection of the rights of tenants.

(a) The concept of copyright involves a moral choice between two conflicting issues. On the one hand, “the jealousy of the learned increases knowledge,” so that restrictions flowing from copyright should be rejected. On the other hand, products of the mind had to be protected against theft. So we find numerous examples of copyright in Jewish law, especially where publishing and printing became a major factor of Jewish economic life.<sup>70</sup> Often these restrictions were allowed only for a limited period in order to realize the social benefit of spreading learning as widely as possible.

(b) The Gentile authorities in most European countries restricted Jews to ghettos, or special streets, and this limited the supply of houses available to them. Yet natural increase and influx of refugees often accelerated demand for housing. Any wide discrepancy between supply and demand led to a rise in rent and the eviction of poor tenants. So by rabbinic legislation and communal decree, Jews were prevented from offering higher rents to a Gentile landlord in order to displace existing tenants.

It must be stressed that the restrictive practices enumerated in this section applied only when there was a real danger of destroying another Jew’s economic well-being. The mere dilution of profits or decreasing of revenue were not sufficient to invoke rabbinic restraint. It required the destruction of an economic base to produce such intervention in the interests of charity and welfare.<sup>71</sup>

## **Summary**

Although the market mechanism and legitimacy of profit were recognized by the halachic authorities, economic activity had to be regulated where the interests of the community, morality, mercy and justice demanded it. Communities were thus empowered to institute price control, and moral injunctions provided a warning against speculation in basic commodities. Redress could be had for charging above market price. It would seem that this redress was linked to the free flow of information, which became the seller’s obligation. Free

competition, both in prices and through advertising, is considered good for the community, and therefore not only permitted but encouraged. For the same reason, free entry is granted both to new enterprises and to foreign firms. But in cases where competition would be immoral or injurious, restrictive practices are permitted. The association of professional, commercial, or labour interests into some form of cartel is permitted provided there is supervision by rabbinic authority.

## NOTES

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11. Deuteronomy 28, 16–53.
12. Psalms 128.

13. *Talmud Bavli, Baba Bathra, 175b.*
14. *Psalms 24.*
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18. *Maimonides, Shmoneh Perakim, Chapter 6.*
19. *Exodus 20. Commentary of the Malbim.*
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21. *Shulchan Aruch Hilchot Ona'ah, Section 228.*
22. *Mishnah Baba Bathra, Chapter 5, Mishnah 11. Also Shulchan Aruch Hilchot Ona'ah, Section 231.*
23. *Mishnah Baba Metziah, Chapter 6, Mishnah 11. Also Shulchan Aruch Hilchot Ona'ah 228.*
24. *Exodus 23, 4–9. Leviticus 19, 9–10; 33–34. Leviticus 25, 25; Exodus 22, 20–21, Talmud Babli, Gittin 52a.*
25. *Leviticus, 19, 14.*
26. *Commentary of Rashi on above verse. Also Mishnah, Avoda Zarah, Chapter 1, Mishnah 2.*
27. *Mishnah Baba Kama, Chapter 2, Mishnah 6.*
28. *Talmud Babli, Baba Metziah 14a.*
29. *Leviticus 25, 36.*
30. *Malbim on Genesis 18.20. Also Talmud Ketuboth 103a and Baba Bathra 12b.*
31. *Exodus 22, 25–27; Deuteronomy 24, 10–14.*

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33. *Mishneh Torah*, Hilchot Shecheinim Chapter 12, 5. 13, 14.
34. M. Tamari, *Competition. Prices and Profits*. Bar Ilan University (Hebrew).
35. *Shulchan Aruch Hilchot Ona'ah*, Section 227.
36. *Shulchan Aruch* 97, 23.
37. I. Herzog. *The Main Institutions of Jewish Law*, vol. 1, *Law of Property*.
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41. *Talmud Bavli*, Baba Metzia 40b; also Baba Bathra, 4a ad menachot, 7a.
42. *Talmud Bavli*, Baba Bathra, 91a.
43. *Tosephat avodah Zarah*, chapter 5, section 1.
44. *Meiri Baba Metzia* 406; *Rosh BM*, 111:16; *Tev Choshen Mishpat*, 231: 26. Here an argument is offered for permitting foreign traders to operate if they are selling at prices below the local ones or providing goods not otherwise available.
45. *Talmud Bavli*, Baba Bathra, 89a (*Rashbam*).
46. *Tzemach Zeder*, Responsa 28.
47. *Pinkas Padua*, Regulation 198.
48. *Pinhas Berlin*, Regulation 240.
49. *Teshuvat HaRivash*, Responsa 195.
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53. Mordechai Commentating on *Baba Metziah*, Section 307.
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55. *Mishnah Baba Metziah*, Chapter 4, *mishnah* 12. See also commentary of the *Talmud* on this *mishnah*.
56. *Shulchan Aruch; Hilchot Mecheirah*.
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61. *Tur Chosen Mishpat*, Section 126, sub-section 11.
62. Enactments of the Jewish Community of Canterbury, England, 12th century. (Quoted in *Select Pleas, Starrs and other records from the Rolls of the Exchequer of the Jews*, ed., J. M. Rigg. pp. 35–36.)
63. *Talmud Bavli*, *Baba Bathra*.
64. See *Maggid Mishneh* on *Mishneh Torah Hilchot Mechirah*, Chapter 14, *Halacha* 11, also *Kesef Mishoh* on the same law.
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66. *Responsa* of the *Rashba*.
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68. *Talmud Bavli*, Baba Bathra 22a. See also Rama on *Joreh Deah*, Section 145, for limitations on free entry where it actually deprived the local teacher of his livelihood.
69. Deuteronomy 19:14
70. *Responsa* of Maharan of Padua, *Responsa* 41.
71. M. Feinstein, *Iggrot Mosheh*, *Choshen Mishpat* 38. It must be stressed that many authorities reject monopoly rights even when there is a real danger of deprivation.

## Comment

### Marilyn A. Friedman

This conference has been designed to examine “the thesis that there is no necessary incompatibility or inconsistency between religious belief, properly understood, and the basic tenets of the free enterprise philosophy.”<sup>1</sup> Dr. Meir Tamari’s well-documented paper supports this thesis with respect to Jewish religious belief. In my comments on his paper, I shall reinforce Tamari’s confirmation of that thesis. However, I shall also suggest that Jewish teachings show no necessary incompatibility with the basic tenets of either socialism or welfare-state capitalism. My conclusion is that we should not take the compatibility of Jewish religious belief with free-enterprise philosophy as evidence that free-enterprise philosophy is *uniquely* suited to the worldview of a person of Jewish religion.

I shall address two points. The first is a methodological point about

Jewish teachings to which Dr. Tamari has already alluded. The compatibility of Jewish teaching with a wide variety of economic structures derives both from the absence of economic theory and from their anecdotal, situation-specific orientation. Nowhere in Judaic doctrine do we find a broad, encompassing economic view which dictates a particular way of treating economic life. The second point concerns the intellectual history of the Jewish people over the past two centuries. Jews as a group have shown no overwhelming preference for free enterprise philosophy over other economic ideologies. They have displayed a great diversity of intellectual commitments regarding economic issues. It is true that this tells us nothing about the theoretico-logical consistency of any of those ideologies with Jewish religious doctrine *per se*. However it does tell us about the *living significance* of Jewish teachings for a community of people schooled according to it. It tells us about the intellectual life made possible for human beings whose background is significantly Jewish.

### **Methodology of the Jewish tradition**

Meir Tamari believes that in Jewish teachings we find the supremacy of action rather than of reason or faith as the means for the salvation of human beings. Mundane actions and everyday deeds are the subject matter of Jewish religious teachings in regard to economic and social matters. Menachem Kellner puts the point as follows: “. . . Judaism is a religion which emphasizes human behaviour over general claims of theology and faith—a religion of pots and pans in the eyes of those who derogate its concern with actions.”<sup>2</sup> The original Jewish scriptures consist largely of anecdotes, homilies, and the like—a kind of applied ethics rather than a theoretical framework. In this respect, they are a very early forerunner of business ethics and similar applied ethics specializations which have become fashionable in professional philosophy in the last decade or two.

Because traditional Jewish teachings have been silent on some of the major issues of modern times, Jewish religious leaders have had to articulate principles and concepts to guide Jews in those areas of life not covered by the traditional teachings. Judaism has had to confront various aspects of non-Jewish life and thought, and to respond to them. Its method for doing so has combined two essential ingredients: exegesis of traditional texts and interpretation of those texts in light of new material. This method has been described as one which

allowed Judaism to remain true to itself while fruitfully confronting non-Jewish thought.<sup>3</sup>

In addition, Judaic teaching has always included a tradition which emphasized the independence of rational inquiry and the acceptance of the best arguments on an issue, rather than relying on the determination of opinion by eminent Jewish figures or revered traditions. According to one rabbinic interpretation, certain biblical passages mean that *Torah* is open to a multiplicity of interpretations. There is a deeply-rooted principle in the Jewish tradition that there is no single, unchanging way of understanding the text. Throughout most of the Jewish tradition, the principle of free exegesis prevails. For Maimonides himself, there is no authoritative prophetic teaching about the natural world held as binding on faithful Jews.<sup>4</sup>

Thus, Toral law sanctions the incorporation of new rules into Jewish teaching, provided only that they conflict with no other provision which is already an established part of that law.<sup>5</sup> For the modern Orthodox Jewish thinker especially, Jewish ethical teachings must not contradict *halakhah*.<sup>6</sup> The Orthodox view is that *halakhah* is a divine system, not a human system, and should therefore not develop or change in any fundamental way through historical periods. Conservative and Reform Jewish thinkers, by contrast, are more inclined to accept the essential modifiability of *halakhah*. The view of Conservative Jews, for example, tends to be that *halakhah* is “the Jewish vocabulary for approaching God.” It is the human record of the revelatory experiences of God had by Jews, and therefore, as a human institution, subject to “change and historical development like all human institutions.”<sup>7</sup>

### Indirect deduction

No ancient or medieval Jewish scholar wrote economic tracts: the norms and ideals of economic and social life must be deduced indirectly from legal teaching.<sup>8</sup> In Tamari’s words, Judaism “. . . does not have a clearly defined economic theory.” Jewish law is therefore undefined for the radically different and rapidly changing social and economic conditions of our times. The population is allowed to adopt any economic system which it will, says Tamari, so long as that system is consistent with “. . . the demands of Divine justice and mercy.” In this way, Judaism pledges its adherents neither to socialism nor to capitalism.<sup>9</sup>

Some of the specific points of Judaic teachings discussed by Tamari are more compatible with free-enterprise philosophy than with alternatives to it. These points include the acceptance of private property; the absence of a glorification of poverty; the view that there is nothing intrinsically evil about the pursuit of wealth; the association of a bountiful livelihood and material plenty with religious and moral uprightness; the encouragement of competition; the discouragement of monopolies or licensing arrangements; and the right of free entry even for foreign Jews, so long as they pay the applicable taxes.

Other points discussed by Tamari are more compatible with alternatives to free-enterprise philosophy, such as socialism or welfare-state capitalism, which permit or advocate intervention into the free-market mechanism. These include: the community orientation to property ownership and concomitant view that all members of the group are partners in each individual's wealth; special measures designed for the protection of the weak and powerless members of society; the assumption that the community is obligated to provide the basic necessities for its needy, and to tax its members for this purpose; the control of prices and profits by direct intervention into the market and by the use of the concept of the "just price"; limitations on the right of free entry into a market where this entry is seen to cause genuine economic suffering; and restrictive practices to alleviate or minimize the suffering caused by competition.

Tamari tells us that talmudic and later literature recognizes benefits as well as costs in the market economy. Judaism consequently allows for intervention by appropriate communal authorities in order that they may prevent or alleviate the poverty, hunger, injustice and other human suffering which the unchecked operation of the market may sometimes produce. Its self-regulating mechanisms are not believed capable of correcting these, or of correcting them in short enough a time. Of the three economic philosophies to which I have referred, this aspect of Jewish teaching seems most compatible with the general concept of welfare-state capitalism.

My conclusion with respect to the method of the Jewish tradition is that although Jewish teachings are indeed consistent and compatible with free-enterprise philosophy, this has minimal significance in light of the equivalent consistency and compatibility of Jewish teachings with socialist philosophy and with the philosophy of welfare-state capitalism. Furthermore, the possibility of continued interpretation of original textual materials (itself a tradition-sanctioned method for

dealing with those materials) means that Jewish teachings may prove to be compatible with additional, as-yet undreamed-of, economic philosophies. This theoretical flexibility and versatility on broad social and economic matters may be one of the crucial mechanisms which has enabled the Jewish people to survive the constantly changing circumstances of their troubled history. In any event, it minimizes the importance of any compatibility between Jewish religious belief and free enterprise philosophy.

### **Diversity in recent Jewish intellectual history**

Jews have been prominent as proponents of free-enterprise philosophy, socialism and welfare-state capitalism. This diversity tells us nothing about the logical relation between Jewish religious doctrine and any particular economic ideology, for people of Jewish ancestry may forsake the religious beliefs of their forebears. They may also misunderstand or ignore the logical relation between their religious and their economic views. Nevertheless, this ideological diversity does display the range of positions which have been adopted by those whose background was in any sense Jewish. It therefore indicates something about the *living significance* which a Jewish religious background may have in the life of a community, the compatibility *in practice* of that background with various economic views. The evidence shows that Jewish religious belief no more leads people to ally themselves with free-enterprise philosophy than with its socialist or welfare-state alternatives.

The growth of capitalism, with industrialization, expansion of world commerce, and economic liberalism, is said by various authors to have benefited the Jewish people greatly.<sup>10</sup> In the words of Salo W. Baron, it “. . . opened broad new avenues for Jewish enterprise and imagination.”<sup>11</sup> Jews benefited from the new occupational opportunities created by new methods of production, which obviated the restrictions placed on Jewish productive capacity by the medieval guild system and land legislation. They benefited from the new emphasis upon international commerce, something well-suited to the Jewish communities dispersed throughout the world, yet still in contact with each other through kinship and other ties. Last but not least, they benefited from the new emphasis upon individualism which allowed the Jew to be viewed more as a person than as a member of a group, as someone to be evaluated on the basis of personal merit and

achievement, in particular, economic entrepreneurship.<sup>12</sup>

### **Capitalism is harmful**

But at the same time, the Jewish community has been harmed by the growth of capitalism. Civil rights and economic opportunities in the surrounding non-Jewish culture, and the new emphasis on individualism, undermined the cohesiveness of Jewish community life. In addition, the reliance on human reason rather than on (putatively) supernatural revelation or socially controlled tradition has affected persons of the Jewish faith no less than their Christian neighbours.<sup>13</sup> Baron suggests that full liberty means, in effect, the rule of the strong; this means a tendency for economic power to concentrate in corporate enterprises. Jews have "...learned from bitter experience that for the most part economic concentration operated against them."<sup>14</sup> In light of these considerations, it is not surprising to find that Jews have favoured the restrictions on full liberty introduced within democratic-capitalist systems, such as antitrust, fiscal and labour legislation.<sup>15</sup>

Jews have participated in modern industry both as managers and employees. For example, Jewish workers coming from Europe to the New World or England at the turn of the century were pioneers in developing labour unions.<sup>16</sup> Indeed, Jewish unions are credited with having injected "a peculiar ingredient into the Western labour movements." States Baron:

All through history Jewish communal life was permeated with the ideal of social justice. This, even more than immediate wage benefits or improved conditions of labor, became therefore an integral part of Jewish unionism. It has been observed that in the United States, as elsewhere, many Jewish labor leaders remained working for their unions even when they had economically more attractive alternatives.<sup>17</sup>

As industrial workers, Jews have been attracted by the message of socialism. Ironically, early European socialism was strongly anti-Jewish. But by the turn of the century, this had changed. The growing alliance of socialism with democracy led to recognition of the legitimacy of the egalitarian claims of the Jews. Knowledge of the poverty of east European Jews contradicted the stereotype of the Jew as capitalist. Consequently, by the turn of the century, parties such as the

German Socialist Party, and major socialist leaders, publicly repudiated any kind of anti-Semitism. This repudiation was intensified by the increasing use of anti-Semitic slogans on the part of those who opposed socialism.<sup>18</sup>

Specifically Jewish socialist parties emerged within the European socialist movement beginning in the 1870s. The Jewish Socialist Party, the Bund, was formed in 1897, declaring its aim at first as “. . .the more effective propagation of socialism among the Jewish masses.” By 1903 the Bund had altered its position so as to advocate national minority rights for Jews—in effect, Jewish separatism—a position which incensed the Russian Socialist Party at the time.<sup>19</sup>

### Ambivalence

The diversity which has characterized Jewish economic doctrine in the past exists today. Edward S. Shapiro observes that contemporary American Jews “. . .have had an ambivalent attitude toward financial success and commercial acquisitiveness,” even though the rapid economic mobility of American Jews over the past 75 years has derived in part from the “overwhelming” orientation toward business of east European Jewish immigrants of the late nineteenth century. Indeed, a contempt for business appears early among the immigrants themselves. A generally socialist ideology was common among the Jewish labour unions and among most of the “first-generation ghetto intellectuals.” Shapiro suggests that the intense union activity among Jews in the early part of the century reflected this ambivalence, deriving as much from the “dissatisfaction of Jewish workers at being workers at all” as from the “wretched working conditions of the sweatshops.”<sup>20</sup>

Shapiro identifies this same contempt for business in a recent wave of nostalgia for the immigrant generation, and the old Lower East Side, which appears in such writing as Irving Howe’s *World of Our Fathers* and *Fiddler on the Roof*.<sup>21</sup> This is how Shapiro describes this attitude:

For the modern Jewish intellectual, the memory of the ghetto is a welcome contrast to the ostentatious materialism, spiritual vacuity and aimlessness which supposedly characterize modern Jewry. The Lower East Side is idealized because of its intellectual intensity, its socialist politics, its working class culture, and because the immigrant generation never completely surrendered to bourgeois values. It has been romanticized to show just how

far America's Jews have moved away from the ideals of their immigrant ancestors and have been enveloped within the commercialism and materialism of modern America.<sup>22</sup>

This one-sided view requires correction, asserts Shapiro:

Jews will have to recognize that their history encompasses Inland Steel as well as the I.L.G.W.U., Revlon as well as Delancey Street, and Federated Department Stores as well as Jacob Adler. American Jewish identity will have to rest, in part, on the recognition of American Jewry's persistent middle class character and on the acknowledgement of the enormous benefit that America's Jews have derived from American capitalism.<sup>23</sup>

Shapiro's discussion is useful in the present context for the way in which it reveals the continuing ambivalence of Jewish attitudes toward economic issues. Shapiro himself is concerned with what he regards as distortion in the modern Jewish intellectuals' portrait of turn-of-the-century immigrants. It is worth noting that he does not scrutinize the reason for the alleged distortion. He does not analyze the "ostentatious materialism, spiritual vacuity and aimlessness which supposedly characterize modern Jewry." Although Shapiro may well have identified a contemporary falsification of historical fact, he has not shown that its underlying motivation is misguided. This remains an open question.

## NOTES

1. Letter from Walter Block.
2. "The Structure of Jewish Ethics," in Menachem Marc Kellner, ed., *Contemporary Jewish Ethics* (New York: Sanhedrin Press, 1978), p. 5.
3. Marvin Fox, "Judaism, Secularism and Textual Interpretation," in Marvin Fox, ed., *Modern Jewish Ethics* (Athens, Ohio: Ohio State University Press), p. 3.
4. Fox, *op. cit.*, pp. 8–9, 10, 11–12, 14, 17.



5. Nachum L. Rabinovitch, "Halakha and Other Systems of Ethics," in Marvin Fox, *op. cit.*, pp. 99–100.
6. Kellner, *op. cit.*, p. 17.
7. *Ibid.*, pp. 16–17.
8. Salo W. Baron, "Economic Doctrines," in Nachum Gross, ed., *Economic History of the Jews* (New York: Schocken Books, 1975), p. 48.
9. Leo Jung, "The Ethics of Business," in Kellner, *op. cit.*, p. 340.
10. Jews are credited by some with a highly formative role in the growth of modern capitalism. See Werner Sombart, *The Jews and Modern Capitalism* (New York: B. Franklin, 1913, Reprinted 1969)
11. "The Challenge of Material Civilization," in Leo W. Schwarz, *Great Ages and Ideas of the Jewish People* (New York: The Modern Library, 1956), p. 413.
12. Salo W. Baron, *History and Jewish Historians*, compiled with a foreword by Arthur Hertzberg and Leon A. Feldman (Philadelphia: The Jewish Publication Society of America, 1964), pp. 49–53.
13. Barm, *op. cit.*, pp. 53–55.
14. In Schwarz, ed., *Great Ages and Ideas of the Jewish People*, p. 414.
15. Schwarz, *loc. cit.*
16. *Ibid.*, p. 406.
17. *Ibid.*, pp. 407–408.
18. *Ibid.*, pp. 415, 406.
19. *Ibid.*, p. 418.
20. "American Jews and the Business Mentality," *Judaism*, vol. 27 (Spring 1978), pp. 214–216.
21. *Op. cit.*, p. 217.

22. *Ibid.*, p. 218.

23. *Ibid.*, p. 221.

## Comment

**Walter Block**

I want to begin by congratulating Dr. Tamari on his contribution. The interdisciplinary study of economics and religion is much advanced by his thorough analysis of the relationship between Judaism and the principles of the free enterprise system. It is a welcome addition to this surprisingly poorly developed intellectual area. Surprising, given the important role Jews have played as merchants, businessmen, and ardent defenders as well as detractors of the market system.

On a personal note, moreover, I am grateful to Dr. Tamari for bringing out the importance of study in the Jewish tradition. When my wife next insists that I study less and spend more time with my family, I shall try this argument out on her.

Before beginning my critique of the paper, I must acknowledge one shortcoming. I am unable to comment on Tamari's interpretation of Judaic law, and must therefore accept it as correct, if only for the sake of argument.

I offer the following critical points in roughly the order taken up by the author, in the hope and expectation that by so doing, he will be encouraged to elaborate his views further.

### **Inequality**

“Since the creation of economic goods and their accumulation often

leads to visible inequalities, accompanied by greed, injustice, theft and often bloodshed, it is linked to man's evil inclinations, or a sort of *lust* which is inconsistent with the ethical and moral teachings of the religion."

There are difficulties with this view. It is not the creation of economic goods that leads to inequalities, but rather the great variation in economic talents, abilities and productivities with which the Creator of the universe has seen fit to endow human beings.<sup>1</sup> Even if economic goods were somehow not needed, and hence not created, or created but not accumulated, the human race would *still* be characterized by vast inequalities in size, strength, speed, intelligence, beauty, etc.

Secondly, why are inequalities necessarily evil? Why should envy implicitly be elevated into a cardinal virtue?<sup>2</sup> While there are indeed grave evils involved in homogenization of human beings, and thus in the forced rectification of inequality,<sup>3</sup> it is not at all clear why inequality *per se* should be seen as evil.

Thirdly, the linkage of "greed," "injustice," "theft," "bloodshed" and "evil," all in one sentence, seems akin to the multiple choice question faced on high school exams: pick out the one item that does not belong with the others. For Adam Smith and other classical liberals, "greed" sticks out like a sore thumb. Far from a negative, in this view greed is the very source of civilization, the reason that human beings were led to carve a society out of the wilderness.<sup>4</sup> If the Smithian analysis is correct in this regard, and I think it is, then "greed," "uninterrupted effort," or "self-interest" should not be considered inconsistent with the ethical and moral teachings of religion.

### Partners

"Since Judaism is a community-oriented rather than an individual-oriented religion, this means that the group at all levels—communal, national and, during periods of the loss of sovereignty, international—are thereby made partners in fact, even if not legally so, in each individual's wealth."

According to Dr. Tamari, all Jews are thus, in effect, business partners with each other, whether they know it or not, and whether they like it or not. It is difficult to see how this claim of communal wealth can be based on the arguments presented by Tamari regarding the practice of allowing land to lie fallow, or of thanking the Deity for crops. It is not clear moreover, how this view can be reconciled with

some recent economic findings. For human capital—the skills, training, effort, health of the individual—are by far the most important component of wealth creation.<sup>5</sup> If Jews are really partners in each other's wealth, and wealth includes human capital, then they in effect own each other—a rather dubious proposition.<sup>6</sup> It is even more difficult yet to see how this view can be reconciled with Tamari's own statement that "...individuals have rights with regard to private Jewish property." If so, then how can Jews be considered to own their property in common with all fellow co-religionists?

### Advertising

"One is not allowed to steal, as it were, another's opinion; in other words, many of those things that we all too often classify under advertising are forbidden."

Why this gratuitous, all too brief and unsubstantiated attack on the ancient and honourable practice of advertising? To be sure, there are advertisers who are guilty of violations of rights;<sup>7</sup> but so are there thieving butchers, misrepresenting bakers, and fraudulent candlestick makers. Why single out advertisers?

Advertising, for many people, has a negative aroma attached to it. Even in the economics profession, there is an invidious distinction commonly made between production costs, which are considered legitimate, and selling or advertising costs, which are not.

Such prejudice makes sense, perhaps, in a situation where information is costless, and full knowledge thus reigns. But in the real world, unfortunately, such bliss does not obtain. Here, we must struggle on, living in our vale of ignorance.

It is the task of the advertiser to alert us to opportunities we may have neglected. What is the good of producing goods and services, after all, if people are not aware of them?

But the task of spreading knowledge of this sort is no easy one. The air waves and print media are alive with competing messages. In order to succeed, the advertiser must first capture the attention of the consumer. And the fact that this is commonly done in a manner which offends the delicate sensibilities of professors, scholars, academics and other critics is no argument for prohibition. In any case their argument is not with the advertiser, but rather with the tastes of the general public, to whom he is catering.

Most important, advertising is part and parcel of free speech. Deni-

grating it by equating it with stealing, as does Mr. Tamari, only threatens this most vital of our modern institutions.

### **Harm as violations of rights**

“A man is not permitted to use his property in a way which will cause harm or do damage to another person’s body or property.”

There is all the world of difference between *harming* a person or his property, on the one hand, and *violating rights* on the other, and the two should not be conflated. Harm may be said to befall a person when he is disappointed in virtually any way: physically, psychologically, economically; while rights violations are a very small subset of this category, limited, usually, to cases where one person physically invades, or uses force or fraud against another person or his property. A can harm B by marrying the woman B hoped to marry; by beating him in chess; by underselling him in the market and driving him to bankruptcy; by refusing to purchase from him, thereby rendering B’s goods less valuable than they would have been, had A been willing to bid for them. But in all such cases, surely, A would be permitted so to act, by any reasonable code of justice.<sup>8</sup>

### **Defining property rights**

“A tree planted alongside a neighbour’s plot is in effect stealing through its roots another’s wealth. Certain industries and professions through the pollution, noise and human traffic associated with them steal another’s quiet, health, peace and fresh air, and therefore are forbidden or restricted to certain areas.”

Dr. Tamari’s thesis is that the free enterprise system, if left to itself, would create various types of injustices, inefficiencies, and other difficulties, and would therefore be incompatible with Jewish law; and that hence government intervention, or a mixed economy, is the only system compatible with Judaism.

But the examples offered regarding the tree, quiet, peace, fresh air, etc., are all part and parcel of the government’s role in defining property rights. This is seen as a *legitimate* function of government in the view of virtually all classical liberal adherents of the free market, limited-government, democratic, capitalist system.<sup>9</sup> And not only as a legitimate function of government, but as one of its essential jobs.

The reason there are such difficulties in this area, then, is not be-

cause the marketplace has failed. For in the classical liberal view, the marketplace cannot function in a vacuum; it needs to be embedded within a complex legal code based on a strict and clear definition of property rights, in order to operate. The reason there are problems with pollution, property boundaries, etc., is because government has failed to acquit itself appropriately in this role of clearly defining property rights.<sup>10</sup>

Dr. Tamari also cites the Jewish law based on *caveat venditor* (let the seller beware) as an example of protecting the consumer. But there are great drawbacks to holding the vendor responsible for damages or losses he would refuse to explicitly guarantee in the absence of such a legal practice. Under this kind of system, manufacturers will attempt to increase the quality of their goods in order to reduce claims against them. While this might sound good at first blush (it is hard to oppose high quality) this is not really in the interest of consumers. For higher quality necessitates higher prices. Instead of being offered an array of different quality goods at difference prices, under *caveat venditor* the consumer will be able to choose only from the top of the line. Consider automobiles, for example. Would the consumer really be better off if we carried *caveat venditor* to its logical conclusion, and permitted on the road only Cadillacs, Mercedes, Rolls Royces, and other cars of such high quality? Hardly. The consumer gains by having a range of choice: relatively cheap, tiny, less unsafe-in-a-crash, low quality cars also benefit consumer welfare.

### Charity

“The giving of charity is not considered as an act of kindness on the part of the haves to the have-nots. The have-nots have by right a stake in the property of the haves.”

Can there truly *be* an act of charity if the poor really own (part of) the wealth of the rich? The answer would appear to be “no,” for the giving of charity, surely, is over and above the call of duty. If a payment from a “have” to a “have-not” is made out of duty, it is not, it cannot be, charity; it must be merely the discharge of a debt. “Charity” and “justice” may flow from the same root in Hebrew, but not in English.

An implication of Dr. Tamari’s interpretation is that the poor need not be thankful to the rich for income transfers, any more than a creditor need thank a debtor for the repayment of a loan. Both are duty-

bound. The poor person, moreover, could really present the rich person with a bill, much as the restaurateur presents a bill at the end of the meal to the diner. The diner pays out of duty, not charity, for to fail to pay the bill would be equivalent to stealing the meal. Likewise, in Dr. Tamari's construal, the rich person is really stealing the legitimately owned property of the poor, by refusing to give it to him.

Could a poor person (strictly speaking) steal from a rich person? Not according to the inner logic of this position. For the rich person, in refusing to give (part of) his wealth to the poor person, is withholding what really in justice belongs to the poor person. How can it be theft to take what is rightfully one's own? Surely this should rather be characterized as "regaining one's own rightful possessions" or the "return of stolen property" (the property the rich man is presumed to have stolen merely by his attempt to keep it for himself, and out of the hands of its "rightful" owner, the poor man). In this rather fanciful example, I am of course assuming that the rich man came by the relevant property in a manner such that, were it owned by a poor man, there would be no question of theft, or of rightful ownership.

This position is so difficult to defend that Dr. Tamari himself elsewhere contradicts it when he says "The question of theft has nothing to do with the damage done to the injured party, nor to the relative economic status of the parties concerned . . ."; and, "So judges are not allowed to fear the wealthy nor favour the poor." But how could the relative economic status of the concerned parties "be irrelevant to theft," or "judges not be allowed to favour the poor" if the poor legitimately own (part of) the property of the rich?

Another difficulty is that the theory logically implies not placing a floor under the incomes of the poor, as many classical liberals have urged,<sup>11</sup> but rather absolute income equality. For, if the rich must give to the poor out of duty, this duty logically continues until the rich no longer have more money than the poor. If there are even slight income differences, there are still the rich as distinct from the poor, and they still have an obligation to transfer further income.

But not only income. Haves may be distinguished from have-nots not only in terms of money income, but ever so much more importantly, in terms of health, happy disposition, intelligence, musical ability, beauty, strength, agility, speed, etc., etc. Surely, if there were a way to equalize these endowments,<sup>12</sup> duty and justice would require that it be done, in Dr. Tamari's view. And if not, money incomes must be used in compensation, so that a young, healthy, happy, intelligent but

poor person (in money terms), would be forced to pay off a rich (in money terms) old cantankerous sourpuss with little to recommend him besides his financial wealth.

### Usury

Dr. Tamari points to the opposition of Judaic law to the practice of charging interest for loans, and allowing essential items to be used as security for loans.

It is difficult to understand this, given the fact that these prohibitions harm mainly the poor. In the loan market, the most advantaged borrowers are the ones judged to be the least likely to default. Since ability to repay, creditworthiness, and greater collateral are usually characteristics of the rich, their desires for loans are likely to take first priority in the eyes of the potential lenders.

How can the poor compete? By offering (or being willing to pay) higher rates of interest than the rich, and/or by offering (or being willing to pledge in security for loans) valuable, precious or “essential” items. Laws that preclude or discourage these possibilities thus discriminate against the poor. With legislation or judicial findings such as those advocated by Dr. Tamari, poor people who are ambitious and anxious to join the ranks of the rich are forestalled and held back.<sup>14</sup>

One justification for this policy is the fear that in the free loan market, the poor will be taken advantage of: in case of default, they will have to renounce a precious possession; and their chances of success will be less, at the higher interest rates. But this smacks of paternalism: we know what is best for the poor, better than they do themselves; even though they are willing to engage in a commercial transaction, we shall forbid it—for their own good. This is to treat the poor as children; it is to add insult to injury. Presumably, it must be rejected as immoral.

The usual strictures against usury prohibit the charging of interest beyond a certain fixed and arbitrary rate. Dr. Tamari goes much further in urging a zero interest rate, or “interest-free loans.” This extreme position has the additional disadvantage of even further drying up the source of loanable funds. Any prohibition against “usury” will accomplish this, but a zero interest rate will do so with a vengeance.

Nor must we only look at the interest rate as the “price” of loanable funds. It has a far more fundamental role to play, pervading every nook and cranny of the economy. The interest rate affects the



rate at which stocks (income at a point in time) are traded for flows (income over a number of years). What is the present worth of the right to receive \$100 per year for the next ten years? The answer to this is intimately connected to the rate of interest and to the theory of capitalized values. Why is it that wine and trees and other intermediate goods become more and more valuable the closer they are to harvestable age? Again, the interest rate. If one really wanted to control interest rates, let alone at a zero level, one would have to interfere with virtually every market transaction, for the sale prices of all goods implicitly incorporate an interest rate. This is virtually an impossible task; and to the extent that it met with "success," it would ruin the economy.

### First refusal rights (*Bar-metzrah*)

We are told that neighbouring land-owners always have the right of first refusal in land sales, and that "Since the purchase is to be at the market price, the seller suffers no loss. Yet at the same time the buyer gains since the enlargement of his property is often an economic consideration. This is a concept of 'one loses nothing and the other one gains.' "

This view of *pareto optimality* is puzzling, since it implies that no one would ever pay anything to purchase an option to buy land. But options (to buy at a given price) are commonly bought and sold, so we know they are valuable considerations. Moreover, if *bar-metzrah* really implied no loss of value to the land-owner, why is the law needed to enforce this obligation on him in the first place? Surely there is a loss in the sense of alternatives that must be foregone because of this law.

The core difficulty is the assumption of a "market price," identical for everyone. Although certain economics textbook writers have concocted a "perfectly competitive model"<sup>15</sup> in which all buyers and sellers pay or receive an identical "market price," this has nothing whatsoever to do with the real world, or with the concept of free enterprise. (As used here, free enterprise or the competitive market system indicates enforced private property rights, free trade and minimal government interference with the economy; nowhere implied are the rigid assumptions of perfect competition: numerous buyers and sellers, homogeneous products, perfect information, equilibrium, etc.)

The market price, properly understood, is only a shorthand description of the numerous trades that take place all throughout the

economy. In the land sale case we are considering, there is no reason to believe that all potential purchasers will necessarily pay the same price. If the seller is forced to give neighbours the first right to purchase, it may be at the cost of being unable to sell to a stranger who might offer more. This was recognized where Dr. Tamari saw “the difficulty of affixing a market price to [land] in view of the subjective evaluation involved.” But this insight, unfortunately, was not incorporated into his analysis.

### **Property rights and human rights**

According to our author “the Jewish legal system keeps a clear demarcation between crimes against property and capital crimes. Murder, adultery and idolatry were punishable by death, without any remission into a monetary settlement. On the other hand, no prisons ever existed for debtors, and no jail sentence was imposed for theft or embezzlement; restitution and fines were all that were imposed. Capital punishment, banishment or bodily mutilation for theft were never recognized. Whilst private property has rights, which must be equitably and severely enforced, they never were considered sacred or holy.”

Strictly speaking, however, there can be no crimes against property, and private property has no rights at all. Only human beings, not property, can have rights.<sup>16</sup> There are no disputes between “property” and human beings; only between some human beings who own property, and others who steal, deface or otherwise destroy it. To be sure, one must distinguish between murder, rape, assault and other crimes against persons, and theft of a person’s property. But sometimes property theft can be more injurious than minor bodily assault; for example, stealing water in the desert, or food or a horse in a barren wilderness.

### **Price controls (*Ona’ah*)**

“The Jewish conception of private economic activity which sets the seal of justice, righteousness and morality on all mundane acts, requires control over prices and profits in order to prevent deviations from the Divine Mandate.” Does God really command that there be price controls? Let us briefly review the function of profits and prices in a market economy, as an antidote to this view.

There are two, and only two, ways of allocating resources to their most important ends: through centralized commands (as in the Soviet system of planning) and through a decentralized price mechanism (as holds true for most goods and services in the Western democracies). All other systems are combinations of these two.

In a market economy, consumers determine what is to be produced merely by purchasing more or less of a given item. Greater (lesser) demand raises (lowers) prices; the higher (lower) the price, other things equal, the more profits (losses) will be registered by the producers. The entrepreneur is thus led “by an invisible hand”<sup>17</sup> to produce that which is in greater demand by the consumer, and to reduce his efforts on behalf of items which are not so heavily demanded, in order to maximize profits. Without the price and profit mechanism, the entrepreneur would have little knowledge of what people desired, less awareness of their continually changing demands, and still less incentive to suit his actions to their needs. One of the many beauties of the profit-and-loss system is that entrepreneurs can earn profits only by catering to consumer desires; but as they do so, prices come down in response to the increased supply, and profit rates level off. This indicates that the need for further efforts is no longer so urgent, and that resources can now be better employed elsewhere.

How do price and profit controls fit into all this? If prices are not free to vary by more than one-quarter or even one-sixth of what some economic czar is pleased to regard as the “market price” this interferes with the flexibility of the entire system. No longer will prices inform us as the relative demands and scarcities of economic goods and services.<sup>18</sup>

Tamari quite correctly sees the “difficulty of assigning a price to [certain] articles in view of the subjective evaluation involved.” With regard to promissory notes, he fully appreciates that different attitudes toward risk make it impossible for a market price to exist. He fails, however, to realize that subjective evaluations and differing attitudes toward risk apply to *all* purchases and sales in the market. More important, he ignores the crucial allocative, informational, and incentive effects of prices and profits and loss. These are so basic to the operation of a decentralized market economy that price and profit controls, even if capable of a non-arbitrary implementation, would still have adverse effects. Given the misallocations brought about by price and profit ceilings, consumers often pay *more* for the controlled items when shortages, queues, and the black markets which usually

arise are taken into account. We conclude then that if for some reason there must be price and profit ceilings, it would be far better for the poor and the needy if ceilings were applied only to *luxuries*, not necessities. If we must inflict these inefficiencies, need they always affect the necessities used most heavily by the more helpless members of the economy?

We cannot leave the topic of price controls without considering minimum price laws or price floors, described by Tamari as “undercutting” or “forestalling.” As this too, we are told, is “morally unjust,” we take note that the realm of “morally just” prices must occupy a very narrow band indeed. But Tamari’s economic analysis is somewhat puzzling. In his view, undercutting is “to the detriment of the buyer.” However, if buyer B is about to purchase an order from seller A, and competitive seller A<sup>1</sup> comes along with a lower-priced offer, this must *help* B, although it will hurt A. We are told that there was no legal redress, only a “moral imperative [introduced] into the market place.” The difficulty is that if everyone refuses to “undercut,” there can hardly be said to *be* a market at all. For undercutting is surely one of the essential ingredients of competitive markets.

A moral problem that arises with regard to price controls (*ona’ah*) has to do with rabbinic religious rule-changes in order to lower prices. Tamari reports that the rabbis of sixteenth-century Moravia declared certain high-priced fish to be “ritually unfit to eat,” but only in order to lower prices. If the mere price of an item can determine its dietary quality, then nothing further can be said on this point. But low-priced pork is hardly kosher, and high-priced kosher food is not by that fact alone rendered non-kosher. The Moravian rabbis, it would appear, were guilty of fraudulent activity. At the very least, they were guilty of the “misrepresentation,” “deliberate distortion,” and “failure to fully disclose,” of which Dr. Tamari warns us several times.

### **Middlemen**

“The sages of the *Talmud* saw the increased costs caused by middlemen as detrimental to the poor and weaker classes.”

If so, then the sages were seeing something that simply is not true. Suppose that A was selling to C and all of a sudden B, the middleman, arrives on the scene. The *only* way B can break into this chain is by making more attractive offers to both A and C than they are able to make to each other. How can this be done? Tamari’s much maligned

supermarket or shopping centre is a perfect case in point. The chain-store supermarket (B) is in a position to buy in quantity from wholesalers (A), at lower costs to the wholesaler than would be entailed by direct sales to the final customer (C). So B makes A better-off by freeing him from dealing directly with the shopper. The wholesaler can now specialize in a more narrowly defined task and hence gain in productivity. Moreover, the supermarket can save the customer the cost of travelling to dozens of different wholesalers by providing more choice than any one shopper can provide for herself. So B also makes C better off.

If this were not so—if B ended up charging C more than the price that could be obtained from A when due consideration is given to convenience, greater choice, and reduction of shopping costs—then C would “cut out the middleman,” and “buy wholesale.” The middleman does not forestall options; he increases them. He does not *raise* prices to the consumer; he *lowers* them.<sup>19</sup>

### The speculator

If, as Sowell states, the middleman is an economic actor long reviled by racists and anti-Semites of all stripes, then the speculator is another. It is important, not only on economic grounds, but for the sake of justice (in face of irrational anti-Semitism) to set the record straight on this matter.

Since time immemorial, speculators have been vilified for high and rising prices. This view is incorrect. In fact the opposite is true: the result of speculation is to prevent prices from rising as much as they would have done without it.<sup>20</sup>

To see this clearly, let us consider the example of “widgets.” Suppose that in the absence of speculation the future supply of widgets is as in the biblical story: seven fat years followed by seven lean. Given similar demand in the two periods, the years of ample supply would result in low prices and the era of short supply in high prices. Enter the speculator. What will he do? If he has any sense, he will follow the sage counsel of profit-seeking: buy when prices are low and sell when they are high. His initial purchases will, to be sure, raise prices above the low levels that would otherwise obtain in the first period, as his additional speculative demand is now added to the demand to buy widgets for consumption purposes. But his subsequent sales will *reduce* prices from the high levels that would have obtained, in the later

period but for his efforts. This is because speculative sales, when added to other sales, must depress prices further than all other sales would have done by themselves. The speculator will be seen to be selling at high prices in years eight to fourteen. People will therefore blame him for these prices, even though they would have been higher still in his absence.

The speculator does far more than merely iron out prices over time. By damping price oscillations, he accomplishes something of crucial importance: the stockpiling of widgets during the years of plenty when they are least needed, and the dissipation of the widget inventory during times of shortage when they are most useful. Furthermore, the speculator's actions in the market signal to all other businessmen that an era of short supply is expected in the future. His present purchases raise prices, and hence the profitability of producing and hoarding now. This encourages others to do so before the lean years strike. The speculator is the Distant Early Warning System of the economy. But, as in days of yore when the bearers of ill tidings were put to death for their pains, modern day messengers—the speculators—are blamed for the bad news they bring. There is talk of prohibiting their activities outright, or of taxing their gains at 100 percent confiscatory rates. But such moves would deprive society of the beneficial effects of speculation.

There is only one possible fly in the ointment. If the speculator guesses incorrectly and sees years of plenty ahead when belt-tightening is really in store for the economy, then chaos will result. Instead of stabilizing prices and quantities, the speculator will destabilize them. Instead of hoarding during the fat years and reducing inventories during famines—and leading others to do the same—he will encourage needless saving under adversity and wasteful profligacy in good times. The market, however, has a fail-safe mechanism to prevent this sort of disaster. The speculator who guesses wrong will buy high and sell low—and incur losses, not profits. If he continues to err, he will go bankrupt, and usually very quickly. Professional speculators who have survived this rigorous market test of profit and loss can be relied upon to forecast the future with far greater accuracy than any other conceivable group, including seers, crystal-ball gazers, bureaucrats, politicians, mystics, marketing boards or swamis.

## Competition and monopoly

I must also demur at Tamari's contention that Middle Eastern and Mediterranean market places, with many small shops of the same type, are "far more competitive" than Western-type shopping centres "with one firm for each type of business." For surely different shopping centres all compete with one another. As long as there are no legal prohibitions, one arrangement is as competitive as the other.

A similar analysis applies to Tamari's views on monopoly. The importance of distinguishing between the two vastly different types of "monopoly" cannot possibly be overstated.<sup>21</sup> In the classic sense, a monopoly is a special privilege granted by king or parliament to an individual. Thus there were salt monopolies and candle monopolies awarded to noblemen and merchants for outstanding services. A modern equivalent would be the Post Office. In all such cases, other market agents are forbidden to compete with the monopolist upon pain of fine, jail sentence or worse. Potential competitors, forbidden to compete, are unjustifiably injured. And consumers are harmed as well, since they are not able to patronize alternatives to the legally protected monopolist.

The second sense of monopoly is vastly different. Here, the term applies to the *winner* of a competitive process. Ford, IBM, Alcoa, Mozart, Rembrandt, Shakespeare, Ali were each at some time virtually the single seller of a highly valued good or service. These individuals and corporations were part and parcel of the competitive process. Far from harming consumers, as was true of the other case of monopoly, the achievement of monopoly in this sense is evidence of providing *superlative* benefits to the consumer. For how else can a company or individual become the single seller of a good or service without serving the interest of the consumer (which of course includes the poor, the elderly and the weak)?

Strangely enough, in one of the rare instances where Tamari makes this distinction, he favours monopoly in the *harmful* sense. This occurs in cases where the Gentile authorities granted Jews monopoly protection against the competition of other Jews. "The moral argument for this restrictive practice," says Dr. Tamari, is that the "holder of the monopoly right had made an investment" (by purchasing these rights from the grantor). Now this is a moral argument which is difficult to defend. For the slaveholder can make the same claim. He may well have bought the slave, made an "investment" in

him, and even have a bill of sale to prove it. But does this fact constitute a moral justification for the practice of slavery? Hardly.

Tamari also takes this position in his analysis of free entry. His view seems to be that when Jews are confined to a ghetto, monopoly (in the classical government-grant-of-exclusive-privilege sense) not competition, is the best means of maximizing welfare. Although he admits that granting monopoly privileges to “veteran settlers in a town” (*Herem Hayishuv*) affects the consumer “adversely by higher prices, fewer services and fewer goods, the communal well-being outweighed these disadvantages.” But what were the *advantages* to communal<sup>22</sup> well-being of monopoly privileges for the few? Dr. Tamari does not say.

Another eccentric view of competition reported by Tamari is that if an eminent rabbi *did not* close his store after a few hours of trade, he would be guilty of “gross unfair competition” against his less able competitors. Why is it “unfair”? If the eminent rabbi closes his store early, is he not instead guilty of a monopolistic withholding<sup>23</sup> and therefore of ruining “communal well-being”?

## Conclusion

Dr. Tamari’s thesis is that democratic capitalism is so riddled with injustices and economic difficulties that it needs a strong measure of government intervention if the system is to be brought into conformity with the requirements of Judaic law. I think he has made as strong a case for this position as can be made—but that his conclusion still remains unproven.

## NOTES

1. See Roger J. Williams, *Free and Unequal*, Indianapolis: Liberty Press, 1979; Murray N. Rothbard, *Freedom, Inequality, Primitivism and the Division of Labor*, Menlo Park, Calif.: Institute for Humane Studies, 1971; Murray N. Rothbard, “The Impossibility of Equality,” in *Power and Market*, Menlo Park, California: Institute for Humane Studies, 1970, pp. 157–160.
2. Helmut Schoek, *Envy: A Theory of Social Behavior*, London: Secker



- and Warburg, 1969; Peter T. Bauer, "Ecclesiastical Economics Is Envy Exalted," *This World*, Winter 1982, no. 1, pp. 56–59.
3. See Walter E. Williams, "A Recipe for the Good Society: A Report from the Federal Unequality Commission," in *The American Spectator*, vol. 15, no. 7, July 1982, pp. 20–22; *Discrimination, Affirmative Action, and Equal Opportunity*, ed. by Walter Block and Michael Walker, Vancouver: The Fraser Institute, 1982; Thomas Sowell, *Race and Economics*, New York: Longman, 1975.
  4. Consider these quotes from Adam Smith's *The Wealth of Nations*:  
 "The great advantage of the market is that it is able to use the strength of self-interest to offset the weakness and partiality of benevolence, so that those who are unknown, unattractive or unimportant, will have their wants served."  
 "The uniform, constant, and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things towards improvement, in spite of both the extravagance of government and of the greatest errors of administration."  
 "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interests . . ." Instead of this last statement, suppose Adam Smith had said, "It is from *greed* that we expect our dinner from the butcher, the brewer and the baker . . ." This might have been less eloquent, more shocking and disturbing, but would it have changed the essence of this keen Smithian insight at all?
  5. Gary Becker, *Human Capital*, New York: National Bureau of Economic Research, 1964.
  6. See Murray N. Rothbard, *The Ethics of Liberty*, New Jersey: Humanities Press, 1982, pp. 45–46 for a treatment of this phenomenon.
  7. For a more positive view of advertising, see Israel Kirzner, *Competition and Entrepreneurship*, Chicago: University of Chicago Press, 1973; Frederich Hayek, "The Non-Sequiter of the Dependence Effect," *Studies in Philosophy, Politics and Economics*, New York, Simon and Schuster, 1967, pp. 313-317; Paul Heyne, *The Economic Way of Thinking*, Chicago: SRA, 1980, pp. 34, 181–182, 188.
  8. For a criticism of the doctrine that there are such things as "positive

rights,” (e.g., the right to food, clothing, shelter, etc.) see “Housing Is Not a Basic Human Right,” in *Rent Control: Myths and Realities*, ed. by Walter Block and Edgar Olson, Vancouver: The Fraser Institute, 1981, pp. 300–302.

9. Milton Friedman, “The Role of Government in a Free Society,” in *Capitalism and Freedom*, Chicago: University of Chicago Press, 1970, pp. 22–36; Friedrich A. Hayek, *The Constitution of Liberty*, Chicago: Henry Regnery, 1960.
10. Edwin G. Dolan, *TANSTAAFL: The Economic Strategy for Environmental Crisis*, New York: Holt, Rinehart & Winston, 1971; David Friedman, “Pollution,” in *The Machinery of Freedom*, New York: Harper and Row, 1970, pp. 139–141; Richard Stroup and John Baden, “Externality, Property Rights and the Management of our National Forests,” *Journal of Law and Economics*, vol. 16 (2), Oct. 1973.
11. One explanation for governmental failure to clearly specify property rights is that in the mixed economy, it has become responsible for so many other tasks, (to which it was not suited), that it simply had not the energy nor the funds to devote to this task.
12. See Milton Friedman, “The Alleviation of Poverty,” *op. cit.*, pp. 190–195 for a defence of one such policy, the “negative income tax.”
13. There is! See Kurt Vonnegut, “Harrison Bergeron,” in *Discrimination, Affirmative Action*, pp. 221–226.
14. Paul Heyne, *The Economic Way of Thinking*, Chicago: SRA, 1980, pp. 197, 198; Douglas Worth and Roger Leroy Miller, “The Economics of Usury Laws,” in *The Economics of Public Issues*, New York: Harper and Row, 1971; Roger Leroy Miller and Raburn M. Williams, “The Economics of Sky-high Interest Rates,” in *The Economics of National Issues*, New York: Harper and Row, 1972; Milton Friedman, “Usury,” in *An Economist’s Protest*, New Jersey: Thomas Horton and Co., 1972.

The same analysis applies to the concept of duress. If a poor man can claim duress (“since he needed the goods urgently”) in order to later void a sale, then merchants will have that much less incentive to sell to poor men in general; specifically, to the extent that this concept is operable in Jewish law, poor people will have great difficulty in buying necessities they “need urgently.” Does Jewish law really aim at forcing the poor to buy only luxuries?

Prohibition of interest in the Torah Pentateuch concerns charitable, not commercial, loans. "If you lend money to any of my people with you who is poor, you shall not be to him as a creditor, and you shall not exact interest from him." (Ex. 22:25) Cf. Ronald J. Sider, *Rich Christians in an Age of Hunger*, Downers Grove, Illinois: Inter Varsity Press, 1977, pp. 94, 95. (I am grateful to Mr. Doug Puffert for this citation.)

But is there a law better guaranteed to ensure that *fewer* loans will be made to the poor, for charitable purposes? In economic terminology, there is an upward sloping supply of loanable funds—for *any* purpose. The higher the interest rate, *ceterus paribus*, the more loans that will be forthcoming. And the lower the interest rate, the fewer. At zero rates, it is not likely that many loans at all will be offered.

15. Paul Samuelson, *Economics: An Introductory Analysis*, New York: McGraw Hill, 1964, chapters 3, 23, 24.
16. For a view that animals can have rights, see Robert Nozick, *Anarchy, State and Utopia*, New York: Basic Books, 1974, pp. 35–40. For an analysis of the human rights/property rights question, see Rothbard, *Power and Market*, pp. 176–178.
17. Adam Smith, *Wealth of Nations*, "By directing that industry in such a manner as its produce may be of the greatest value, and he is in this, as in many other cases, led by an invisible hand to promote an end there was no part of his intention . . . By pursuing his own interest he frequently promotes that of our society more effectually than when he really intends to promote it."
18. See Roger Leroy Miller and Raburn M. Williams, "The Economics of Wage and Price Controls: How to Make Cigarettes a Currency," in *The Economics of National Issues*, New York: Harper and Row, 1972; Michael A. Walker, ed., *The Illusion of Wage and Price Controls*, Vancouver: The Fraser Institute, 1976; Milton Friedman, "The Morality of (Price) Controls," and "Controls: An Exercise in Futility," in *An Economist's Protest*, New Jersey: Thomas Horton and Co., 1972, pp. 120–141.
19. See Thomas Sowell, *Race and Economics*, New York: Longman, 1975, pp. 68, 69. Sowell's analysis is so eloquent, compelling and relevant to our interests in Judaism, that I am moved to quote from him at length:

Whether in medieval society, a prisoner-of-war camp, or a modern market economy, the “middleman” essentially changes the location of things in space and time. If the same physical thing is assumed to have the same value without regard to space or time, then the middleman is simply cheating people. How this situation could persist over time, through repeated transactions, is unexplained. If A sells to B who sells to C, and B is simply cheating, then both A and C can benefit by direct transactions with each other—A charging somewhat more than he normally charges B, and C paying somewhat less than he normally pays B. Why would both then *continue* to deal with each other through a middleman? Obviously they would not.

In reality, they deal through the middleman because he is changing the value of things by relocating them, holding them to times that are more convenient, assuming various risks by stocking inventories—and doing so at *less cost* than either the producer or the consumer could. Otherwise either the producer would sell at retail or the consumer would buy wholesale, and either could perform these middleman services for himself. But given the highly fragmented nature of knowledge, those who have mastered the complexities of the production process have seldom also mastered the very different complexities of inventory management and numerous other services performed by middlemen in the process of relocating things in time and space. Consumers typically lack both the knowledge and the economies of scale needed for low cost inventory storage. Storing wholesale quantities of various goods in the home means having a bigger home, and the higher cost of a bigger home will seldom be covered by the “savings” from buying wholesale. In other words, purchasing storage space in a residential neighbourhood is almost always more expensive than purchasing storage space in a warehouse district. In short, middlemen can continue to exist only insofar as they can perform certain functions more cheaply than either the producer or the consumer. But no matter how varied and complex these functions may be, they amount ultimately to relocating things in time and space, and the physical fallacy which denies value to that operation necessarily indicts middlemen as mere cheaters.

No small part of the historic anti-Semitism of Europe (and corresponding anti-Chinese feeling in many Asian countries) is due to the Jews’ role as middlemen. Legally—that is, forcibly—

denied access to many occupations in the production of goods, Jews could survive in Europe only by finding interstitial services not covered by the sweeping discriminatory bans against them. They became middlemen in the movement of goods and money over time and space—the [former] because the Catholic church's moral prohibitions against charging interest did not apply to them. The virtually universal dislike and suspicion of middlemen focused on an ethnically-identifiable group of people, separated by religion and customs from the rest of the population, and therefore a perfect target. The economic success and political vulnerability of the Jews over the centuries has been paralleled by that of the Chinese middleman minority throughout Asia. In both cases, general discrimination has been punctuated by sporadic confiscations, mass expulsions and mob violence. The history of both groups (and of other middlemen minorities in other parts of the world) has wider implications for the political vulnerability of market economies in general.

20. See Paul Heyne, *The Economic Way of Thinking*, Chicago: SRA, 1980, pp. 128–132.
21. See in this regard, Friedrich A. Hayek, “The Meaning of Competition,” in *Individualism and Economic Order*, Chicago: Henry Regnery, 1948; Ludwig von Mises, *Human Action*, Chicago: Henry Regnery, 1966, pp. 273–279; Walter Block, *A Response to the Framework Document for Amending the Combines Investigation Act*, Vancouver: The Fraser Institute, 1982, p. 4; David Friedman, *The Machinery of Freedom*, New York: Harper and Row, 1980, pp. 39–60.
22. Why “communal?” Is there some benefit that adheres to the “community” that does not affect the relevant individuals? For an analysis of methodological individualism, see Friedrich A. Hayek, “Individualism: True and False,” in *Individualism and Economic Order*; Walter Block, “On Robert Nozick’s ‘On Austrian Methodology,’” *Inquiry*, 23, pp. 299–403; Sidney Sherwood, “The Philosophical Basis of Economics,” *Annals of the American Academy of Political and Social Science*, October 1897; Ludwig von Mises, *Theory and History*, New York: Arlington House, 1969, pp. 183–190.
23. This critique of “monopolistic withholding” is also made by Israel Kirzner. See his *Competition and Entrepreneurship*, op. cit., p. 110. For a reply to this view, see Walter Block, “Austrian Monopoly Theory—a Critique,” *The Journal of Libertarian Studies*, Vol I, No. 4, Fall 1977, pp 271–79.

## Discussion

**Edited by: Irving Hexham**

**Ellis Rivkin:** My whole approach to the development of Judaism is necessarily antithetical to Susan Feigenbaum's. This should be noted at the outset.

I have gone to great effort to try to demonstrate that Judaism is a developmental religion. It continuously undergoes significant change, in four instances, evolving quantum jumps where the Judaism becomes very very different—so different, in fact, that its legitimacy would have been denied by the previous stage.

Thus, for example, the *Aaronide* priesthood, which exercised authority for four hundred and forty-five years to the *Hasmoneian* revolt around 165 B.C., did not recognize the legitimacy of the claims of an emerging class, the Pharisees, that God had given two laws—a written and an oral law—in which God promised eternal rewards and punishments in the world to come, eternal life and resurrection of the dead. These were denounced as heretical by those who came to be called the Sadducees, who insisted that only the written law should be observed.

Even within the Pentateuch itself, we find three stages “in the evolution of Judaism”: the prophetic, the Deuteronomistic, and the Aaronide.

So that you have really three stages in the evolution of Judaism within the Pentateuch itself: the prophetic, which was then modified considerably by the Book of Deuteronomy; and then the claims of the Levites.

I would deal with these texts from the critical point of view, and in no way accept them as divinely revealed, but only divine to the degree that the individual in rethinking and testing the teachings, determine that it is revelation for him or her. So if what one sees in Amos lights up as revelation, it is a personal,

individual choice that one must make.

Secondly, I do not agree that law was the core of revelation. The first stage of revelation did not involve law. All the law in the Five Books of Moses is subsequent. The law itself really begins to emerge in a definitive way only with the Book of Deuteronomy and is then solidified with the end of prophesy, and the promulgation of the Pentateuch around 445 B.C.E.

I went to great effort in the paper to show some of these stages and how the basic concepts of Judaism changed over time, such as belief in eternal life. Judaism is not incompatible with capitalism, but capitalism is incompatible with a traditional authoritarian system where the individual must ultimately depend on some religious authority, like the rabbi.

I don't think the definition I give of capitalism is really crucial. I think that the crucial issue is that capitalism is itself a developmental process.

**Walter Block:** I want to discuss the question of value freedom in the social sciences. I think this can best be done by distinguishing between statements on the one hand and actions on the other. Let us consider a few examples of value freedom. If we saw any of the following *statements* on the blackboard, we would have to admit that they were value-free. For instance "the minimum wage law leads to black teenage unemployment; rent control reduces the supply of rental housing; tariffs harm the welfare of the poor; excess money creation leads to inflation; money is a more efficient way of running an economy than barter; usury laws harm the poor; price ceilings create excess supply, price floors create excess demand."

Now, if it can be shown that the precepts of some religion run counter to these factual statements, that is too bad for that particular religion. It is as if this religion is on record as denying that the earth is round, or that water is composed of two parts hydrogen and one part oxygen.

These factual statements must of course be distinguished from the *action* of making them. The *act* of making these value-free statements is value-laden. Certainly the fact that I choose to make these statements is value-laden. I do so because of my values. But the statements themselves are value-free, and their truth exists above and beyond or apart from religion.

One of the problems I have with Meir Tamari's paper is his view that the best way to help the poor is to enact price controls on necessities. So untrue is this claim that its very opposite is more nearly correct: price controls on *luxuries* would be more helpful to the poor. Such laws, of course, would ruin the luxury market. But the poor won't be hurt as much.

The same thing applies to usury legislation. If you want the poor to get loans, then the *last* thing you want is a law prohibiting usury. In the absence of adequate collateral, the only thing that enables the poor person to obtain a loan is his willingness to bear a high interest burden. But this is what usury laws destroy. As a result the relatively affluent will receive all the loans. I would like now to talk about the question of coercion, and minorities. This is of particular relevance to the Jews who have been dealt dirty in this regard all through the course of history. One reason Jews should favour the free market is for their own good and for the protection of their own skins. In a collectivist society there is ultimately one employer, and that is the government. If the government doesn't like you, it is difficult to find employment. When the Jews in Russia want to go to Israel, they start losing their jobs. This is a tragedy in Russia, because there are few alternatives. In the Western democracies, if you lose your job in the civil service, you can open a grocery store, or engage in a whole host of other opportunities.

As John Yoder tells us, it's true that there have been other ways for minority groups to fit within society, and he points to a few cases among the Islamic peoples.

All well and good. And God bless people who have helped minority groups—by not killing them. However, I would sooner trust to human greed than to human benevolence if my life was on the line. This is because cases of benevolence are few and far between in the course of history; whereas greed runs rampant.

This brings me to greed—and to the invisible hand of Adam Smith. I admit to a certain feeling about this invisible hand which approaches religious ecstasy for me. In my lexicon, it's up there with Mozart and Bach. It's just beautiful, the fact that people intending no benevolence whatsoever, the butcher, the baker, the candlestick maker, supply things not because they like you, or even because they know you, but rather because they want to make a buck.

This, and the fact that the market turns this greed into a benevolent



thing is a paradox and a thing of wondrous beauty to me. And it's a thing to be trusted. I really trust in the existence of human greed, much more than I do in the benevolence of princes or democratic majorities. I've seen too many cases where the Jews and other such groups were not in the majority, and had their rights trampled upon. So I think we have to be very, very careful about relying, as Yoder does, on the good offices of dictators.

Now let me address the question of the middleman. According to the work of Thomas Sowell, no small part of the historic anti-Semitism of Europe (and corresponding anti-Chinese feeling in many Asian countries) is due to the Jews' role as middlemen. The Jewish people were legally, that is, forcibly, denied access to many occupations in the production of goods. Jews could survive in Europe only by providing services not covered by the sweeping, discriminatory enactments aimed against them—for instance, by becoming middlemen.

One of the chapters of a previous book of mine had the title, "The Middleman as Hero." I think that the middleman is a benevolent kind of person—at least in terms of results. The middleman lowers prices between the manufacturer and the consumer. He is not guilty of violating rights, certainly not of violating negative rights. He provides a benefit, and yet is roundly condemned by those who are ignorant of the workings of the economy.

The same goes for the speculator, another hero of mine. The Jews, and other minority group members such as the overseas Chinese and Indians, have been over-represented in this entrepreneurial class. I don't believe that the speculator raises prices. Rather he irons out or stabilizes prices.

Let me address myself to one last point, the monopolist. I think it crucially important to distinguish between two kinds of monopoly. In the first case, monopoly derives from a grant of special privilege from the state. For example, the salt or the candle monopoly during feudalism, or the Post Office in the modern era. Non-favoured entrepreneurs will be jailed for presuming to compete with such a monopoly. Needless to say, *this* kind of monopoly is evil, vicious and depraved, and certainly hurts the poor. But then there is "market monopoly," derived from the competitive system itself. Here a monopoly position is *earned* by producing a better product at a lower price. For example Henry Ford, IBM, Alcoa. There is no danger from this sort of mono-

poly. As soon as it gets fat and sassy, someone will come in and undercut it.

**Meir Tamari:** We have great difficulty in proving that something is a Jewish attitude, because we tend to think of things which are expressed by Jews as Jewish attitudes.

The onus is on somebody to prove that what he's saying has roots in Jewish teaching. It's not enough to say that it was good for Jews, or bad for Jews, or that Jews liked it, etc., etc. In order for it to be authentic, it has to be proven that it is part of a Jewish culture.

The second point is that it's true that the market mechanism operates in such a way that people offer services of various kinds in order to make a buck. However, it is also true that people kill each other, and steal from each other, and marry each other, also to make a buck. And that is the part of life which needs to be handled. It may not be a part of the market mechanism but it is a real part of life. Therefore, that part of life needs to be handled by religion.

I do not think that we can prove that there is any system in economic life which is synonymous with Jewish law. It would be very dangerous for us to say that such an economic system equals Judaism. In the course of 4,000 years, Jews have lived under a large number of economic systems. And I think that this will happen in the future as well.

In Israel, for many years it was very common to identify socialism with Judaism. This was a reaction to eastern European culture and caused a lot of difficulties.

What we want is to leave the investment decision to be considered on grounds of economic profitability. After that, we will require that the decision be examined to see whether it is a moral one or not.

I will use an example. There is a mishnah which says that one is not allowed to sell weapons to idolators, the assumption being that since they use weapons not just in self-defence, you are aiding and abetting murder. This falls into the biblical category that you're not allowed to put a stumbling block in front of the blind.

Every year, my students get up and say, "Yes, but look at Israel's balance of payments. The fact is that export of arms is one of our major industries. Cost/benefit analysis shows that if we make 3,000 tanks, each tank costs less than if we made only some for our own use. Of course, we should increase the export of weapons, etc. We

try them. We prove them. We've shown that they work. We have an open market, etc., etc."

They're technically correct, except that we have a legal obligation in Judaism to prevent somebody using the product which I am producing for purposes which are incompatible with God's will. And that's a problem. I don't have that problem when I export oranges. But from a religious point of view, it might be the other way around.

What about freedom and free choice? I think that Jewish law makes no bones about that. It is prepared to limit the rights of the individual in every sphere of life. We limit on religious grounds the right of the individual to what he eats, to what he wears, to when he works, to what he may do, and to what he may not do with his money. You have Kosher meals, you have Kosher sex, you have Kosher money. (laughter) Thus we have no problem with coercion, because the purpose of the whole structure of Judaism is the creation of a holy nation. We run into a lot of difficulties when we talk about Jews, who are a minority in another system. There, many of these things fall into disuse.

But that wasn't the purpose of Judaism. The purpose was to construct a society which would operate in a certain way. And since not religious individuals, but a religious state was the purpose of the law, the individual was to be circumscribed in whatever he did in order to fulfill the greater goal of the Jewish religion and community.

**Marilyn Friedman:** I would like to respond to the issue of value freedom raised by Walter Block. The concept of value-free science is a helpful and desirable ideal. I'm not convinced that it's always realized in practice. We need to analyze specific cases to see whether or not it actually exists and therefore to understand exactly how much of it we can in fact incorporate into our scientific practice.

One of the ways in which values enter scientific activity is in virtue of the way in which we organize the data in order to selectively perceive, and selectively diagnose, what is going on. So producing a string of sentences, as Walter Block did, doesn't necessarily reveal that these sentences, in actual usage, are value-free. They may in fact be defended and advocated on the basis of data which is selectively perceived, as determined by a researcher's value system.

I will take just two of his examples, and show how even the wording is not quite so clear cut. In one sentence he used the expression

“more efficient.” But he didn’t say more efficient in doing what. And once we try to spell out what it is that is being done more efficiently, I expect that we will be launched into a value controversy.

He had another sentence: “rent control ruins housing.” If the word “ruin” is not a word of valuation then I’m not sure what valuation is.

**Jim Sadowsky:** Let’s take the statement “rent control hurts the poor.” Is that a value-free judgement? I don’t see why it isn’t, because there are two attitudes I can adopt. If I like the poor, then of course I shall be against rent control. But suppose I hate the poor. Then of course I shall be for rent control.

**Roger Hutchinson:** I find it more useful, in terms of the kind of discussion we’ve been trying to have here, to say, “Is it the kind of statement that you can test against some kind of evidence?” Can we come up with some kind of mutually agreeable discourse, so that we know when we’re making a factual claim.

Then you can go on and decide, “Now what counts as evidence?” and “Whose evidence is convincing?”

**Imad Ahmad:** I’m not happy with the examples Walter Block used. I would have preferred if he’d said something like, “rent control reduces the supply of housing.” Saying “rent control hurts the poor” does contain some value-loaded terms. The term “hurt” may be considered to contain a value judgement. So the wording was unfortunate.

**Stephen Tonsor:** I see Judaism as an outsider. I think that Meir Tamiar’s presentation is much closer to the authentic tradition of Judaism than the reform tradition with which Ellis Rivkin presented us. One of the problems, though, with traditional Judaism, is that it is so closely associated with a specific cultural complex which has a chronological location that it is almost impossible to accommodate it to a contemporary society. The provisions for the sabbatical year, the remission of debts, etc., all raise enormous problems.

I also found Susan Feigenbaum’s presentation of the history of capitalism not admissible. That’s not the way it happened.

**Richard Neuhaus:** I was intrigued with Marilyn Friedman’s opening statements. I was recently in a kibbutz in Israel and got involved in a

long discussion with some people who were arguing about the fact that the socialist impulse in the founding fathers and mothers of Israel was directly related to their being emancipated or secularized Jews. That is what is getting screwed up in Israel today.

There are two stereotypes of Jews employed to great effect by anti-Semites. On the one hand, they are great capitalists, and at the centre of a grand conspiracy to run the world. On the other hand, they're a bunch of socialist, commie, wild-eyed revolutionaries. (laughter) These are not compatible stereotypes. But they're both employed regularly in anti-Jewish polemics.

The conclusion I would tentatively suggest is that really Judaism is something distinct from the economic choices that most Jews may have made. And that the religious factor is not all that pertinent with regard to the choice of economic options.

Behind that, nonetheless, religion plays a role in response to Meir Tamari's concern, that people also murder for greed; to which the answer is, "Well yes, but the greed factor only works if everyone works within the rules." You're talking about people who violate the rules.

But one has to go beyond that. There I think Tamari is right. What finally upholds the rules? I mean, is it finally a utilitarian calculus that this is going to work out better for everyone? No, I do not think, in sociological fact, that is the case. What upholds the rules is that people believe in some vague, intuitive way, they are grounded in an absolute reality which ought not to be violated. This is religious in character.

**Susan Feigenbaum:** I feel very strongly that we need to distinguish between Jews, economic systems, and Judaism. This gets back to the discussion of minority motives. Jews' response as a minority to different situations may be very different from Judaism's theological response to the very same situation.

**Arthur Shenfield:** The point about the invisible hand is that it introduces an order which directs the individual's aims to the benefit of all.

Meir Tamari recounted a number of ways in which the rabbis introduced a principle of justice in dealings between sellers and buyers. That's obviously a very important subject. But the rabbis rejected the principle of *caveat emptor*. In effect, therefore, they adopted the principle which is now becoming prevalent in Anglo-American courts

of *caveat venditor*. In other words, no longer must the buyer beware. It's the seller who must beware.

I submit that the principle of *caveat emptor* was the result of the wisdom of centuries of English legal thought. It is a moral principle, a just principle, a highly beneficial principle. It is beneficial to the buyer, not only to the seller. The reason is that it enables the buyer to maximize his choice. If a buyer comes to the market and wishes to buy a technological product, the nature of which he doesn't understand, there's nothing in the principle of *caveat emptor* that prevents him from saying to the seller, "I want a warranty for this." And there's nothing in the principle which prevents the seller from actually, independently, offering warranties, in order to gain custom.

But if the buyer doesn't want a warranty, maybe he knows more about the goods than the seller himself. Then if the courts or the law impose the principle of *caveat venditor*, the buyer has to pay the price, because this will raise the price the seller will demand. Thus, the buyer is worse off. The principle of *caveat emptor* was developed largely by English judges, but you find it in Roman law, too. Nevertheless, that principle more and more accorded with the development of the free society and free economy.

**Marilyn Friedman:** I want to open the discussion of nationalism versus universalism. At the end of Ellis Rivkin's paper he discusses the compatibility of Judaism and nationalism. I don't believe that Judaism is a proponent of universalism. It's a proponent of nationalism.

I would also argue that capitalism, or the free market, is not necessarily opposed to nationalism or nationalistic boundaries. Restraints on trade can exist within nationalistic bounds and they can exist in universalistic nations. So Judaism is not alligned with universalism, nor does capitalism require universalism.

**Muhammad Abdul-Rauf:** Dr. Rivkin stated somewhere that the basis of Judaism is belief in God. Nevertheless, Rabbi Tamari states that Judaism has to be considered basically as a code of conduct, rather than a creed, or a statement of belief. I found the two statements contradictory.

Dr. Rivkin states: "Indeed, it was only after God had despaired of a global solution to the problem of human evil that He called upon Abraham to father a people to whom he promised the land of Canaan." I found it very unacceptable, even blasphemous, to say God

has been unable to find a solution. If He can't find a solution, who else can find a solution?

I cannot speak of God in these human terms. Again what is the connection between His inability to find a solution to the eradication of evil and to a promised land? I found it very unclear. There is no relationship between them.

**Marilyn Friedman:** In response to what Susan Feigenbaum said about the compatibility between Judaism and nationalism, I recall that historians of Jewish economic history talk about the ways in which capitalism has both helped and hurt the Jewish community. When they talk about the way in which it hurt the Jewish community, they tend to mention an emphasis on individualism in the surrounding non-Jewish culture which undermines the cohesiveness of Jewish community life. That's the way capitalism hurts the Jewish community.

If that's true, what does it do to the choice of whether or not to participate in the capitalist system? How does this choice present itself to Jews, if it means a sacrifice of the cohesiveness of community life?

**Ellis Rivkin:** I hoped to spark off interest and debate with respect to the ultimate moral consequences of capitalism. This can be historically demonstrated through the Declaration of Independence, its appeal to natural rights, the rights of the individual, as the justification of American independence. Capitalism, an economic system, has nothing to do with the growth of nation states. It has absolutely nothing to do with nationalism. It is simply an economic system which sees the whole world as a market without any kind of barriers.

I tried to demonstrate that the American experience of society was formed with very few pre-capitalist, institutional limitations, and did not evolve as a system of national states, though the experimentation with confederacy certainly indicated that Americans were aware that this was a possibility. The consequences of capitalist development on a continental basis has indicated that capitalists do not go to war with each other simply because there are major, conflicting, competitive aspects in moving from one stage of capitalism to another.

I tried to demonstrate that Europe, through its pre-capitalist baggage and institutions, has a history of warfare that stems from existing nation states.

I also wanted to tie together the transnational aspect of capitalism, individualism, the Declaration of Independence, and the first chapter

of Genesis. In the first chapter of Genesis, God creates a single individual. God does not create nations. He does not create peoples. He does not create classes or castes. Man is in the image of God as male and female. So the individual is all that there really can be. That kind of commitment to the individual is only possible with free capitalism. The ultimate concern of a capitalist state is that the individual be free, without any kind of restrictions or impediments, other than that he or she must respect the equal right of all others to be free.

**Meir Tamari:** How would we implement some form of economic system in Judaism as distinct from what Jews do in economics? Historically speaking, we have to separate the answer in two parts: before the French Revolution, and afterwards. It was the French Revolution that broke down the autonomy of the Jewish communities. After it, Jews had to operate in the economies of the countries in which they lived in a similar way to non-Jews.

In other words, religious belief became an individual matter. Some people observed more, others less. But even the most observant Jew followed very much a non-Jewish pattern of individual piety. Piety became a question of charity, individual charity, honesty in business on an individual basis, in exactly the same way as in other faiths in a similar situation.

Prior to the French Revolution, for close to three thousand years, the Jewish community operated a political structure in which the economic system was regulated through communal taxation (for purposes of charity, defence, education, etc.) and by the control of profit, prices, and monopoly, where necessary. In Muslim countries, which never had the same feudalistic system as Europe, the control organized by Jewish law was much greater than the distinctive practices in Christian Europe. This was because the economic base of Jewish life was much wider there.

The independence of Jewish courts, which were able to cover economic issues, meant that economic life, trade, transactions, investment, etc., were covered by Jewish law rather than by non-Jewish law. Finally, there was an emphasis on communal welfare, the redemption of refugees, the question of provision and aid for the poor, for the sick, for study, etc.

So if we're looking for an application of an economic system, we would have to look at the autonomous Jewish communities before the French Revolution. Unfortunately, in the state of Israel today, the



emphasis is primarily secular. Orthodox Jews choosing the state of Israel continue to live, in the economic sense, in the same way as in post-French-Revolutionary Europe. In other words, purely on a private basis of charity, honesty and integrity, but as individuals.

There hasn't been an attempt to mould business operation, or the economy of the country, in accordance with Jewish law. This is a prime challenge to the Jewish state, to see to what extent it can integrate Jewish thought, and Jewish teaching, into its economic system.



## **PART SIX**

# **ISLAMIC SOCIAL THOUGHT**



## Chapter 12

### Islamic Social Thought\*

Imad Ahmad

Islam is little understood in the West. It would not be helpful to plunge into a discussion of Islamic social thought without first acquainting the reader with some of the terms which will be used.

The message Muhammad delivered is the *Qur'an* (*qur'-an*: the reading, or recitation), the Holy Book of Islam, which Muslims believe to be the actual Word of God. The text is in the form of God addressing Muhammad and Mankind. The *Qur'an* was actually written in the time of Muhammad as dictated by the Prophet to his scribes and companions, and assembled by them into its present form within a few years of the Prophet's death. The *Qur'an* is not considered authentic in translation.

Although there were Christians and Jews in Arabia during Muhammad's time, the dominant religion was idol-worship. While most of the lands around Arabia were dominated by one or another of the great empires of the day, the Arabs were organized into tribes and clans recognizing no central authority. Located as they were at the crossroads of several major civilizations and unfettered by allegiance to any single empire, they were commercially active. Yet, save for their poetry (of which they were inordinately proud) they had

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\*Abridged

no culture or science, and the pre-Islamic era came to be known as the Days of Ignorance (*al-jahiliya*).

Muhammad was a poor orphan descended from a once powerful branch of the Quraysh tribe. Until the age of 40 (c. 610 A.D.) he had been a rationalist in religious matters. He then began to report messages from God, which God bade him to take to the Arabs, and to all Mankind. This *Qur'an* is the foundation of Islam. Muhammad proclaimed that there is no god but God, and that he and all the prophets who preceded him were mere humans sent only to bring God's guidance to men; that there would be a Day of Justice (*yawm-ad-d-n*) when the good would be rewarded and the evil punished; and that all religion is one: submission to God's will (lit., *isl-am*).

The first prominent member of the tribe to accept his teachings was one Abu Bakr who later became the first *khal-fah* (successor), or leader of the Muslim community after Muhammad. Most of the tribe's established and influential members opposed him bitterly. Some like Umar ibn-al-Khattab (who went on to become the second *khal-fah*) accepted Islam before long, but most engaged in persecution against the Muslims. When this failed to stop the growth of Islam, an assassination plot was conceived against the Prophet.

Muhammad, learning of this plan, dispatched the Meccan Muslims to the nearby town of Yathrib, which had a Muslim as well as a Jewish community. He and Abu Bakr followed the others under cover of darkness on the night of the planned assassination. Their flight (*hijra*) marks the beginning of the Muslim calendar (622 A.D.).

In Yathrib, which soon came to be called Medina (the city; from *med-nat-an-nabi*—the city of the Prophet), the emigrants and local Muslims (*ansar*, or helpers) began to form a new community. A compact for the government of the city was drafted and accepted by all resident groups. This compact has been described by some historians as the founding of the first modern state. The nature of this "state," and how it differs from modern governments, is noteworthy.

## Independence

Muslims were those who pledged themselves to Muhammad through the acceptance of the *tawhid* (the creed that there is no god but God and Muhammad is his messenger). Each tribe continued to govern its own affairs, independent of the "state," except that Muslim law supplanted contradictory tribal customs for *Muslims*. Jews would con-

tinue to be governed by Jewish law. They would also govern themselves, but any disputant had the right of appeal to Muhammad.

Muhammad had "legislative" authority only over Muslims. He could intervene in disputes between Jews and Muslims, but could not intervene in Jewish affairs except by invitation. If invited to rule on a Jewish matter by appeal, he would decide according to Jewish law. This is less a modern state than a Nozickian "supra-state."<sup>1</sup> This will become more clear when we see that the principal rule for the settlement of disputes with non-Muslims is the non-aggression principle.

Muhammad proceeded to establish a network of alliances with the neighbouring towns and tribes, some but not all of which became Muslim. The Quraysh made three attempts to wipe out the Muslims, each of which failed despite numerical superiority. When in 7 A.H. (After *Hijra*) the Muslims sought a peaceful pilgrimage to Mecca, the Quraysh agreed to a compromise, allowing the Muslims to make the pilgrimage the following year. A treaty was signed in which both sides agreed to cease all hostilities.

Two years of peace that followed saw a large increase of the Muslim ranks. When in 8 A.H. the Quraysh attacked a pagan tribe in alliance with the Muslims, the Muslims marched on Mecca with a force of 10,000. This time it was the Quraysh who were outnumbered. Lacking the fierce conviction which sustained the Muslims, the Quraysh sued for peace even before the war began. Muhammad offered a general amnesty, only excluding certain anti-Muslim propagandists.

On Muhammad's death, Abu Bakr was chosen successor by election. He and the next three successors, Umar, Uthman and Ali, are known as the four "rightly-guided" *khal-fahs*, who endeavoured to preserve the *Qur'an* and the practice of Muhammad. When Ali was assassinated, the khalifate fell into the hands of the house of Muhammad's former enemy, Abu Sufyan. This dynasty used Islam as a unifying glue for the Umayyad empire. The Umayyads held themselves to be kings rather than trustees, and themselves *kahalifat-allah* (successors to God) rather than *khalifat-an-nabi* (successors to the Prophet). Because the Umayyads produced sayings attributed to the Prophet justifying their oppression of the people, scholars began a resistance. This took the form of schools which developed principles of historical analysis for assessing the authenticity of traditions (*had-th*: lit., speech) attributed to Muhammad. Traditional Islamic law was thus codified not by the state, but by a "completely free and unorganized republic of scholars."<sup>2</sup>

### Orthodox schools

With the overthrow of the Umayyads by the pietist Abbasids in 127 A.H. (749 A.D.), these schools flourished. With the new government's assistance, four became entrenched as the orthodox schools of Islam: the Hanafi (rationalist), the Shafi'i (moderate), the Maliki (traditionalist), and the Hanbali (fundamentalist). Each recognizes the legitimacy of all others. Of the other schools which these four considered heretical, only three deserve mention here: the Khawarij (or anarchists, who believed in no authority but God's), the Mu'tazilite (or extreme rationalists, sometimes called the libertarians because of their emphasis on free will), and the Sh-'ah (who believe that Muhammad's nephew Ali, not Abu Bakr, should have succeeded Muhammad).

The *Qur'an* is the chief basis of both Islamic canon law (*shari'ah*), and jurisprudence (*fiqh*). The Hadith are the traditions, traced through the companions of the Prophet, detailing the *sunnah* (practice) of the Prophet. They were compiled many years after the Prophet's death. Those who compiled the *Hadith* took great care to cite references to primary sources. An unbroken *isnad* (chain of transmitters) is considered by Muslims indispensable to the authenticity of a *hadith*. Additional sources of law are *ijma* (informed consensus of the community), *qiy-as* (analogy from established law), and *ijtihad* (formulation of law by the individual's struggle for proper understanding). My paper is chiefly concerned with social teaching based on the *Qur'an* alone.

The four schools give different relative importance to the sources of law, but all (including the "heretical" are unanimous in requiring that Islamic law be God-given and not man-created. From this perspective the "sources" of law are actually sources of *codification* of God's Natural law. As such, the *Qur'an* is the undisputed primary source, for it is believed to be the speech of God Himself. The only generally accepted secondary source for the codification of law, the Hadith, will be used here for exegesis only.<sup>3</sup>

From the Islamic point of view, the writings of the scholars are tertiary sources, and will be treated as such here. Most treatment by non-Muslim scholars misrepresents the Islamic position so gravely that it renders their analyses largely irrelevant.



**Individual responsibility and liberty of conscience**

Say: O ye,/That reject Faith!  
 I worship not that/Which ye worship,  
 Nor will ye worship/That which I worship.  
 And I will not worship/That which ye have been  
 Wont to worship,  
 Nor will ye worship/That which I worship.  
 To you be your Way/And to me mine.

(109:1–6)‘

The defining principle of Islam is submission to God. This precludes both the possibility of separating politics from religion and of condoning the submission of one man’s will to another’s. The former would leave an area of human life outside submission, while the latter would imply partnership with God (*shirk*, the most heinous sin according to Islam).

The submission which Islam calls for is an act of the individual, and is a personal matter, though it entails social obligations. The relation of Man to God is that of individual men to God (God is “nearer to him [man] than (his) jugular vein,” 50:16), and it is the *person*, not *society*, which attains grace. The Qur’an lays stress on individual responsibility.

...no bearer/of burdens can bear  
 The burdens of another.

(53:38)

On no soul doth God/Place a burden greater  
 Than it can bear.  
 It gets every good that it earns,/And it suffers  
 every ill that it earns.

(2:286)

Whoever works any act/Of Righteousness and has Faith,—  
 His endeavor will not/Be rejected: We shall  
 Record it in his favor.

(21:94)

The Day of Judgement is a day of individual responsibility.

Then, on that Day,/Not a soul will be  
Wronged in the least,  
And ye shall but/Be repaid the meeds  
Of your past Deeds.

(36:54)

Every soul will be (held)/In pledge for its deeds.

(74:38)

There is no conception of collective guilt. When a group commits injustice, God punishes each member according to his individual responsibility.

...to every man  
Among them (will come/The punishment) of the sin  
That he earned, and to him/Who took on himself the lead  
Among them, will be/A Penalty grievous.

(24:11)

Nor is there collective virtue. No one is superior to another by virtue of sex, race or tribe.

O mankind! We created/You from a single (pair)  
Of a male and a female,/And made you into  
Nations and tribes, that/Ye may know each other  
(Not that ye may despise/Each other). Verily  
The most honoured of you/In the sight of God  
Is (he who is) the most/Righteous of you. . . .

(49:13)

And among His Signs/Is the creation of the heavens  
And the earth, and the variations/In your languages  
And your colours: verily/In that are Signs  
For those who know.

(30:22)

If any do deeds/Of righteousness, —  
Be they male or female—  
And have faith,/They will enter Heaven,  
And not the least injustice/Will be done to them.

(4:124)

### Non-Coercion

Since no one can be forced, tricked, or brought vicariously into salvation,<sup>5</sup> there is no priesthood nor intercession. The Muslim may invite to salvation, but may not coerce:

Say: Will ye dispute/With us about God, seeing  
That He is our Lord/And your Lord; that  
We are responsible for our doings/And ye for yours;  
and that  
We are sincere (in our faith)/In him?

(2:139)

Pressure should neither be offered nor accepted.<sup>6</sup>

Only God may judge in matters of conscience.

The prohibition against coercion applies as much to the Prophet as to any other man.

It is not required/Of thee (O Apostle),  
To set them on the right path,  
But God sets on the right path/Whom He pleaseth. . . .

(2:272)

Now then . . ./Call (them to the Faith)  
And . . .say . . .“For us/(Is the responsibility for)  
Our deeds, and for you/For your deeds. There is  
No contention between us/And you. God will  
Bring us together,/And to him is/(Our) final goal.”

(42:15)

The Apostle’s duty is only/To preach the clear (Message).

(24:54)

. . .he that strays/Injures his own soul.  
Nor art thou set/Over them to dispose  
Of their affairs.

(39:41)

The *Qur’an* asserts unequivocally that reason, not coercion, is the means for the propagation of Islam:

Invite (all) to the Way/Of thy Lord with wisdom  
And beautiful preaching;  
And argue with them/In ways that are best  
And most gracious . . .

(16:125)

Rejection of God's message is not punishable by man, but by God alone:

Leave Me alone, (to deal)/With the (creature) whom  
I created (bare and) alone!

(74:11)

Reciprocity is demanded from the non-Muslim world. As no one may be forced to accept God's message, so no one should be forced to reject it.<sup>7</sup>

Choice of religion is the responsibility of the individual

Those who believe (in the *Qur'an*),  
Those who follow the Jewish (scriptures),  
And the Sabians, Christians,/Magians, and Polytheists,—  
God will judge between them/On the Day of Judgement:  
For God is witness Of all things.

(22:17)

And dispute ye not/With the People of the Book  
Except with means better/(Than mere disputation), unless  
It be with those of them  
Who inflict wrong (and injury). . .

(29:46)

### A distinction

A distinction is made here between those who wish to argue and those who wish to coerce. An example of how Muslims have responded to the injunction against use of compulsion in these cases is the following excerpt from a letter of Al-Hashimi to the Christian Al-Kindi, inviting him to Islam:

. . .if you reject my words and refuse the sincere advice I have offered you (without looking for any thanks or reward)—then write whatever you wish to say about your religion, all that you

hold to be true and established by strong proof, without any fear or apprehension, without curtailment of your proofs or concealment of your beliefs; for I propose only to listen patiently to your arguments and to yield to and acknowledge all that is convincing therein, submitting willingly without refusing or rejecting or fear, in order that I may compare your account and mine. You are free to set forth your case. . . .

Therefore bring forward all the arguments you wish and say whatever you please and speak your mind freely. Now that you are safe and free to say whatever you please, appoint some arbitrator who will impartially judge between us and lean only towards the truth and be free from the empery of passion, and that arbitrator shall be Reason, whereby God makes us responsible for our own rewards and punishments. Herein I have dealt justly with you and have given you full security and am ready to accept whatever decision Reason may give for me or against me. For "There is no compulsion in religion" (2:256) and I have only invited you to accept our faith willingly and of your own accord and have pointed out the hideousness of your present belief. Peace be with you and the mercy and blessings of God!<sup>8</sup>

That this attitude was the rule rather than the exception is attested to by the following incident from the Spanish Inquisition. One of the charges of the Archbishop of Vanencia brought before Philip II in 1602 against the "Apostasies and Treasons of the Morescoes" was "that they commended nothing so much as that liberty of conscience in all matters of religion, which the Turks, and all other Moham-medans, suffer their subjects to enjoy."<sup>9</sup>

This liberty of conscience extends not only to non-Muslims, but to sectarians as well:

As for those who divide/Their religion and break up  
Into sects, thou hast/No part in them in the least:  
Their affair is with God: He will in the end  
Tell them the truth/Of all that they did.

(6:159)

In succeeding sections I shall show how Qur'anic prescriptions for Muslim society manifest principles of benevolence and free trade, and how prescriptions for interaction between the Muslim and non-Muslim communities are based on the non-aggression principle. Islamic demands on individual Muslims (such as ritual and hygiene) do

not belong in a discussion of Islamic social thought, except to the extent that such prescriptions may be forcibly imposed. Of that the *Qur'an* advises:

Leave alone those/Who take their religion  
To be mere play/And amusement,  
And are deceived/By the life of this world.  
But proclaim (to them)/This (truth): that every soul  
Delivers itself to ruin/By its own acts. . . .

(6:70)

The *Qur'an* distinguishes between good and evil (enforced by God) and right and wrong (enforceable by man).

### The Muslim community

Let there arise out of you/A band of people  
Inviting to all that is good,/Enjoining what is right,  
And forbidding what is wrong. . . .

(3:104)

Respect for man's direct responsibility to God requires political freedom. But, as the American Muslim leader W. Dean Muhammad has noted, "freedom without vision is destruction."

What defines a Muslim is commitment to Islam manifested in the observance of five religious duties: (1) free and public confession of the belief that there is no god but God and Muhammad is His messenger, (2) regular prayer, (3) fasting during the month of Ramadan, (4) payment of obligatory charity (*zak-at*), and (5) pilgrimage to Mecca. The practicality of Islam as evidenced by the simplicity of these religious duties is also seen in the attention which the *Qur'an* gives to practical matters of daily living: marriage and divorce procedures, inheritance laws, contract law, rules of evidence, to name a few.

The individual responsibility of Man in the spiritual realm has its material analogue in the sanctity of private property:

And in no wise covet/Those things in which God  
Hath bestowed His gifts/More freely on some of you  
Than on others: to men/Is allotted what they earn,  
And to women what they earn:/But ask God of His bounty.

(4:32)

There are two remarkable implications of this verse. First, women have the same property rights as men. That the Qur'an gave women full property rights fourteen hundred years ago goes against the common Western perception of the role of women in Islam. Western ignorance combined with an Arab sexism has led to much misunderstanding. The pre-Islamic Arab did not believe that females had even a right to life. Female babies were murdered because of their sex. The *Qur'an* banned this practice<sup>10</sup> and warned against the day "when the female (infant) buried alive, is questioned for what crimes she was killed . . ." (81:8–9).

...And women shall have rights/Similar to the rights  
 Against them, according/To what is equitable;  
 But men have a degree/(Of advantage) over them . . .  
 (2:228)

The advantages which men are given in Islamic communities are: greater weight to their testimony as witnesses (but not when testifying as interested parties); a place at the head of the household; and a greater share of inheritance. The last is balanced against greater financial responsibility for the household:

Men are the protectors/And maintainers of women,  
 Because God has given/The one more (strength)  
 Than the other, and because/They support them  
 From their means. . . .  
 (4:34)

### Sexism

Feminists may take exception to the assertion that there are physiological grounds for discrimination in the family roles of men and women. Indeed, a Muslim feminist could even argue that the passage is descriptive rather than prescriptive. In any case the status of women in Islamic society is different from popular misconception. In addition to the right to property in material goods and the right to life, women in Islam have the right to property in their own persons:

O ye who believe!  
 Ye are forbidden to inherit/Women against their will.  
 Nor should ye treat them/With harshness . . .except

Where they have been guilty/Of open lewdness . . .

(4:19)

I believe it is fair to say that while women are not given the same social position as men by the *Qur'an*, they are given equal human rights as individuals.

The other remarkable implication of verse 4:32 is that wealth is not seen as evil in itself. Rather, one is judged by the process by which one acquires goods:

... There are men who say:  
 "Our Lord! Give us/(Thy bounties) in this world!"  
 But they will have/No portion in the Hereafter.

And there are men who say:/"Our Lord! Give us  
 Good in this world/And good in the hereafter. . . ."

To these will be allotted/What they have earned;  
 And God is quick in account.

(2:200–202)

This absence of dualism may seem strange to a neo-Platonist Westerner. But the ethics of Islam are often phrased in terms of the market place.<sup>11</sup>

The Islamic standard of merit is not how much (or how little) wealth one has acquired, but rather, how was it acquired, and how is it used? The Muslim is urged to moderation. Neither self-destructive indulgence nor other-destructive inconsideration, but free trade is the standard:

O ye who believe!/Eat not up your property  
 Among yourselves in vanities:/But let there be amongst you  
 Traffic and trade/By mutual good-will:  
 Nor kill (or destroy)/  
 Yourselves: for verily  
 God hath been to you/Most Merciful!

(4:29)

... nor use it your property  
 As bait for the judges,/With the intent that ye may  
 Eat up wrongfully and knowingly



A little of other peoples' property.

(2:188)

Profit belongs to the producer. The pursuit of profit is encouraged even on the day of community prayers (Friday).<sup>12</sup> It is even permitted during pilgrimage, when other mundane affairs are set aside.<sup>13</sup>

The basis of sound commerce is the contract, and the *Qur'an* spells out sound procedures for writing contracts in detail to eliminate misunderstandings or deceit.<sup>14</sup> Both theft and fraud are condemned.

Give just measure/And cause no loss  
(To others by fraud).

(26:181)

So establish weight with justice  
And fall not short/  
In the balance.

(55:9)

## Commerce

In accord with the prohibition of fraud, contracts are inviolable:

O ye who believe!/  
Fulfill (all) obligations.

(5:1)

Fulfill the Covenant of God/  
When ye have entered into it,  
And break not your oaths/  
After ye have confirmed them;  
Indeed ye have made/God your surety; for God  
Knoweth all that ye do.

And be not like a woman/Who breaks into untwisted strands  
The yarn which she has spun,/After it has become strong.  
Nor take your oaths to practice/Deception between  
yourselves . . . .

(16:91–92)

Yet the injunction to fulfil commitments may not be used as an excuse for violation of other absolute principles. If someone swears to

do something wrong in passion, he is not committed to that action, but rather to make expiation for a futile oath by feeding the hungry, clothing the poor or freeing a slave.

A distinction is made between gain through enterprise and gain through a condemned practice called *rib-a*. *Rib-a* is usually translated as usury, as in this translation by Yusef Ali:

Those who devour usury/Will not stand except  
As stands one whom/The Evil One by his touch  
Hath driven to madness.  
That is because they say:/"Trade is like usury,"  
But God hath permitted trade/And forbidden usury . . .

(2:275)

The actual meaning of *rib-a* has been debated since the earliest Muslim times. Umar, the second Caliph, grieved that the Prophet had not given a more detailed account of what constituted *rib-a*.

Some scholars have argued that the concept subsumes not only usury, but all interest (*rib.h*). This is reminiscent of arguments by some Western scholars that all interest is usurious. *Rib-a* comes from the root *rab-a* meaning to increase (or exceed), while *rib.h* comes from the root *rabi.ha* meaning to gain (or profit). The above verse makes it clear that profit is not a form of *rib-a*. In fact, it compares anyone who asserts that they *are* the same with a lunatic.

In the Prophet's day few loans were for the purposes of providing venture capital. The usual purpose of a loan was to allow those in deep financial need to survive until next week. The rate of interest tended to be exorbitant ("Doubled and multiplied," 3:130), resulting in further debt for the borrower. It is not surprising that scholars in early Islam perceived all interest as usury. In today's world of high finance when few borrowers are charity cases, the debate has been renewed. Is the market-clearing rate of interest *rib-a*? The matter is too complex to cover here.

Let us turn to the case of persons in distress, in desperate need of capital. Loan-sharking is forbidden. To lend money is permitted, but charity is preferred:

God will deprive/Usury of all blessing,  
But will give increase/For deeds of charity:  
For He loveth not/Creatures ungrateful  
And wicked.

(2:276)

**Welfare**

This brings us to the general question of welfare. Every Muslim is required to pay *Zakat*. This is a 2½ percent assessment on assets held for a full year (after a small initial exclusion) to be distributed among specified needy recipients.<sup>15</sup> Only Muslims are required to pay *Zakat*. Muslims receive preference in receiving it, although non-Muslims in need are also eligible.

The *Qur'an* provides for a State, with jurisdiction for settlement of disputes:

If two parties among/The Believers fall into  
 A quarrel, make ye peace/Between them: but if  
 One of them transgresses/Beyond bounds against the other,  
 Then fight ye (all) against/The one that transgresses  
 Until it complies with/The command of God;  
 But if it complies, then/Make peace between them  
 With justice, and be fair:/For God loves those  
 Who are fair (and just).

(49:9)

This is, however, a derived authority, as Abu Bakr recognized in his inaugural address upon election to the khalifate:

You have elected me at *khal-ifa* (successor to the Holy Prophet as temporal head of state), but I claim no superiority over you. The strongest among you shall be the weakest with me until I get the rights of others from him, and the weakest among you shall be the strongest with me until I get all his rights. . . . Help me if I act rightly and correct me if I take a wrong course. . . . Obey me as long as I obey God and his Messenger. In case I disobey God and His messenger, I have no right to obedience from you.<sup>16</sup>

Muslims must be wary of the corrupting effect of power:

Then, is it/To be expected to you,  
 If ye were put in authority,/That ye will do mischief  
 In the land, and break/Your ties of kith and kin?

(47:22)

Umar took this warning to heart:

Umar asked: "What will you do if I go wrong?" One of those present stood up and shouted: "By God, we will put you right with the edge of our swords." Umar replied, "If you do not do so, you will lose God's blessing. And if I do not accept your correction, I shall lose God's blessing."<sup>17</sup>

When a member of a crowd demanded to know where he had got a cloak he was wearing, Umar took no offence. He answered directly, and announced to the shocked nobility around him that the people had a right to know that he acquired his possessions justly and not by graft. He practised "full disclosure."

In addition to condemning corruption in general, the *Qur'an* warns particularly against secret counsels:

Secret counsels are only/(Inspired) by the Evil One . . . .  
(58:10)

In summary I quote the observation of the Qur'anic scholar M. F. Ansari: "Islam is opposed to the mystico-ascetic approach to life and regards society as the natural framework of activity for human fulfillment."<sup>18</sup> The vision it provides is of a family-based society of private property and free trade, in which men and women are entitled to what they earn and deserve:

To all are degrees (or ranks)/According to their deeds . . . .  
(6:132)

### Principles of justice

Nor take life—which God/Has made sacred—except  
For just cause. And if/Anyone is slain wrongfully,  
We have given his heir/Authority (to demand *Oisas*<sup>19</sup>  
Or to forgive); but let him/Not exceed bounds in the matter  
Of taking life; for he/Is helped (by the law).  
(17:33)

One can only take life in the case of murder or heinous crime.<sup>20</sup> Response to aggression against person or property is covered by the rule of reciprocity. Thus, the *Qur'an* commends

. . .those who, when/An oppressive wrong is inflicted

On them (are not cowed/But) help and defend themselves.

The recompense for an injury/Is an injury equal thereto  
(In degree):But if a person/Forgives and makes reconciliation.  
His reward is due/From God: for (God)  
Loveth not those who/Do wrong.

But indeed if any do help/And defend themselves  
After a wrong (done)/To them, against such  
There is no cause/Of blame.

The blame is only/Against those who oppress  
Men with wrong-doing/And insolently transgress  
Beyond bounds through the land/Defying right and justice:  
For such there will be/A penalty grievous.

But indeed if any/Show patience and forgive,  
That would truly be/An exercise of courageous will  
And resolution in the conduct/Of affairs.

(42:39–43)

If the perpetrator of a crime is not under jurisdiction of an Islamic government, and if his own community protects him from punishment, the law of reciprocity is to act against the community which harbours him, but only to the degree of the offence.<sup>21</sup>

Rights are not to be denied because of religious differences.<sup>22</sup> The prohibition of fraud is general and applies to non-Muslims as well as Muslims.<sup>23</sup> The requirements of justice and due process are binding on all, regardless of religion.

O ye who believe!/Stand out firmly  
For God, as witnesses/To fair dealing, and let not  
The hatred of others/To make you swerve  
To wrong and depart from/Justice. Be just: that is  
Next to Piety: and fear God.  
For God is well-acquainted/With all that ye do.

(5:9)

## **External relations**

**Relations with the non-believers are those of mutual forbearance.**

...bear them company/In this life with justice  
 (And consideration), and follow/The way of those who  
 Turn to me (in love):/In the End the return  
 Of you all is to Me,/And I will tell you  
 The truth (and meaning)/Of all that ye did.

(31:15)

Therefore shun those who/Turn away from Our Message  
 And desire nothing but/The life of this world.

(53:29)

God forbids you not,/With regard to those who  
 Fight you not for (your) Faith/Nor drive you out  
 Of your homes,/From dealing kindly and justly  
 With them: For God loveth/Those who are just.

God only forbids you,/With regard to those who  
 Fight you for (your) Faith,/And drive you out  
 Of your homes, and support/(Others) in driving you out,  
 From turning to them/(For friendship and protection). . . .  
 (60:7-9)

The last case constitutes a state of war, and here force *is* permitted. This is because self-defence and retaliation are allowed on the eye-for-an-eye principle.<sup>24</sup>

Even in war there is due process, and strict rules of war apply. To begin with, peaceful resistance is preferred to war. Avoidable oppression is no excuse for sin.<sup>25</sup> One needs just cause to resort to war. Thus, the *Qur'an* commends those who "defend themselves only after they are unjustly attacked." (26:227)

To those against whom/War is made, permission  
 Is given (to fight), because/They are wronged;—and verily,  
 God is Most Powerful/For their aid;—  
 (22:39)

Will ye not fight people/Who violated their oaths,  
 Plotted to expel the Apostle,/And took the aggressive  
 By being the first (to assault) you?/Do ye fear them? Nay,  
 It is God Whom ye should/More justly fear, if ye believe!

Fight them, and God will/Punish them by your hands,  
 Cover them with shame,/Help you (to victory) over them. . . .

(9:12-13)

Fight in the cause of God/Those who fight you,  
But do not transgress limits;/For God loveth not transgressors.

And slay them/Wherever ye catch them,  
And turn them out/From where they have  
Turned you out;/For tumult and oppression  
Are worse than slaughter . . .

(2:190–191)

### **Rules of war**

The law of equality that applies to aggression applies also to cease-fire and peace:

But if the enemy/Incline towards peace,  
Do thou (also) incline/Towards peace, and trust  
In God: for He is the One/That heareth and Knoweth  
(All things).

Should they intend/To deceive thee,—verily God  
Sufficeth thee . . .

(8:61–62)

Fear of treachery ought not to provoke treachery. Instead,

If thou fearest treachery/From any group, throw back  
(Their Covenant) to them, (So as/To be) on equal terms:  
For God loveth not the treacherous.

(8:58)

Even in a state of war, terrorism is forbidden:

And fear tumult or oppression,/Which affecteth not in  
particular  
(Only) those of you who do wrong . . .

(8:25)

The innocent must be spared even accidental suffering. On this account the Muslims were forbidden to force their way into Mecca.<sup>26</sup> Abu Bakr understood the implications of these verses and instructed his troops accordingly when they set off to fight the soldiers of the Byzantine Empire:

Do not commit misappropriation or fraud, not be guilty of dis-

obedience (to the commander) and mutilation (of the limbs of any person). Do not kill old men, women or children. Injure not the date-palm, nor burn it with fire; and cut not down the fruit-bearing trees. Slaughter not the sheep or cows or camels except for purposes of food. You will pass by persons who spend their lives in retirement in the monasteries. Leave them in their state of retirement.<sup>27</sup>

In modern terminology: no scorched earth policy.

If aggressors do not sue for peace but fight until defeated, they lose their property rights. This provides the spoils of war with which the troops are paid.<sup>28</sup> But the residents of the conquered lands are entitled to equality with the victors if they adopt Islam. If not, they may still remain under Muslim protection if they pay the *jizyah* or defence tax. The *jizyah* is a head tax applicable to able-bodied males of military age (non-Muslims did not normally serve in the armed forces). That it is a user-fee levied for security rather than ordinary tribute is shown not only by its small amount but also by its refund when protection could not be provided. The people of Hirah, for example, agreed to pay the *jizyah* on the condition that “the Muslims and their leader protect us from those who would oppress us, whether they be Muslims or others.” In the treaty between the Muslim general Khalid ibn Walid and the towns near Hirah, Khalid writes “If we protect you, then *jizyah* is due to us; but if we do not, then it is not due.” Abu ‘Ubaydah once ordered the governors of Syria to refund the *jizyah* with the following explanatory message:

We give you back the money that we took from you, as we have received news that a strong force is advancing against us. The agreement between us was that we should protect you, and as that is not now in our power, we return you all that we took. But if we are victorious we shall consider ourselves bound to you by the terms of our agreement.

The Christians of Syria replied:

May God give you rule over us again and may you be victorious over the Romans; had it been they, they would not have given back anything, but would have taken all that remained with us.<sup>29</sup>

When Christians fought as allies of the Muslims they were not charged *jizyah*, but were given a share of the booty.



**The draft**

Military service was expected of all able-bodied male Muslims, but exemptions were liberal. Muhammad never denied an exemption. The theory of the *Qur'an* is that the man seeking a justified exemption should be exempted while one seeking an unjustified exemption could not be trusted in battle. In any case, God knows which is which and will Himself punish the traitors and cowards. This theory is described in Surah 9. I quote some highlights:

If they had come out/With you, they would not  
 Have added to your (strength)/But only (made for) disorder,  
 Hurrying to and from in your midst/And sowing sedition  
 among you . . . .  
 (9:47)

And there were, among/The desert Arabs (also)  
 Men who made excuses/And came to claim exemption;

And those who were false/To God and His Apostle  
 (Merely) sat inactive./Soon will a grievous penalty  
 Seize the Unbelievers/Among them.

There is no blame/On those who are infirm,  
 Or ill, or who find/No resources to spend  
 (On the Cause), if they/Are sincere (in duty) to God  
 And His Apostle:

No ground (of complaint)/Can there be against such  
 As do right: and God/Is Oft-Forgiving, Most Merciful.  
 (7:90–91)

**Islam and economic systems**

The *Qur'an* does not prescribe the forms of government and economic system under which the Muslim is expected to live. Rather it provides an ethical base with certain political and economic implications. The discovery of these implications is a matter of much discussion among Muslims today.

Because the Islamic injunctions protecting the sanctity of private property are so strong, leftist Muslims must seek to justify their own versions of socialism from Islamic teaching about brotherly benevo-

lence and the prohibition of *rib-a*. For example, Shaikh Ameer Ali writes in *The Muslim World Journal*, that the benevolent characteristic of Islam conflicts with “the spirit of individualism and competition—the twin pillars of present-day market economic structures.” He explains:

True, Islam encourages hard work, attributes direct responsibility to God, upholds honesty in dealing and thrift in spending, emphasizes methodical ordering of time and rational calculation and welcomes lawful earnings and material accumulation; but it also prescribes obligations and responsibilities towards the parents, the relatives, the orphans, the poor and the co-religionists. The Islamic Law of Inheritance, the institution of Zakat and in a sense even the ban on usury are built-in distributive devices to prevent wealth from circulating within a narrow circle. Hence, the true Islamic ethic is anti-capitalistic.<sup>30</sup>

The origin of anti-market thinking in Islam comes less from a misunderstanding of Islam than from a misunderstanding of the market.

Nevertheless, Muslim scholars have been quick to reject socialism in the narrow sense (i.e., state ownership of the means of production). They aim rather at a synthesis which incorporates the freedom of enterprise of classical liberalism and the beneficent effects of socialism, whilst rejecting what they see as the insensitivity of capitalism and the authoritarianism of socialism. Muhammad Ali wrote in his book, *The New World Order*:

To destroy capitalism, . . . would have been an act of the greatest injustice, and it was quite foreign to the spirit of Islam. It introduced a compulsory system of charity, compulsory not in the sense that any force was employed in its collection. The compulsion was moral.

[S]tate ownership of industry and absence of all private enterprise precludes all competition and all incentive to hard and intelligent labour; and in the end, it will, by promoting habits of indolence and apathy, lower the standard of productivity and impoverish the nation which adopts it. . . . that the absence of private enterprise and private ownership in peaceful times will promote habits of indolence and sloth is too patent a fact to be denied, and even the Soviet Union has been compelled to modify its first views and to introduce competition in some form.

## Monopoly

After noting that state ownership of the means of production would be capitalism with only one capitalist owning everything, Ali adds:

Nay, a single capitalist in a nation would be more bearable in comparison with the state as the owner of all property and industry. An individual could be easily criticized, and he may have to mend his ways in his own interests. Not so the State which can, and often does, stifle all criticism which it thinks to be averse to its interests. There is a remedy in the world for every tyranny, but there is no remedy for the tyranny of the State, more particularly of a State which is also the sole capitalist in a country.

Ali notes that communism “carries to the extreme in practice the fascist theory by depriving the individual of both his freedom and his property.” But he criticizes democracy because, despite its “high-sounding theory” its advocates have enslaved “more than half the human race.”

After reading this analysis written almost forty years ago, one wonders why the so-called Islamic leaders of the world have failed to heed its warning against the nation-state. It is not that they reject his arguments, but rather that they have been guided less by Muslim ideology than by a pressing desire for rapid industrial development. Islamic principles have therefore been exchanged for whatever capitalist or socialist methods brought about industrial development. Although disregard of the wishes of those who owned and worked the land has been most flagrant under the Shah of Iran, every so-called Muslim government has succumbed to the same temptation to some degree.

This is not to say that pragmatism only has dictated the actions of Muslim political leaders. Mu’ammār Qad-afi, it is true, has unfurled the banner of “socialism” to fly over his personal interpretation of Islam. Yet, his use of the word presents no challenge to the Qur’anic view of property:

If to be “leftist” means to oppose reaction and imperialism, well then, I am on the extreme Left: no one can be further to the left than I. If “left” means “socialism,” then in God’s Name I declare that socialism is an emanation of our religion and of our Holy Book.

Socialism as we see it implies that we all participate equally in production, in work, and in the distribution of the products . . . so that this activity becomes a form of prayer, and so that the products of labor do not remain the monopoly of a single category of people . . . .

While the word “socialism” . . . has been used in the West to designate the appropriation by society of the means of production, this same word in Arabic means association and communal work.<sup>31</sup>

The confusion of Islamic social justice with the Western idea of socialism is illustrated in Mauloud Kassim Nait-Belkaiem’s article, “The Concept of Social Justice in Islam.” He describes the difficulty Umar had in finding recipients poor enough for *Zakat*, then quotes Muhammad al-Mubarrah:

To say that there is no socialism in Islam is to be ignorant of the nature of socialism, and to demonstrate in addition an inability to understand the teachings and objectives of Islam; to prove that one has no acquaintance with Islamic laws pertaining to the subject.<sup>32</sup>

Nait-Belkaiem can apply the label “socialism” to Islamic social justice *only by leaving unmentioned the coercive basis of socialism*. He openly states that his reason for doing so is to appeal to the Western-influenced young people:

And then let this social justice be designated by whatever name one cares to choose, even that of “socialism”, since it is the name that the young prefer in our days, provided that it has conferred upon it the original meaning. . . .<sup>33</sup>

The mainstream of modern Islamic thought is neither capitalist nor socialist, but seems to be an attempt to imitate European and North American social welfare systems by giving control of *Zakat* to the state. The advocates of this practice cite Abu Bakr’s use of force to make the desert tribes recognize the obligation of *Zakat* as a precedent. But if that is the precedent, Islamic social welfare is extremely limited compared to capitalist systems, since *Zakat* is 2½ percent of assets. But the precedent is debatable, since the *Qur’an* presents *Zakat* as a duty of the individual for the purpose of aiding one’s fellow

man, symbolizing freedom from the worship of Mammon.

The *Qur'an* gives a very limited authority to the state. Defence and the resolution of disputes, and the enforcement of certain religious laws upon Muslims. Modern leaders who have tried to justify an expansion of state authority have turned to the *Hadith*. For example, Shaikh Zaki Yamani has defended nationalization of certain industries on a *had-th* of the Prophet to the effect that "people are partners" in water, grazing, and fire.<sup>34</sup>

This is an example of exegesis of the *Qur'an* on which I do not wish to dwell. Extending the concept of joint ownership of fire to include the right of the state to nationalize the oil industry illustrates the extremes to which commentators must go to bring statism under the umbrella of Islam.

## NOTES

1. R. Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974), ch. 10.
2. S. D. Goitein, *Jews and Arabs: Their Contacts Through the Ages* (New York: Schocken Books, 1964).
3. The best translation of authoritative *hadith* in English is *Sahih Muslim* (Lahore: Muhammad Ashraf Kashmiri Bazar, 1976) vols. I–IV, transl. by A. H. Siddiqi.
4. References to the *Qur'an* will be cited by the *sur-ah* and *ay-at* (chapter and verse) from the translation by A. Yusef Ali, *The Holy Qur'-an: Text, Translation and Commentary* (Washington: The Islamic Center, 1978). It is available in a paperback edition called *The Meaning of the Glorious Qur'-an* (Cairo: Dar-al-Kitab al-Masri). Another respected translation is that of Muhammad Marmaduke Pickthall, *The Meaning of the Glorious Qur'an* (New York: Muslim World League, 1977) which is available in a paperback edition without the Arabic text (New York: New American Library, 1977).
5. 4:123; conversely when one is forced to evil it is charged against the coercer and not the coerced (see 24:33).

6. 28:55.
7. 40:28.
8. Quoted in J. Morgan, *Mohametism Explained* (London, 1723–1725).
9. *Ibid.*
10. 17:31.
11. M. G. S. Hodgson notes in *The Venture of Islam*, vol. I: The Classical Age of Islam (Chicago: University of Chicago Press, 1975) that in the *Qur'an* "ethics tend to be thought of in terms of the market—thus the protection of orphans was, in the first instance, protection of their property; hence the *Qur'an* freely uses market terminology—partly by way of familiar analogy (the faithful strikes a good bargain with God), but partly by way of introducing the transcendent inextricably into daily life."
12. 62:10.
13. 2:198.
14. 2:282.
15. The needy (*mas-ak-n*) are strictly defined as those who lack the wherewithal to feed themselves for a year.
16. Quoted in M. Ali, *The New World Order* (Lahore: Ahmadiyah Anjuman Ishaat-i-Islam, 1944).
17. Chris Waddy, *The Muslim Mind* (London: Longman Grove, Ltd., 1976).
18. M. F. Ansari, *The Qur'anic Foundations and Structure of Muslim Society* (Karachi: Indus Educational Foundation, 1974)
19. *Qis-as* is essentially retaliation restricted by the limits of equity. Yusuf Ali discusses it in a series of notes to 2:178 in his translation of the *Qur'an*.
20. 5:35 and 2:205–206.

21. 2:178–179.
22. 3:75 and 73:10.
23. 83:1–3.
24. 5:48.
25. 4:97–100.
26. 48:25.
27. Quoted in M. Ali, *The New World Order* (Lahore: Ahmadiyah Anjuman Ishaat-i-Islam, 1944).
28. 33:25–27.
29. Quoted in T. W. Arnold, *The Preaching of Islam* (Lahore: Shirkat-at-Qalam, 1956).
30. *Loc. cit.*, IX (Jan. 1982) #3, pp. 9, 14.
31. From M. Bianco, *Gadafi: Voice from the Desert*, quoted in Waddy, *op. cit.*
32. Quoted in A. Gaufer, *The Challenge of Islam* (London: Redwood Burn, 1978).
33. A. Gaufer, *op. cit.*
34. A. Z. Yamani, “Islamic Law and Contemporary Issues,” in C. Malik, ed., *God and Man in Contemporary Islamic Thought*, (Beirut: American University of Beirut, Centennial Publications, 1972).

## Comment

**Hanna E. Kassis**

Rather than offer a detailed critique of Dr. Ahmad's interesting and informative paper, I thought it best to attempt only two things: first, to bring into the limelight some of the salient points raised in the paper; secondly to point to certain matters that were not discussed by the author. It should be pointed out, however, that, like all other contributors to this work, Ahmad looks at his topic from a point of view *within* the faith, whereas I look at it from *outside* that faith. This offers both a handicap and an advantage.

In a discussion of any aspect of a religious tradition it is very important to distinguish the ideals and ultimate goals of that tradition from the practices and conduct of its adherents. The abyss that separates the two is, perhaps, unbridgeable. This, in my opinion, is as true of Islam as it is of Christianity and Judaism. At the same time it should be remarked that in formulating opinions and conclusions about a religious tradition the ideal is often confused with and condemned by the real. This is very true of the Western interpretation (or misinterpretation) of Islam. For the past fourteen centuries, the Christian West has failed to take cognizance of Islam, its Prophet or its Scriptures. It focused its attention on that which concerns the Christian (the person of Jesus Christ in Islam, hypothetical Jewish and Christian sources of the Muslim tradition, and so forth) but refused to accept or even consider the validity of its claim to Divine revelation. The Muslim response has been, in large measure, conditioned by this negative attitude.

Urging us to do more than simply condemn, accuse or even examine the tradition of Islam, but rather to attempt to understand it, the noted French Islamologist Maxime Rodinson sums up the reaction of the Muslims to Western attitudes roughly as follows:



The view in the Muslim East is that of a Christian West involved in an incessant attack on Islam. According to this view, which Rodinson finds to be not without justification, Islam brought about social and philanthropic enterprises to expand the realm governed by the Law of God as revealed to the Prophet—a law which is equitable, charitable, democratic and egalitarian. The reaction of the West since the eighth century has been the contempt of feudal lords, despotic monarchs and their contemporary successors. Since the Crusades, this negative attitude has not ceased to be brutal and underhanded, manifesting itself in recent times through colonialism and imperialism. Formerly, the West was feudal and despotic. It is now capitalist and self-centred. Its religious (Christian) leaders have guided, led and even blessed its soldiers and spies, and contributed to the process which attempted (and still attempts) to undermine the moral fibre of the Muslim peoples by slandering their faith, Scriptures and Prophet. Their missionary activities have always attempted to incite Muslims to commit treason (through conversion) against their own faith and community.<sup>1</sup>

Sadly, this bleak image of the West is not without foundation. Suffice to mention here the pioneering work of Norman Daniel in this regard, whose conclusions are very adequately documented.<sup>2</sup>

### The record

For this reason, discussions of any aspect of Islam begins, as does Ahmad's paper, with a historical *prolegomena*. History is the record of human activity. Religious history is the record of the activities of the religious community as it attempts to realize in time and space the fulfilment of the Divine Will as it has received and interpreted it. As such, religious history is replete with "mighty acts." It is, at the same time, a record of the failure of that religious community (be it Jewish, Christian or Muslim) to realize its ideal. The failure of the Muslim community to bring about a more equitable distribution of its wealth, today as in the past, must be seen not as a condemnation of the faith, but of the community that fails to apply the laws of social justice of that faith. A historical presentation should not hesitate to underscore these failures. If Islam has a very progressive social philosophy, and I sincerely believe it does, one should attempt to explain why the ideal has failed to touch the real and change it.

I am convinced that a society shapes its destiny by the manner in

which it selects and recounts the events of its history. Let me give an example. At a time when many Muslim societies seriously attempt to bring about changes in the legal and social position of women, a presentation of history would benefit more from dwelling on the social achievements of the Prophet than on his victories in the battlefield. Is it not of great significance that the first convert to Islam was a woman; Khadijah, the wife of the Prophet, and not Abu Bakr, as the paper asserts? Where would we find an episode similar to Muhammad's unquestioning trust of 'Aisha, his young and beautiful wife who accidentally spent a night away from home and who returned to her husband the following morning accompanied by a handsome young man? Muhammad's attitude and conduct in these circumstances remains a model for every man. The woman was innocent and guilt was the lot of those who suspected her or gossiped about her.<sup>3</sup> After the death of the Prophet, she led a rebellion against the Muslim rulers of the time whom she and her collaborators believed were straying from the Law of God. When she was defeated, she retired to the city of Mecca where her house became a meeting place for literary and intellectual activity. The dignity she acquired during his lifetime continued to flourish after his death.

In this regard, we need not limit ourselves to the life of the Prophet. Islamic history is replete with incidents that illustrate the basic attitude of Islam toward women. It is a fact little known to most Muslims that the first university in the Western world was founded in Muslim North Africa by a woman.<sup>4</sup> Not unlike biblical tradition, Muslim historians of the Middle Ages did not fail to give credit to women where it was due. Writers chronicling the establishment of the Almoravid Dynasty in the eleventh and twelfth centuries A.D. praise the achievements of Yusuf Ibn Tashfin while pointing out that in all that he did he was guided and counselled by his wife Zaynab an-Nafzawayah. Let me hasten to add that the very positive attitude of Muhammad toward women is now beginning to take effect in some, though not all, Muslim countries.

Islam (and, consequently, Islamic social thought, institutions and reform) springs from two "events": a) the "event" of *isl-am* (or submission) itself, and b) the "event" of the *Qur'an*. The former represents the response of Man as such (free from the burden of "original sin") to the Divine call for obedience. Sinfulness or redemption, failure or success, are measured (by God) in terms of man's total and unconditional response to this call (*da'wah*). Material gain or loss are

inconsequential in the light of this. For it is better to act in total obedience to God's Law and lose than to do otherwise and gain. This is best illustrated in the archetypal act (or event) of *isl-am*, namely that of Abraham's response to God's call for him to offer his son as a sacrifice (Genesis 22), the commemoration of which is the highest feast in the Muslim calendar.

The event of the *Qur'an*<sup>5</sup> is, for the Muslim, the Divine seal of man's life and destiny.

### Divine revelation

The *Qur'an*<sup>6</sup> is unique among sacred books in style, unity of language and authorship, and significance in the life of the faith it governs. It is not too bold to suggest that the *Qur'an* is to the Muslim what Jesus Christ, and not the Bible, is to the believing Christian. It is the uncreated Word of God, coexistent with Him since the beginning of time. No Muslim would question its divine revelation, and as a result, it has not been subjected to the same type of critical study as has the Bible. Unlike the Bible, it was revealed over a defined period of time and to one man, Muhammad. According to tradition, its canon was established under Divine guidance by the Prophet, prior to his death, and not by believers at a later time, as is the case with the Old and New Testaments. Consequently, there is no accepted body of literature in the tradition of Islam equivalent to the Apocryphal Gospels (Christian) or the Books of the Apocrypha or Pseudepigrapha (Jewish). Each of its 114 Chapters is divided into verses (*-ayah*, pl. *-ay-at*). There are two different senses to the word *ayah*. First, it is a "sign" of Divine authority in literary form, in the same sense, according to Christian belief, that the person of Jesus Christ, his words and his deeds are also "signs." Secondly, it is a literary device to identify smaller textual units within a larger literary context (as is a stanza, a pentad or a biblical verse).

The *Qur'an* was revealed to Muhammad in two different places: a) at Mecca where he first received the faith (610–622 A.D.), and to which he returned triumphantly before his death (632 A.D.). These are commonly known as the "Meccan" revelations; b) at Medina, after his Migration (the *hijrah*, Latin "Hegira"), in 622, and the establishment of the Muslim state. These are known as the "Medinan" revelations.

The tone and content of these revelations change as the community

developed. One senses in the earliest Chapters—short, vibrant and rhapsodic—the mystery, fear and fascination (to borrow the vocabulary of Rudolph Otto) of the confrontation with and submission to the Divine Will. After the Migration and the establishment of the Muslim state, the *Qur'an*, while maintaining the initial themes, introduces revelations dealing with the various aspects (judicial, social and religious) of the daily life of the community under the rule of God. The Chapters, whatever their subject, become increasingly developed in style and structure. It would be wrong, however, to assume, as is sometimes done, that the rhapsodic language of the earlier period gave way entirely to the elaboration of legal formulations.

The revelations came to the Prophet in one or more verses at a time. According to Muslim belief, their content as well as the time and manner of their revelation were determined by God and not by Muhammad, who was simply the recipient and transmitter of the revelations. These revelations were memorized or written down by the believers as the Prophet conveyed them. When the “Authorized Version,” the *Qur'an* in its present form, was redacted during the lifetime of the first converts to Islam, more attention was paid to the authority of the text being assembled than to the logical or chronological sequence of the contents of the revelations.

### **Basic document**

The great degree to which the *Qur'an* shapes and governs the lives of millions of Muslims around the world is becoming increasingly evident. It is my conviction that in order to understand Islam and the Muslims, one should endeavour first to comprehend the “Word” that gave the faith its birth and continues to give the community of Islam its nourishment and sustenance. For whatever his language or background, the Muslim accepts the *Qur'an* as the basic document that governs and shapes any and all aspects of his life.

But while the *Qur'an* governs his life, the Muslim is free from the burden and benefit of an ecclesiastical order. There is no priesthood in Islam. There are no individuals who, by virtue of their ordination, installation, or consecration, acquire the authority to interpret the *Qur'an* or to initiate religious rules binding on the life of the community. The *Qur'an* is the Book of every individual and not only the gift to and guide of the community. Each person alone bears sole responsibility for interpreting and applying its rules to his own life. It is he

alone who has to answer to God on the Day of Judgement for his failures. If, for whatever reason, an individual is incapable of comprehending or interpreting the *Qur'an*, he should seek the counsel of those who by their learning and piety (not their religious order or position) have a better capacity for performing these responsibilities. This, however, does not relieve him from his own responsibility before God. The learned, whose counsel he seeks and follows, do not sit in a council or similar body. The loyalty of the scholar, and hence his own responsibility, is not to a group of similarly learned men or a school to which he may belong, but to God alone. Within each of the four schools of jurisprudence referred to in the paper, there may be agreement or disagreement, as there may be as well among the schools themselves. In the tenth century the Maliki school of North Africa found it easier to deal with the Christians of Sicily or Spain than with the "heresy" of the *Sh'ah*, who challenged their conception of orthodoxy. Only if the pious and intellectual endeavours (*ijtihad*) of the learned could lead to consensus (*ijma'*) of the community, would an interpretation of a Qur'anic law be applicable in the life of that community. In this exercise, the learned and pious acquire a higher rank than that of the ruler or even the martyr. "A drop of ink from the pen of a learned man," Muhammad is reported to have said, "far surpasses in the eyes of God an ocean full of the blood of martyrs." The learned man, in this context, is one whose entire life and learning are to lead to a greater and deeper understanding of the Divine Will.

### **Religious base**

Regardless of all outward appearances, the Muslim remains profoundly religious. I have discovered this in my contacts with men and women from Morocco to Uzbekistan, whose socio-political views range from the extreme Right to the extreme Left. The Muslim does not divorce his social and economic ideas and practices from their Qur'anic foundations. His inability to apply his religious aspirations to the existing social order causes him one of his greatest frustrations. The resurgence of "fundamentalism" among Muslims, especially among young intellectuals, is but one illustration of this.

In any of his dealings therefore, be they social, economic, political or personal, the Muslim operates from a profoundly religious base. His vision encompasses both this passing world, of which he is to

make the best he can, and the real world, the Hereafter, toward which he should aim. "Work for this world," the Muslim is told, "as if you shall live in it for ever; but work for the Hereafter as if you shall die tomorrow." That Western man does not act likewise convinces the Muslim that the West is corrupt and morally decadent. He is enjoined to avoid decadence and corruption. He tends, albeit reluctantly, to prefer the West to the greater evil of the "material atheism" of Marxist-Leninist ideology. He is painfully aware of his dependence on the West. Painfully, because he is convinced that what he seeks from the West is already present in his own tradition, buried under his own ignorance. He is also convinced that during the centuries of the grandeur of Islam the scholars of his community had developed the ideas (based on the doctrines of his Scriptures) that could govern his modern needs and aspirations. If, as Sheikh Ahmad Zaki Yamani points out, the theory of "Social Solidarity" as developed and crystallized by Duguit resulted from the latter's life in Egypt and study of Islamic law and institutions, the learned Muslim himself should be able to derive his new ideas from the same roots.

He who studies *Shari'ah*, feels at ease with Duguit's theory. Though the similarity between his theory and the Islamic communal concept is not absolute or complete, yet many of the ideas in his theory remind us as Moslems of our *Shari'ah*. His elements of solidarity bring back to mind the various Prophetic sayings describing the Islamic community, and what various jurists discussed regarding division of labour and the existence of the individual-collective duty. When Duguit talks of the consciousness of society we are made aware of the religious essence of the *Shari'ah* as a code of ethics strengthening legal principles and creating a subconscious respect for compliance even in those areas beyond the reach of enforcement...Duguit's theory had an important influence upon Western thinkers, and it is no doubt capable of being a subject for a more purposeful objective study. As to the communal concept in Islam, fortune has not been favoured yet with someone to expose its hidden treasures, verify its implications, and bring its scattered parts to a complete whole.<sup>7</sup>

He concludes with what I shall choose as my closing statement:

When our political leaders begin to think seriously about the happiness and welfare of their people, they shall find in *Shari'ah*

a guiding proven system to achieve and fulfil their aims. The immortal principles of *Shari'ah* can be used to correct and cure our social diseases in the Islamic world. Perhaps even the West might find in it, again, a ray of light and knowledge to achieve a still more advanced civilization, or at least to preserve its existing one.<sup>8</sup>

## NOTES

1. Maximè Rodinson, "Complexe islamo-turc et mythes occidentaux" in *Le Monde*, (23 May, 1981), p. 2.
2. See especially his *Islam and the West: The Making of an Image* (Edinburgh: The University Press, 1958) and *Islam, Europe and Empire* (Edinburgh: The University Press, 1966).
3. The episode, well-documented by early historians and biographers, is addressed in a *surah* (chapter), Surah 24, in the Qur'an.
4. I am referring to the founding of the university-mosque of al-Qarawiyyin in Fas (Morocco) in 859 A.D. by Fatimia bint Muhammad al-Fihri.
5. The term here is borrowed from Kenneth Cragg, *The Event of the Qur'an: Islam in Its Scripture* (London: Allen and Unwin, 1968).
6. The following paragraphs are extracted from the Introduction to my *A Concordance of the Qur'an* (Berkeley: University of California Press, 1982).
7. Ahmad Zaki Yamani, "Islamic Law and Contemporary Issues" in *God and Man in Contemporary Islamic Thought*, edited by Charles Malik (American University of Beirut Centennial Publications, Beirut, 1972), p.72

Briefly identified, *shari'ah* is the totality of God's commandments relating to the activities of man. It touches on the whole of the religious, political, social, economic, domestic and private life of every Muslim. It is the basis for the judgment of actions as good or evil, which judgment is only in the hands of God. It is not "law" *per se*, in the modern

sense of the word, because, originating from God, it cannot be penetrated or debated by human intelligence. For a brief outline, see J. Schacht in *The Shorter Encyclopaedia of Islam*, item Shari'ah.

8. Yamani, *op cit.*, p. 82.

## Comment

### Muhammad Abdul-Rauf

Depending, apparently, on second-hand sources, the author has repeated some historical errors that can lead to unfavourable impressions. It is not true that the Prophet Muhammad offered his capitulating enemies the choice to leave Mecca peacefully or become Muslims; or remain in the city under the protection of the Muslims in return for payment of a defence tax (*jizya*). This is incorrect and apparently an imaginary drawing by some European Orientalist. What the Prophet did, according to all reliable sources, was that he declared general amnesty to all the people of Mecca. He told them: "Go. You are all free." They were not obliged to leave the city, nor to become Muslims, nor had they to pay *jizyah*. The result of this magnanimity was that they embraced Islam. Another mistake is the author's claim that the Prophet, on settling in Medina, engaged "in guerilla raids against the caravans of the hostile Quraysh" and that "these raids resulted in three major attempts by the Quraysh to wipe out the Muslims. . . ." The impression is that the Prophet was engaged in guerilla raids all the time. The fact is that when the Prophet escaped and settled in a town on the life line of the caravans of the commercial Quraysh, it is they who were determined to wipe out the Muslims.



The first attempt by the Quraysh was preceded by an unsuccessful raid, which was provoked by the Quraysh's persistent persecution of the weak Muslims who were left behind in Mecca and could not emigrate with the Prophet. Moreover, it was not Abu Sufyan who led the persecution throughout the 13-year Meccan period and the first two years after the Prophet's epoch-making emigration to Medina. It was in fact Abu Jahl, 'Amr Ibn Hisham. Abu Sufyan assumed the leadership of Quraysh only when Abu Jahl and many other prominent Meccan leaders lost their lives in the first battle with Muslims, which took place two years after the Prophet's emigration.

Moreover, it is not clear what our author means by stating that under Islam "Each tribe continued to govern its own affairs, independent of the state." Does this mean states within the newly created Islamic state? This could not be. Arab tribes could no more conduct sudden raids against each other as they used to do. Islam united all tribes into one integrated political unit. Moreover, it is true, as the author says, that "The Jews would continue to be governed by Jewish law. . . ." and that "any disputant had the right to appeal to Muhammad"; but it is not quite correct that he then "would rule according to Jewish law," as our author imagined.

My general feeling is that the background of Islam is not given in an integrated, all-rounded picture. The doctrine of monotheism and the implication of submission to God are truly basic; but one would define Islam as a deep commitment to, a firm conviction, and an endorsement of the five basic beliefs; namely:

1. belief in the existence, unity, perfection and benevolence of the Supreme Being, the Almighty God, the Creator;
2. belief in the Divine Mission first revealed to Adam, then to a long series of Messengers of God, ending by Muhammad but including Moses and Jesus;
3. belief in the sacred books which contained the basic teachings revealed to these Messengers, especially those received by Moses, David, Jesus and Muhammad;
4. belief in the Angels, the mysterious forces who execute God's commands; and
5. belief that the earthly life is only a stage leading to a lasting and more meaningful life in which all people will be rewarded for their deeds during the earthly life.

**Definition**

Acceptance of, and firm commitment to these truths, accompanied by a declaration denoting this acceptance, constitute the definition of a Muslim. It is this which makes a person a full member of the Muslim community, not merely the performance of the five rituals. This commitment has to be manifested not only in the performance of the rituals, but also in upholding the Islamic moral value-system which covers the individual, social, political and economic orders.

The early Muslims were at first reluctant to compile the *hadiths* in a written form because of their concern over the integrity of the Holy Qur'an. They feared that if they should commit the *hadiths* to writing for circulation, they might get confused with Qur'anic pieces. However this fear dissipated with the passage of time, when the text of the Qur'an became too familiar to be confused with any other text, having been committed to memory and recited daily by millions in each generation. Moreover, with the rise of disputing schools of thought arguing about *political* issues, like al-Khawarij, and the Shi'a; or over *theological* issues like al-Mu'tazilah, scholars in the beginning of the second century of Islam felt the need to record and compile the authentic *hadiths* in order to distinguish them from questionable reports.

The roots of the movement of the codification of the Islamic law, or rather the *shari'a* of Islam, should be sought in the needs of the community since the death of the Prophet in 632 A.D. arising from the rapid expansion of the Islamic state, incorporating many nations within its fold, with different cultures, civilizations and historical experiences. Answers to new questions and solutions to new problems had to be sought in the light of the Holy Qur'an and the guidance of the Prophet. The first generation of Muslims, the Companions of the Prophet who survived him, and succeeding generations successfully met that challenge, and thus began the growth of the *shari'a* and the compilation of legal works by eminent jurists, some of whom inspired numerous devoted disciples and won fame throughout the Muslim world. The number of followers of these early leading jurists increased or dwindled down the generations by sheer luck, until the number of legal surviving schools shrank to four. The founders of these four surviving schools flourished during the reign of the Abbasids, not during that of the Umayyads. The founder of the first school lived under the Abbasids' rule more than twenty-two years, the

founder of the second lived more than fifty years under them, and the third and fourth were born and spent their lives during the Abbasid reign.

Perhaps this is the place for me to take up the question of the authority of al-Hadith, on which the author sheds some doubt. It is certainly correct to assert that the Holy Qur'an is the basic and fundamental authority, but al-Hadith's authority is derived from that of the Qur'an. To deny this authority or try to reduce it will reflect on the authority of the Qur'an itself which calls upon Muslims to tax whatever may be given by the Prophet and avoid whatever he forbids (Qur'an, LIX, 7). The Qur'an also draws attention to the fact that the Prophet is the best model of behaviour for Muslims (XXXIII, 21). Following the steps of the Prophet is categorically praised and commanded (VII, 157 and XLII, 61). When the Prophet sent a companion to take care of a distant community, he asked him: How are you going to judge between them? He answered: According to the (teachings of) the Qur'an. If you do not find an answer? He replied: By your *sunna*, (tradition). The Prophet further asked, And if you cannot find an answer? The companion replied: I shall use my own wisdom. Our author himself, in the context of discussing the subject of *zakat* (poor alms), said it is the payment of 2½ percent of one's assets. This does not exist anywhere in the Holy Qur'an but was taught by the Prophet whose *hadiths* have their origin in the divine revelation.

### The marketplace

Let us now come to Ahmad's remarks pertaining to the title of his article. Some of these views belong to the area of economics, some belong to that of political science, and others belong to the social order. These points are scattered under his three sections entitled "The Muslim Community," "Principles of Justice" and "Islam and Economic Systems."

In the context of discussing the question of property rights due to the individual, the author quotes a Qur'anic verse asserting this right both to men and women and takes this opportunity to move to the problem of sexual equality in the course of which he makes an unfortunate remark about "Arab sexual chauvinism"! One wonders in what way this alleged Arab chauvinism manifests itself.

In the same section, Ahmad, following the lead of G. S. Hodgson, makes the sweeping claim that "the ethics of Islam are often phrased

in terms of the market place.” Only in a few cases are the Qur’anic ethical teachings couched in metaphorical commercial style, as the following:

O you who believe! Shall I show you the way to a ‘trade’ which will deliver you from a painful punishment? Believe in God and His Apostle and struggle in the way of God, sacrificing your wealth and blood. (LXI, 10)

The vast number of Qur’anic verses on moral teachings such as honouring parents, telling the truth, patience, forgiveness, good treatment of people, especially kin, neighbours, the orphan, the poor, etc., use no such metaphor.

The author’s treatment of the subject of *riba*, “usury,” is interesting, and his views resemble those of some modern jurists.

Treatment of the topic of *zakat*, is scanty and involves certain inaccuracies. Dwelling places, even palaces, vehicles, riding beasts, clothes, women’s jewelry, libraries, and everything intended for legitimate use is not taxable by *zakat*. Likewise, tools and agricultural lands. Only five categories of wealth are taxable:

1. money kept for one year (or coming as income), 2½ percent;
2. commercial goods, 2½ percent
3. agricultural product, 10 percent (if the field was naturally irrigated—5 otherwise);
4. excavated pre-Islamic treasure, 20 percent;
5. wealth extracted from mined material, 10 percent.

### **Welfare system**

In that context, the author speaks of a Muslim “welfarist stream” who “attempt to imitate European and North American social welfare systems by giving control of the *zakat* to the state.” He further confuses the issue by claiming that those he calls “Muslim welfarists” support their view (of giving the state control of the *zakat*) by the precedent established by Abu Bakr, the first Caliph in Islam, who used force to compel the Arab tribes to pay the *zakat* to the state. However on the death of the Prophet, these Arab tribes ceased to pay the *zakat* to the government in Medina, an action the author imagines to be debatable. The basis of the responsibility of the state to control

the *zakat* is in the Qur'an itself and in the practice of the Prophet. The Qur'an reads: "Take from their wealth a charity whereby they are to be purified." (IX, 103)

Verse 60 in the same chapter counts among the lawful recipients of the *zakat* the category of people who are engaged in the administration of the *zakat*. Moreover, the Prophet instructed his emissary to the Yemen to tell the people once they agreed to pronounce the (monotheistic) word, "that there is an obligatory charity which has to be taken from the wealthy among them and to be paid to their poor one." Contrary to the notion promoted by the author, the *zakat* is not merely an individual personal matter, but is also a collective social duty. It is true that under colonial rule, governments of the fragmented territories of the Muslim people have neglected the administration of the *zakat* since the state adopted Western economic systems. The matter of the *zakat* was left to the conscience and decisions of the citizens. Nowadays there is a movement toward the revival of the state control of the *zakat*, a movement which Ahmad confuses as an attempt to imitate the West.

Ahmad's view that the Holy "Qur'an gives a very limited authority to the State" differs from what is generally believed. The Qur'an's calls upon those in power to rule with justice (III, 58), and its repeated command to rule in accordance with the revealed "law" (V, 47, 48, 49), and its severe warning against ruling differently (V, 44, 45, 47), all indicate that the burden of the state has to be very great. On the other hand, the Qur'anic call upon the citizens to obey, shows that the burden of government has to be a shared responsibility between rulers and their citizens. The state oversees the normal affairs of its people, assures justice and honest dealings for all, protects the nation's boundaries, and protects international trade. In this regard, the Prophet said, "All of you are responsible, and each is to account as to how he discharges his responsibility. And a ruler is responsible and is to account as to how he undertook his responsibility."

### **A framework**

It is true, as Ahmad says, that "Islam does not specifically prescribe the form of government and economic system." "It rather provides an ethical base with certain political and economic implications." As it stands, this statement can be misleading. What the author calls "an ethical base" seems to be imperfect and incomplete, as it only has

certain political and economic implications. I should put it this way: Islam provides a framework of guidance for the total human life on earth, a flexible framework but with solid, unchangeable, peculiarly Islamic features. Its flexibility is guided by such Qur'anic directives as the instruction to take whatever is useful and avoid whatever is harmful (V, 4–5; VII, 157); and its commandment that a Muslim should partake of the good things in life in moderation (VII, 31–33; XVII, 29; XXV, 67). But the framework has solid, permanent features that gives it its Islamic character. It is a monotheistic framework with God as its central point. In the political domain, Islam calls for efficient organization. The Prophet said, "Even if you are three, you should appoint one of you to be in charge of you." A ruler is the viceregent of God and has to rule in accordance with the terms of the Qur'an. One of the Qur'anic commandments calls for consultation (II, 159, XLII, 38); another is to rule with justice. Consultation can be achieved through universal franchise, or partial voting, or by seeking the views of the community leaders, *ahl al-hall wa'l-aqd*, as they are called in this context. The distinctive feature of an Islamic state is that it is, by definition, monotheistic and it has to rule in accordance with the *shari'a* law. This political framework is simply Islamic; it does not need another label, such as democratic, aristocratic, theocratic, or anything else. It is thus isolated conceptually; otherwise it is just an aspect of the total framework of guidance prescribed by Islam for an orderly, peaceful human life on earth.

At the economic level, the Islamic framework provides a stimulus for the economic activities, as it praises work and trade and makes such pursuits of great religious merits leading to rewards in Paradise. It commands that a labourer should receive his fair wages before his sweat dries; it declares that the most blessed earning is that gained by the struggle of the hand; and promises the honest trader that he will be in Paradise along with the Prophet and the martyrs. Work for a living can be in a simple village workshop or in a modern highly industrialized factory in Chicago or Tokyo. All are of the same merit with God, so long as a person is seeking the means of living for himself and his dependents, and is at the same time, consciously or unconsciously, contributing in any measure to the total production for the human and animal needs. Fairness in distribution and individual liberty are cardinal Islamic principles; and moderation in consumption is the recommended Islamic mean. Wealth, as the author indicated, is not condemned but described as something good so long as it does not lead to

arrogance and does not distract from other duties. Nor is accumulation of wealth condemned so long as it is earned through legitimate methods, and all duties, *zakat* and charities are duly paid. Wealth has to be looked upon as means, not as the end of life. This simple and flexible set of teachings is framed by certain features which gives it its Islamic characteristic. These include the prohibition of usury, theft, cheating, extortion, and hoarding and the monopoly of food. They also include the obligation of payment of *zakat*, payment of the cost of living of a female child until her marriage, and of a male child until majority or completing his education; payment of the cost of living of one's wife and needy parents and siblings, and caring for the neighbour.

### Guidance

Islam also provides guidance for an orderly social life. It inspires the individual with a sense of belonging to a biological, as well as a spiritual family. It inculcates in him the idea of being a child of two parents and a member of a group of sibling and kin, with mutual rights and obligations. He is also made conscious of his belonging to the large, world community of Islam. Again this fundamental social framework is another aspect of the total spectrum of Islamic guidance.

Underlying all these teachings is a fundamental Islamic principle, namely, the Islamic call for the satisfaction, in a harmonious, moderate way, of all human needs arising from the fact that the individual is a *biological, emotional, intellectual, social, and spiritual* being. As a *biological* being, man needs food, shelter and clothing. The individual has also to associate with a member of the opposite sex in order to procreate and meet a physiological need. As an *emotional* being, he needs the parental love and care and the sentimental support of sibling and kin, and the sustained companionship of a spouse. As an *intellectual* being, his mind needs to be nourished, first at home, then in society, then at school and through voluntary reading and researching. As a *social*, gregarious being, he needs the support of his kin, spouse, friends and his fellow believers. And as a *spiritual* being, the individual needs periodic interruption from daily routine so that he can retire and seek communion with his Creator, away from the hustle and bustle of materialistic activities. He thereby cleanses his soul and purifies his heart and feels the distinction which elevates him above the animal kingdom and brings him closer to the angelic level.

Whereas ways and means of fulfilling other needs can largely be designed by man with some divine guidance, the terms of meeting the spiritual needs have to be prescribed fully by the Almighty God who alone knows how man should serve Him spiritually. So, God has assigned five daily periods for prayers, one month for daytime fasting and a journey once in a lifetime to His House, in an arid area, away from all the means of physical pleasures and where human activities can be purely devoted to the worship of the Creator!

However, fulfilment of all the above needs should be achieved in moderation and in a balanced harmony. Excesses are condemned. Fulfilling one aspect should not be at the cost of the others. Therefore additional worship outside the prescribed periods for prayers is forbidden. There has to be time for worship and time for work, and even time for recreational activities. In this moderate and harmonious fulfilment the individual serves his Lord best, and in it lies his salvation. Through this moderation and harmony, the individual attains his short-term objective—happiness and satisfaction on earth—and hopes to succeed when he meets with his Lord on the Day of Judgment!

In conclusion, I wish to assert that my intention is not to be too critical, but to comment on and supplement the views so very ably and eloquently brought out by my colleague, Dr. Imad El-Din Ahmad.



**Reply****Imad Ahmad**

I am grateful to Dr. Kassis and Dr. Abdul-Rauf for their comments. Clearly the subject of Islamic social thought is a large one in scope, and their supplementary comments are most welcome.

Dr. Kassis's points are well taken and I appreciate the Christian charity evident in his gentle expression of his criticism. Of course, some of the Gospels were committed to paper only decades after the life of Christ. The important point is that the canonical form was not established until the fourth century.

Dr. Abdul-Rauf is a man of considerable standing among Muslim scholars, an Imam whom I have prayed behind and who has graciously answered many of my questions about Islam in earlier days of my studies. I am honoured that he has made the effort to comment on my presentation.

Dr. Abdul-Rauf's knowledge of Arabic and of Islamic history are far superior to mine, and I have accepted his corrections in those areas. I will concentrate on his substantive criticisms of my analysis, which is unaffected by the corrections of transliteration and certain historical errors.

Dr. Abdul-Rauf asks whether my statement that "Each tribe continue to govern its own affairs..." means that there were states-within-a-state under Islam. He denies this with the (correct) observation that tribes could no longer, under Islam, conduct raids against each other. But raiding another tribe is not an action under the purview of governing one's own affairs. It is, on the contrary, a case of aggression against the affairs of others (their property, and perhaps their lives). It is precisely because *no tribe* under Islam could interfere into the affairs of another by aggression that the principle of self-government is established by Islam.

Dr. Abdul-Rauf denies that Muhammad would employ Jewish law in the judgement of a strictly internal Jewish matter brought before

him on appeal. Yet in the traditions assembled by Imam Muslim we find (#4211, chapter 683) that when a Jew and Jewess accused of adultery were brought before Muhammad he inquired into the *Jewish* law on the subject, and imposed sentence accordingly.<sup>1</sup>

Dr. Abdul-Rauf is correct in his list of fundamental Islamic beliefs, but a community cannot determine who its members are by their *beliefs* because what a person believes (as opposed to what he professes) are known only to God. Thus men must judge men by actions.

Dr. Abdul-Rauf's point that Muslims have always looked to the actions of the Prophet for guidance is incontrovertible. I did not mean to imply that the concept of *Hadith* was a response to the Ummayyad dynasty. Rather, the development of *hadith science* became a necessity under those conditions and, further, that the various schools were a counterforce against a stultifying orthodoxy such as the European Dark Ages produced. I was referring to all schools, not only the four orthodox ones. An intellectual resistance need not be "secret" to be opposed to government oppression, and even Abu Hanifa, the founder of the oldest "orthodox" school, was imprisoned for refusing to accept a position with the government.

### Authority to govern

Dr. Abdul-Rauf's claim that the *Qur'an* gives some men broad authority to govern others is based on an incorrect translation of some very important verses. The word *hakama* in the verses he cites (4:58, 5:45, 47, 48 & 49) means *to judge*, not *to rule*. It is indeed incumbent upon all Muslim's called upon to judge to judge in accordance with justice and God's will. By no means does this give the state any authority at all to invent legislation. In fact, the *Qur'an* is quite explicit:

...If any one's trial  
Is intended by God, thou hast  
No authority in the least  
For him against God. . . .

(5:44)

If Muslims must judge with justice and in accord with God's will as expressed in the *Qur'an*, then they must condemn the actions of governments more often than endorse them. No state is mandated as such in the *Qur'an*. The requirements put upon those with authority are the same as those put upon all Muslims.<sup>2</sup>

Nor does the *hadith* stating that “even if you are three you should appoint one of you to be in charge of you,” support the view that the state has any superiority over its citizens. The *hadith* referred to is the same as that given in Chapter 243 of *Sahih Muslim*, in the Book of Prayer:

(1417) Abu Sa’id al-Khudri reported Allah’s Messenger (may peace be upon him) as saying: When there are three persons, one of them should lead them. The one among them most worthy to act as Imam is the one who is best versed in the Qur’an.<sup>3</sup>

It is evident from the context that this is a statement on the appointment of a prayer leader and not the establishment of a state. Its occurrence in the Book of Prayer makes the validity of this interpretation clear.

Then there is the question of how literally one should take *hadith* prescriptions. Does the requirement that one pay a worker before the sweat has dried from his brow mean that bi-weekly paychecks are prohibited? I don’t believe so. The important point of the *hadith* is that wages delayed are wages not paid in full. This conclusion is completely consistent with the analysis of *riba*’ in my paper.

The *Qur’an* demands that believers adhere to the good and reject the evil both individually and collectively. But there is no prescription that this must needs be accomplished through the establishment of state, *per se*. The establishment of a state to achieve just ends is not prohibited, regardless of its form. But when that state practises injustice or prevents men from practising their religion (*ad-Din*),<sup>4</sup> it is the duty of Muslim to, borrowing a phrase from Jefferson, “alter or abolish it.” This is *jihad* which Muhammad (peace be upon him) fought and which is incumbent upon all Muslims.<sup>5</sup>

## NOTES

1. Muslim, *Sahih Muslim*, trans. by ‘Abdul Hamid Siddiqi (Lahore: Asharf Press) vol. III, p. 918.

The question of the punishment for adultery seems to be in a great state of confusion among Muslims. In Iran it is held to be 100 lashes, while in Saudi Arabia, it is claimed, a princess was executed on that

charge. I think this confusion is a direct consequence of use of *hadith* as a supplement to, rather than exegesis of, the *Qur'an*. The fact is that the *Qur'an* unambiguously prescribes 100 lashes as the punishment for adultery (24:2). References in the *hadith* to stoning as the punishment have been interpreted by some scholars as abrogating the *Qur'an*. The belief that the *Qur'an* can be abrogated is the kind of dangerous consequence that can come of an exaggerated reverence for the *hadith*. I believe that the *hadith* references to stoning for adultery are actually references to incidents such as that cited here, where a non-Muslim was tried by his/her own laws.

2. I went too far in saying, in my original paper, that the *Qur'an* prescribes a state. The *Qur'an* prescribes communal action which may, but need not, be through the mechanism of the state. See also my conclusion to this response.
3. *Loc. cit.*, vol. I., p. 316.
4. See Surah 109.
5. See 2:190–193.

## **Discussion**

**Edited by: Irving Hexham**

**Muhammad Abdul-Rauf** Consider capitalism, or socialism, or Marxism, or communism, and other such systems which developed in western Europe. Is Islam compatible with any of them? The answer is *no*.

Muslims go back to the *Qur'an* which was revealed 1400 years ago.

We endeavour to understand it, and to follow its implications.

In a sense, therefore, we belong to the same generation at the very beginning of Islam. We regard ourselves to be just like them, and we try to follow the right path of God ignoring all these modern ideologies.

Some of the ingredients of capitalism, in fact, are agreeable to Islam, and Islam would promote them. For example, the notion of freedom of the individual to endeavour, and to seek, and to improve his economic condition, or to accumulate wealth. The Muslim is entitled to do so, as much as he likes, and to increase his wealth as much as he can, provided first that it must be earned through legitimate methods.

Now consider socialism. If it means charity, being good to your society, and so forth, that is good. But if it means that the state should own all the means of production, Islam is not compatible with socialism.

Islam favours individual ownership. It must be respected, as emphasized Muhammad himself. He guaranteed the protection of life and property, as well as places of worship to all peoples.

Of course the concept of ownership in Islam is different from that in other societies. It is somewhat a relative concept, because it is not an absolute ownership. The Qur'an states that the real owner of everything in the world is God the Almighty Himself. And the Qur'an states that people are only agents on behalf of God. So, human ownership is relative. It is not absolute. It is temporary. When I die, as Muhammad says, it will abandon me. It will not come with me to the grave. Only my actions or my deeds will accompany me. But basically socialism is unIslamic. It features blind coercive measures, it gives too much power to the state.

An early companion of Muhammad could be described as capitalist in some ways, because of his great wealth; but he was one of the most noble companions among those in that first generation. He did not earn money, for example, through the sale of pornography, or the sale of wine, or the sale of anything prohibited and not allowed in Islam. He earned his wealth through his legitimate endeavours.

At the same time, and this is a second condition, a Muslim must pay duties on his wealth. This is an obligation incumbent upon every Muslim. It amounts to roughly two and a half percent, but in some cases it may even be as high as twenty percent. This is in addition to other charities when needed.

So you can increase your wealth as much as you like, subject to

these two conditions. And here is a third condition: your engagement in earning wealth should not distract you from the remembrance of the Almighty God. The Qur'an reads:

Let not your wealth or your children distract you from remembering God.

So a Muslim merchant in the market, or anywhere else, must always remember God the Almighty who has provided these bounties for him, and enabled him to work, to live, to survive. As long as you remember God, serve Him, and perform your other duties, such as saying prayers, then you are entitled to increase your wealth.

In fact, Muhammad is quoted as having said:

A thankful rich man is better in the eyes of God, than a contented poor person.

Both of them are good, but nevertheless, the person who has been rich and has been grateful to God in the sense of observing these duties, has been tested already. Moreover, he has been more useful to society because he has been applying the teachings of Islam, namely to seek to increase worldly production in the interest of other people.

Nevertheless, there is something in capitalism as promoted or advocated by Adam Smith, which is contradictory or rather inconsistent with Islam. Namely, that the aim of capitalism is to increase the wealth of nations, quite apart from the immediate motive of the individual. In the view of capitalism, the individual can try to seek his own interest, no matter what his intention might be, no matter how much he sins. The main thing is just to increase the wealth of nations.

Islam doesn't agree with this. Islam is in the interest of all nations, but at the same time, it takes into consideration the immediate motive of the individual. When you work to increase your wealth, it must be for the sake of improving yourself, providing for yourself, for your family, for the community, for your kin, and so on, and also for society at large.

But it should not be based on bad or evil motives, such as, for example, to increase your power over others, or to show that you are better than others. This would be a bad motive. The immediate motive is very essential in Islam. Even worse is Marxism or commu-

nism. Islam is dramatically, and completely, opposed to these concepts.

Islam is just Islam. Islam is not only a creed, but a total way of life, touching on all aspects of your being—social, domestic, economic, and so forth.

In Islam, there is a strong concept of human brotherhood. A Muslim feels that he is a brother to every human being, male or female. This human bond is very basic and very important. Therefore a Muslim is one who believes in the Qur'an, who is good, and who does good.

**Ted Scott:** Imad Ahmad talked about the voluntary obligation to give 2½ percent of one's income to people below you, but he changed it to say, deserving people below you. What are the criteria that are used to determine "deserving people"?

**Muhammad Abdul-Rauf:** The poor, the destitute, those who are employed in the service of collecting the *zakat* and its distribution; slaves who are trying to buy their liberty from their masters, those who have become, or have fallen in debt as a result of their making peace and spending over that. The way of God, anything around that is for the sake of God. There are eight categories but they mainly concern the poor.

**Imad Ahmad:** The poor are rigidly defined in terms of people who have not the means to live for a year.

**Muhammad Abdul-Rauf:** There are two categories. A person who earns less than he needs and one who doesn't earn anything.

**Bob Goudzwaard:** Is there in Islam anything like an obligation to take care of nature, which can be interpreted as a restriction of the working of a free market?

**Imad Ahmad:** The Islamic view ties in very well with the point Walter Block made, about the failure of law in the United States to make it incumbent on would-be polluters not to pollute. It is just one of the rules of the market. That is a violation of other people's rights. Now Muslims would phrase it a little differently. But it amounts to the same thing. Ultimately nature, like everything else, belongs to God.

But some parts of it we hold in trust, as his agents. You cannot lay waste to something belonging to God or man. In part, this harms other people's property, but it also harms God's property.

**Hanna Kass:** In terms of social practice in Islamic society, one does not throw a stone in the well from which one drinks water. Or, another rule, when there is water which is running downhill: the upper part is where you drink, the middle part is where you wash the utensils, and the lower part is where you wash the laundry. And you cannot just mix things in any fashion. Nor would you allow uncleanness to touch the water.

For example, if the water is drinking water, you do not allow a dog, which is an unclean animal, to pollute the water.

**Muhammad Abdul-Rauf:** It is a sin to pollute water, to urinate in the sea.

**Imad Ahmad:** The enforcement of the ecological aspects of Islam was never a problem. They never had to resort to intricate court decisions and coercion, because it was understood and accepted as the natural thing to do.

**Stephen Tonsor:** The title of Adam Smith's *The Wealth of Nations* is borrowed from Isaiah and "the invisible hand," is a translation of the theological concept of providence. Man proposes, God disposes." "*Der Mensch denkt und der Gott lenkt.*" This is an idea which unfortunately becomes, in the next generation, the magical quality of the directing hand.

So, in a sense Smith is much closer to Christian ideas than is ordinarily thought.

**Imad Ahmad:** One of the things that the *Qur'an* points to as proof of God's existence is the beauty of natural laws. Early Muslim scholars pointed out that this applies to the economic laws as well. It was Ibn Khaldun, in his analysis of the economic laws, who said, Isn't it marvelous that God created a physical universe that is so harmonious and beautiful? Isn't it marvelous that He created an economic system in which things like price exist to tell you automatically what is going on?

Ibn Khaldun antedated Adam Smith by four hundred years. So those people who think that the free market is somehow a cultural



product of Europe, as opposed to something that's scientifically discovered in nature, are wrong.

**Richard Neuhaus:** Somebody, yesterday, mentioned Mike Novak's *Spirit of Democratic Capitalism*. He has a section on the division of realms and how they analogically relate to the Trinity. The Trinity is not an Islamic dogma. Islam presumably has a much more rigorously monotheistic and holistic approach to reality.

It seems to me that Imad Ahmad is talking in somewhat Novakian terms about, if not separate spheres of sovereignty, at least rather distinct worlds within worlds. That would seem to conflict with my understanding of the rigorous monotheism of Islam.

Secondly, most of us who have had any experience in the Middle East know of bartering as a form of trading. I have an awful lot of Egyptian furniture in my house that I'm not sure I really wanted. But I felt after a lovely dinner and drink, and establishing presumably great bonds of friendship with a merchant in Cairo, that I was obliged to place an order for the stuff.

Is that just very, very clever trading tactics, or is it a religiously grounded necessity to take what we would call the impersonal instrumental element out of trade and cloak it in the appearance, at least of brotherhood and solidarity?

**Imad Ahmad:** You asked two questions. I'd like to answer the second question first, but first I have to ask you a question. How long were you visiting this person who sold you the furniture?

**Richard Neuhaus:** Altogether?

**Imad Ahmad:** Yes.

**Richard Neuhaus:** Only about three hours, I suppose.

**Imad Ahmad:** All right. In that case, I would say it was not a clever commercial ploy to get you to feel guilty and buy his furniture. In the *Hadith*, the rules of hospitality require that during the first three days, great hospitality be extended to a visitor. Indeed, for the first day, one should actually not merely be hospitable, but make a great fuss about them. Therefore he was simply fulfilling his religious obligation to a traveller.

As far as the other question was concerned, first I have not read

Novak's book, and therefore any apparent similarity is strictly coincidental. I do not think what I have said conflicts with the holistic views of Islam. The concept of multiple worlds is something that occurs in the very first chapter of the *Qur'an*, in what is called "the perfect prayer." Words that translate into "Praise be to God the Lord and Cherisher of the Worlds," plural. Multiple worlds. In the scholars' explanations of this, it refers not only to the various planets, or the possible universes in the meta-galaxy, but also "worlds" in the sense of ways of looking at things. Worlds in every conceivable sense of the terms have been accepted by scholars as a legitimate meaning of this verse.

As far as science is concerned, the *Qur'an* is certainly not a textbook of natural science. But it keeps referring to natural science. It keeps referring to the stars, the earth, the universe. When you look at these you will see things that are wonderful, amazing, and will increase your faith in God.

On economics, the *Qur'an* actually makes some economic statements. It does say "private property is a good thing." It does say "commerce with honesty is a good thing." But, what it says about natural reality applies to sociological studies. And when you study, you not only find that the laws of economics are truly wonderful, you find they're also consistent with the *Qur'an*, which therefore confirms the premise you started from; indeed this is the Word of God.

**Gregory Baum:** In your tradition, do you extend the free market of goods to the labour market involving people? In other words, do you have a "just wage" teaching, as for instance Catholicism, or are wages simply determined by the mechanism of the market?

**Imad Ahmad:** The teaching of the *Qur'an* does extend to the labour market. There is a concept of generalized just treatment of workers. In Dr. Abdul-Rauf's paper, he referred for example to "paying the worker before his sweat has dried," which does not necessarily mean that you're not allowed to pay bi-weekly. What it says is if you're going to pay bi-weekly, you've got to reach an accommodation by negotiation that takes into account the fact that you're not paying him on the spot, which is what he's entitled to.

**Paul Heyne:** I was struck by the emphasis in Islam on the laws being designed to prevent the pursuit of one's own interest from destroying

the community. I was also struck by the same emphasis in Tamari's presentation of Judaism. In both religions there is a concern that individuals can subvert the community, and the law tries to prevent that.

I was then driven to reflect on how many economists today studying economic development in the Third World worry about the extended family as a problem. Here you have a tension. I think we would all agree that community is vitally important. And I think we would recognize that market activity does, in fact, tend in many ways to subvert community. On the other hand, we recognize that sometimes community can be the wrong kind of community.

**John Berthrong:** I've been fascinated in my all too brief study of Islamic history by the extremely admirable record of the treatment of minorities within Islamic culture. The creation of pluralistic societies and the maintenance of pluralistic forms of life emerged in great periods of Islamic history.

Now, what kind of guidance would the Islamic tradition give for a Muslim living within a society where it would be fairly clear that the state would not become Islamic?

**Imad Ahmad:** As long as the state does not suppress the practice of Islam there is no problem.

**Muhammad Abdul-Rauf:** We should make a distinction between religion and culture. Religion is a well-defined matter. And there is a set of beliefs, rituals, and some basic principles for guidance, which can go with the believer anywhere he may go. He can live without disturbing the community or anyone else.

Cultural patterns may differ for Muslims from place to place. When they move from one place to another, there is no harm at all if they modify their own mode of living or culture.

We have to recognize a difference between what is Islamic and what is culturally Muslim. For example, the American way of life, the American political system, I hesitate to say is "un-Islamic" or "anti-Islamic." I would venture even to say it is "Islamic" in many ways. I mean the way of liberty, the ability to criticize, and to help guide the state, and so forth. In many ways it is consistent with Islam.

**Ellis Rivkin:** Within the Islamic system itself, what are the consequences for one who has come to be a nonbeliever. I'm talking about where the community was functioning as a total community in complete control. What is, or would be, the status of heretics?

**Imad Ahmad:** If someone denies the source of the *Qur'an*, I would say that it's not a question of heresy, but apostasy. Essentially, he's left the religion. This is debated. There are very clear *hadith* sayings in the *Qur'an* that the apostate should be put to death. However, some of the scholars have said that this is to be looked at in the context of the time in which the revelation was made. When Muslims were at war with other Arabs and the apostates were essentially people who had left to join the enemy, they were therefore seen as spies. But in a society where Islam was not under attack, the apostate would be treated like any other unbeliever.

**Clark Kucheman:** If I were in an Islamic country, would I be permitted to say the things that I've said?

**Muhammad Abdul-Rauf:** Of course. As a citizen of the state, you have almost the same rights as any Muslim citizen, except that you would be exempted from military service. And because *zakat* is an Islamic duty like prayers, you're not obliged to pay it either. But as a citizen, you are to pay some taxes, to be assessed from time to time, as a contribution to the treasury. Otherwise, in every other respect, you live as any other citizen.

**Hanna Kassis:** I think I can answer this question, not from the theoretical angle, but from the practical side, since I am a non-Muslim and I did live under Muslims. I was born and raised under Muslim rule. Therefore, I know for a fact, from personal experience, that it is far more advantageous to be a non-Muslim living in a Muslim country than to be a Muslim living in a Muslim country. (laughter)

Everything works in my favour. My responsibilities are fewer. For example, at one time when I was displaced and living in Jordan, I invoked a very ancient practice of not having to pay a tax to the state, because I'm a non-Muslim, a Christian. I was challenged on that, and I challenged the state using history. I said, "It's up to you to decide whether you are to adopt your methods, or Islamic methods." I was exempted. (laughter)

**Gregory Baum:** What comes to mind is the treatment of the Bahais in Iran. Is this consistent with Muslim treatment of non-Muslims?

**Hanna Kassis:** They have denied the Qur'anic rule affecting the prophet Muhammad and have proclaimed another false prophet from the point of view of Islam. Therefore they are apostates and are treated as apostates.

**Imad Ahmad:** I don't think that's the explanation, even from the Iranians' point of view. I don't know what's going on there either, but I can tell you what the Iranians have said in their public statements. They said that they are not acting against the Bahais because of their religious convictions, but because they have been engaged in activity against the state.

Now I don't know whether to believe that or not. I tend to be doubtful of such things.

**James Sadowsky:** On the taxation problem. I take it that what you're saying is that taxes in Islam are voluntary, in the sense that if I choose to be a Muslim, then I'm agreeing to pay taxes.

**Imad Ahmad:** As I see Islam, there is no authority for other forms of taxation. Every Muslim country has additional taxes and therefore they would all disagree with me. But, I'm giving you my conclusion based on the *Qur'an*, and my understanding of the *hadith*.

**Muhammad Abdul-Rauf:** The state has the right to impose additional taxation only on those who are able. That's as far as Muslims are concerned. As for the people of the book, or rather citizens who are not Muslims within the state, only able-bodied males who can afford it have to pay taxes.

**Meir Tamari:** I'm not very clear about the question of the individual obligations. Isn't there a contradiction between the picture you paint of everything being left up to the individual and the fact that Islam has a very highly developed religious law in economics?

And to what extent in the Muslim states of today, is the economic system any different from any other country?

**Imad Ahmad:** Perhaps I didn't make myself clear. I meant to point

out that taxes are enforceable obligations that you voluntarily accept when you adopt Islam. In other words, you do not accept Islam because someone came and misled you about what Islam was. You accept Islam as the Word of God, therefore feel you should heed it, and follow it. You voluntarily choose to do so.

In the current situation I can only support what Hanna Kassis said in a different context. So-called Muslim states should decide whether they want to continue as they are, or whether they want Islam. I don't consider what they have now to be Islam. Although there may be some cases which come very close. I've never been to Kuwait. But I understand that the law there is very close to the Islamic norm. But other states that we hear about more often are very distant from Islamic law.

**Muhammad Abdul-Rauf:** One of the characteristics of Islam is that it is a universal religion. It is not nationalistic. The concept of nationalism referred to is not consistent with the Muslim concept and Islamic community on a world scale. One virtue of being a Muslim is that the Muslim is related to his brother Muslim in two ways: being human, and also being a Muslim.

As for trade, the prophet Muhammad said, "An honest trader will be raised on the day of judgement, along with the prophets and the noble people." When he went to Madinna, in fact he built or fixed a tent, and asked merchants to go and trade there. Then, the traders regarded Islam as doing a good service by bringing the goods close to the people, the consumers, who needed the goods. But Muhammad declared a prohibition on hoarding gold and silver.

Again, Muhammad from time to time used to visit the market and examine it. For example, once he put his hand on a heap of corn which looked dry and nice, he put his hand inside and got a handful of wet corn. So he discovered that the merchant was cheating. He said: "Whoever cheats us is not a member of our community." The merchant said: "The rain has come and soaked it." He said we should not hide that bad quality, and expose only the good quality on top.

In the Muslim community, as a result, there has been a special market official. His function was to oversee the rules of the market and to see that there is no cheating.

Muhammad also prohibited people from going out of town to intercept farmers coming in with their goods, and then taking advantage of them because they did not know market prices.

**Imad Ahmad:** When one looks at even the current understanding of Islam among Muslims, and Muslim scholars, it is never perfect. Perfection is something we only strive for. One finds an approximation to perfection in an understanding of the value of trade and commerce, of the virtues of the free and open markets, of mutual respect for rights, and so on.

Islam is very clearly and unambiguously anti-coercion. Scholars make errors because they don't understand that certain economic systems are built on coercion and are therefore un-Islamic. They don't realize that only certain practices violate this prohibition of coercion.

Finally, I would like to emphasize what I said before about economics or a free market providing a mechanism by which you can get what you want. One of the proper subjects of religious endeavour is to make sure that people want the right things, and this is not achieved by coercion. Islam offers a way by which people can be induced to want the right things. It does this not by demanding enormous and ridiculous kinds of sacrifices on their part, but only by asking from them small and reasonable things.

The *zakat* is a small and a reasonable price to pay. The restrictions that one gives up on one's personal freedom are quite modest. One is not asked to give up lust, only to put it within means that are beneficial to society. That is, within marriage—the husband and wife engage, indulge their lust with one another.

And even these small things that you are asked to give up, are not a conflict between what you want and what is good for the poor in society. It is always in your interest also, because, as Muhammad said, "every good deed you do, gets repaid ten times over."

## Overview

### Michael Novak

The essays, comments, and replies in this volume constitute a cornucopia of reflection. A great many points of view, probably the most representative, are included. The volume covers four great religious traditions: Catholic, Protestant, Jewish, and Islamic. It discusses the religious implications of the mixed economy, with some writers stressing the role of the economic system, some the role of the political system. As well, this volume is particularly rich in descriptive historical materials.

About specific historical movements—in the different religious bodies, in the World Council of Churches—the detail is too vast for commentary here; one would need essays at least as long as every original essay. The course I have marked out for myself, therefore, is to attempt to provide a large overview—both historical and theoretical—within which, for me, the diversity represented here may be synthesized.

One of the most striking features of these explorations is an unexpected measure of agreement. Virtually every contributor to these volumes is in favour of cultural pluralism, a democratic polity, and an economy to some extent, at least, based on private property, markets, economic growth and incentives. Even the writers who show most allegiance to democratic socialist ideals—Gregory Baum, Ronald H. Preston, Bob Goudzwaard and John Yoder, among others—do so in a relatively non-ideological way, which allows them to embrace some features of private property, markets, economic growth, and incentives. On the other hand, differences between authors are often sharp and not easily reconcilable. Moreover, *behind* the individual essays, *underlying* them, there are unmistakable differences in the magnetic pull of divergent ideals of the good society. Although in the mixed economy the democratic socialist ideal and the democratic capitalist ideal, to a considerable extent, overlap, nonetheless, the



two ideals do pull in opposite directions and induce quite opposite sets of perceptions. The contrast is sharper, furthermore, if one opposes the *libertarian* ideal (represented here by Imad Ahmad, P. J. Hill, and Walter Block, among others) to the democratic socialist ideal. To put matters a little too simply, the democratic socialist ideal leads to rather more favourable expectations from state interventions in the economy, the libertarian ideal to rather more favourable expectations from the *abstention* of the state from intervening in the economy. No one denies that the state must *sometimes* intervene, on the one hand, and that the state must not intervene *too much* (becoming a tyrant), on the other hand. Debating on this very point, the two distinguished economists, Paul Samuelson and Milton Friedman, once agreed that the exact boundary between these two tendencies cannot be defined abstractly, but must be negotiated by close pragmatic observation of practical consequences.<sup>1</sup> The divergent tendencies, of course, continue to affect pragmatic perception and decision.

In this volume, then, I propose to offer first a historical perspective, then a theoretical one, before addressing some of the specific contributions. In the introductory essay to the second volume, I should like to address some of the more theological and more immediate issues of political economy.

### Historical considerations

For the sake of convenience, it is useful to date the emergence of a new system of political economy—democratic in polity, capitalist in economy, and pluralist (Christian-Jewish-humanist) in culture—at about 1776. That is the date of the American Revolution, described on the Seal of the United States as *Novus ordo seclorum*, a self-consciously new *Ordnungsphilosophie*, and simultaneously the date of Adam Smith's *Inquiry into the Nature and Causes of the Wealth of Nations*. In his famous Manifesto of 1848, Marx spoke of a "hundred years" of bourgeois revolution, to which he attributed the greatest transformation of human life in history; so the date cannot be so far wrong.<sup>2</sup> Obviously, like those of any enormous transformation, its roots go very far back; I would say, myself, to the Judeo-Christian vision of the individual, the community, and human responsibility for shaping history and society. In 1776, the word "capitalist" was not yet in use: the term itself is one of Marx's coinage or, at least, popular diffusion. What is clear beyond dispute is that a new way of conceiv-

ing of human intelligence applied to economic growth had at last been hit upon. No longer did human beings feel largely passive with respect to economic circumstance, trapped in cycles of “seven lean years” and “seven fat,” but able both to imagine and to effectuate sustained economic growth. From about 1780, Great Britain began to experience an annual growth of real income per head of at least one and one-half percent for nearly 150 years. The term “progress” thereby received popular validation in the rising standards of daily life.

In the year 1800, world population stood at 800 million persons. The average life-span was, worldwide, about nineteen years; and even in “advanced” nations like France, about 27 for females, 24 for males. Famine occurred regularly on an average of every fifteen years in Western nations. Even in 1820, there were not more than 220 manufacturing firms in France employing more than twenty hands. Most nations of the world were very largely agricultural.<sup>3</sup> The landholding class—together with the military and the clergy—was, in virtually every nation, the dominant class. Although ancient market economies were in place almost everywhere, the regnant pre-capitalist philosophy was “mercantilism.” According to this philosophy, gold (in any case, coin) was the chief measure of wealth; economies served the interests of and were chiefly directed by the sovereigns of states; and the world economy was conceived of as a zero-sum game, in which the beggaring of one was a necessary condition for the enrichment of another. (Observation suggests that even today mercantilist ideas and a traditional organization of the economy hold sway in many, if not most, Third World nations. Most are neither democratic capitalist nor socialist.)

### **Science and invention**

Led by Great Britain, the Netherlands, parts of France and Germany, and the United States, there began to occur *circa* 1776 the great transformation of which Marx wrote three-quarters of a century later. By 1850, world population had increased to one billion; by 1900 to 1.6 billion; and by 1982 to 4.7 billion. Living conditions improved in many parts of the world. By 1982, although some 800 million persons still lived in relative hunger, more than three billion lived significantly above the levels of subsistence known in 1800. Average life-span rose universally above the age of fifty. (Greater longevity is the single

most important cause of population increase.)<sup>4</sup> It can scarce be doubted that the chief source of these humane advances was the promotion of science and invention which had become a central focus of energies in democratic capitalist societies. For the central idea of the democratic capitalist vision was to awaken human creativity, and to move as quickly as possible from invention to production. The *cause* of the wealth of nations, so went Adam Smith's central insight, is practical intellect.

Here, however, almost at the beginning, occurred three great falls in the intellectual history of democratic capitalism. Before coming to those, however, it is crucial to recognize three great contributions of the new science of political economy, of which Adam Smith was a chief, but not the only, originator.

First, Smith was the first to envisage the possibility of sustained economic *development*. (Not until Paul VI in *Populorum Progressio* did the Roman Catholic church give this idea salience in its own social thought.) He saw that the decisive question is how to produce wealth where it was absent, and to create a future better than the present.

Secondly, he was the first to imagine an *entire world made interdependent*, developing, and, through the imperatives of commerce and industry, pacific, lawlike, and progressive. He wrote, not of the wealth of individuals, nor even of Great Britain, but of all nations. He saw that the noble things of this world would not unite the nations, neither religion, nor the aristocracy, nor the military. Rather, the institutions despised by virtually all religions and virtually all literatures—the institutions of commerce and industry—would make the nations interdependent.

Thirdly, affected by the poverty and misery of the world so apparent to travellers of his time, he glimpsed the new moral obligation inherent in his insights: If wealth *can* be created, then, since the misery of many is intolerable, economic development is a *moral obligation*. A merely distributive justice (in a zero-sum world) is not morally sufficient. If new wealth for all can be created, it must be created. A sort of "productive justice" was born, in at least an instrumental way prior to distributive justice. It is from this vision, that political liberalism received its powerful moral *elan*. Its carriers believed that the vision which inspired them was supremely "progressive" not simply in some crass way but in a decisively humane way. "What have aristocrats, the military, and the clergy done to raise up

the lot of the poor during their rule over the human race of more than two thousand years?" liberals seemed to ask. Even in the popular mind, liberalism came to be associated not only with political liberty—although the force of that cry in a world of tyranny can scarcely be overestimated—but also with social and economic betterment for all.

I mentioned above the three great falls of liberal or democratic capitalist philosophy. Every philosophy has limits and internal errors. Concerning the internal limitations of classical liberal political economy, Joseph Schumpeter's *History of Economic Analysis* is peerless.<sup>5</sup> Alas, liberalism received three further blows from outside.

### **Division of labour**

The first was the otherwise useful division of academic labours. Adam Smith accomplished his life work as a moral philosopher; but the fields he combined in his own life were later separated by the division of academic disciplines. Smith addressed the moral-cultural system in *The Theory of Moral Sentiments*, emphasizing the role of sympathy, fellow-feeling, benevolence, fair play, and due regard for the perceptions of the impartial spectator.<sup>6</sup> Later, in *The Wealth of Nations*, Smith addressed the economic system. At his death he was working on a book on the political system, never completed. Thus, in Smith's work, all three systems—moral, economic and political—were considered. From the middle of the eighteenth century, economists began to develop their new science, independently of political and moral-cultural factors, not in order to discard these but in order to concentrate upon a limited set of questions. Such a development is typical of every science (including theology). Here it had the unfortunate effect, however, of separating study of the economic system, eventually to be called "capitalism," from its Anglo-American matrix in a liberal polity and a humanistic ethic. The difference this makes was quickly apparent in the relative abstraction from moral and political matters visible in the work of David Ricardo, upon whom Marx was to draw so heavily.

It is not wrong, of course, that economics has developed as a specialized and separate science; the common good may well have been furthered by that advance. Still, any who would attempt to base social decisions solely upon economic considerations, apart from political and moral considerations, would be guilty of what John Paul II has

called “economism.” Economism is to economics what scientism is to science. The fault lies not in economics nor in economists, but in the failure of the general intellectual culture to integrate economic sophistication into political and moral considerations.

The second serious fall in the liberal tradition lies in the exaggerated emphasis which Jeremy Bentham and his followers placed upon the individual. The philosophy of “individualism” makes historical sense, insofar as it called attention to the new possibilities of the modern era, given the breakdown of the ancient order of inherited status, familism, and feudal hierarchy. In the new nation states of the liberal era, the liberty allowed individuals was unprecedented. On the other hand, philosophical emphasis upon this new reality disguised as much as it revealed. In actual fact, and contrary to the theme of individualism, the liberal era generated a new sense of the human race as one single community. Moreover, just as Smith had spoken of the wealth of all nations, so the primary institutional invention of capitalist societies was the business *corporation* and, indeed, voluntary associations of all sorts. The business corporation is not the habitat of the rugged individual in fact (as it is in the mythos of individualism), but of the cooperator, the manager, the builder of a task-oriented association. Social skills of a very high order are indispensable to the capitalist order. Nonetheless, the myth of the rugged individual appealed to the romantic sense even of those who in their working practice were most remarkable for their abilities to inspire and to coordinate great efforts from others. The so-called “robber barons” (who were neither typically barons nor typically robbers) are remarkable rather for their other-directed skills, as classically expressed by Dale Carnegie in *How to Win Friends and Influence People*. Putting together a farflung corporation is no mean social task. The actual social texture of capitalist, democratic, and pluralistic life is mis-stated by individualism and even by utilitarianism.

### **Survival of the fittest**

The third fall of the liberal tradition, especially in its economic system, came two generations after Adam Smith, in the myth of “the survival of the fittest” which followed the discoveries of Darwin. By contrast with the fixities of the agricultural and feudal order, the competitive environment of democratic capitalism introduced uncertainties and dislocations never known before. Moreover, as new technol-

ogies replaced old, whole industries were sometimes left behind, as were those dependent on them (whaling, clipper ships, stage coaches, blacksmiths). New industries can scarcely be called “survivors,” and they are not necessarily “fittest,” but typically they are more efficient, more time-saving, less onerous. Material progress, in a word, is not Darwinian survival. Yet the metaphor allowed the social life of the nineteenth century—a century of *softening* manners, mores, and daily conditions of life—to be described in the terms of the jungle: harsh, mean, unfeeling, brutal. A few even came to justify amoral conduct by this wholly inappropriate metaphor.

Economism, individualism, Darwinism—these three falls in the liberal intellectual tradition—opened the way for a full-scale ideological assault upon liberalism by socialism, Marxism, Catholicism, and literary, aristocratic conservatism. This is not the place to assess the actual realities of nineteenth-century liberal societies apart from the ideological lenses through which they came to be attacked. Some of the charges, in any case, were true. The central point for the moment is that liberalism, under the three impulses mentioned, was in a poor position both for setting its house in order and for defending itself against unfair attacks. In important ways, liberal thinkers misapprehended the complex society they themselves had classically analysed.

This is the reason why Reinhold Niebuhr could write in the 1950s that liberal societies had more unarticulated strength within them than he (and others who in the 1930s had criticized them from the Left) had glimpsed.<sup>7</sup> That strength was there—in the political system, in the economic system, and in the moral-cultural system. It was also far too little articulated.

That unarticulated strength in self-reforming liberal societies is probably also one major reason why most democratic socialists today have slowly come to abandon the original fundamental principles of socialism—the abolition of private property, the abolition of money, the public ownership of the means of production, the nationalization of industries. In any case, most socialists today have accepted certain fundamental principles of democratic capitalism: practical reasons for private property, relatively free markets, incentives, economic growth, and inducements for savings, investment and invention. Democratic socialists still remain unusually concerned to use the *state* to address problems of inequality, poverty and disadvantage. In this sense, they remain still under the sway of the democratic socialist

ideal. Moreover, they can argue, as Ronald H. Preston argues in Chapter 5 of this book, that so many of their *practical proposals* have already been adopted within democratic capitalist societies that democratic socialists prove to have been, in the main line of their moral vision, essentially correct. Whatever the most fair and exact way of putting this point, the societies of today thought of as the bastions of capitalism—the United States, western Europe, and Japan—have shown remarkable capacities for self-reform, redress of grievances, and social progress.

### Theoretical considerations

I have been assuming that it is the genius of the “New Order of the Ages,” as Jefferson called it, or the “bourgeois revolution” as Marx called it, to have divided social powers into three partly independent, partly interdependent social systems, three sets of social institutions: political, economic, and moral-cultural. In this way, no one person or party (nor the state itself) can come to dominate all the powers of one society. There must be a state, of course, with its own appropriate political institutions—but a state limited by the rights of individuals and their associations and bound by their consent. Secondly, this state must be allowed no power over conscience, information or ideas; hence, the churches, the press, and the institutions of intellectual and literary life must be separated from the state. Thirdly, this state must be forbidden total, direct power over the economic system; hence, large businesses, small businesses, individual workers and labour unions, and the multiple activities of not-for-profit enterprises must be allowed relative independence from state control (although not from legal and moral obligations). Such a threefold system is properly called, following the classic two-word phrase “political economy,” “democratic capitalism.”

Most of the 160 nations of the world today are neither democratic nor capitalist. Most are more or less traditional, authoritarian, tyrannical societies, typically ruled (as in the past) by the landed aristocracy, the military, and the clergy. Nearly fifty are totalitarian states of self-declared Marxist-Leninist design. A score or more others also call themselves “socialist,” intending by that phrase not the Marxist-Leninist state but some version of *dirigisme* halfway between the ancient traditional tyranny and the ideological cover of Fabian socialism (for example, Tanzania and several other states of Africa and Asia).

It is a common mistake to think that all states which are not socialist, and which allow for private property and markets, must be capitalist. So common are private property and markets that the medieval thinkers thought of them as derived from natural law. Virtually all pre-capitalist, non-socialist societies (and even many which are socialist) respect forms of private property and find utility in markets. In all of Latin America, for example, it is difficult to find a single nation which fits the ideal of democratic capitalism, except perhaps Costa Rica. It is true that several other Latin American nations have achieved or have been moving towards democracy. Virtually none has a capitalist economy. In Chile, Mexico, Brazil, Argentina, and most others, the state has immense command over the economy at nearly every salient point. This is not a matter of “over-regulation”; it springs from a tradition of suspicion and control. Most of the large enterprises are state-directed. Furthermore, the common ideology—whether traditionalist, anti-Anglo, or socialist—is opposed to *liberalismo*. Catholic corporatism, traditional agrarianism, Latin European socialism, and Marxism reinforce the prevailing and pre-capitalist tradition of state *dirigisme*.

### Democratic socialism

A further comment may be needed in the classification of mixed economies heavily influenced by the socialist ideal, such as Sweden, Denmark, and the U.K. So long as such nations are democratic and pluralist, and so long as they maintain the institutions of private property, the limited state, markets, incentives, economic invention and growth, and the like, I am inclined to class them as “democratic capitalist”; and, indeed, pure socialists typically criticize them for their “bourgeois residue.” At some point, such nations may be tipped so far over in the direction of state control that a “private sector economy” would be fiction rather than fact; that point does not seem to have been reached. If, however, some wish to claim these nations as examples of democratic socialism in practice—with all their current virtues and vices, signs of decay as well as progress—I would not waste much energy on terminological disputes. I do not much admire the more extreme socialist components of such societies, or the doctrines which emanate from their socialist political parties. On the other hand I admire much about these societies, as I do about the United States.

Finally, then, it should be clear that the conception of democratic



capitalism allows both for an active political system, for programs for the poor and the disadvantaged, and for the welfare state. It is true that democratic socialists within democratic capitalist societies keep trying to expand the powers of the political system at the expense of the economic system (and even of the moral-cultural system). It is also true that libertarians within democratic capitalist societies keep trying to reduce the powers of the political system in the name of liberty and the limited state. Both argue from the alleged benefits of their chosen practical arrangements to the common good. Since in the conception of democratic capitalism tension between the political system and the economic system is both anticipated and desired, both democratic socialists and libertarians play useful social roles. The democratic capitalist ideal is to permit neither faction to become too powerful, and to constrain both by keeping a sharp eye on practical consequences. In this respect, the democratic capitalist rejects the democratic socialist ideal of “economic democracy,” that is, the politicization of economic decisions. Simultaneously, the democratic capitalist rejects the excessive restraint which the partisan of the free market imposes on the state.

Thus, it is clear, the chief arena of competition between those who try to expand the political system and those who try to expand the economic system—both in the name of the common good—lies in the moral-cultural system. This helps to explain the often noted “moralism” of Anglo-American politics. All parties couch their appeals in high moral rhetoric. “Liberty” is often opposed to “equality,” “compassion” to “a rising tide lifts all boats.” In a word, the religious community is one of the main target populations in the contemporary war of ideas. That is why this volume is so important. The sole defence of the free society is a fair competition of ideas. Members of the religious community can play a critical role in this debate by recognizing the sound points made by all sides to the argument, by taking care to respect the *bona fides* even of those with whom they are in most disagreement, and by trying hard to concentrate on which courses of action actually produce the consequences intended. Action in political economy is fraught with contingencies, ironies, unintended consequences, and tragic outcomes. Yet such action typically emerges, alas, from highly emotional and bitterly partisan dispute.

### Particular comments

The religious community of today does not enter this argument with a

completely neutral frame of mind. In general, all who have been trained in the humanities (including theology) imbibe the strongly anti-capitalist traditions of the humanities during the past two hundred years.<sup>8</sup> Moreover, relatively few who are trained in theology have had the advantages of commercial experience and professional training in economics. Finally, the problems of the Third World, which deeply affect universal religious bodies like Christianity, have been tremendously ideologized since World War II, almost entirely so in at least a mildly socialist direction. Common sense itself suggests, even to atheists (whom I have often heard address this point), that there is some contradiction between a religion of love and compassion and an economy based upon self-interest. Initially, a large number of theologians and churchmen will be inclined to find in democratic socialism a seemingly “natural” expression of their own religious commitments. Moreover, many central points in the political economy of democratic capitalism are counterintuitive; they represent the opposite of what seems to be *prima facie* true, and have been arrived at through close reasoning rather than through intuition. It is, in short, easier to argue the democratic socialist, rather than the democratic capitalist, point.

The papers by James Sadowsky and Gregory Baum reflect the widespread dissatisfaction with classic Catholic social thought experienced by those who enter this new field of inquiry, which I call the theology of economics. This field is far less developed than the theology of politics. Books and articles on Church and State, and related problems of politics, number in the thousands; those on Church and economy are very few. Both authors begin by noting the illiberal tendencies of nineteenth-century Catholic thought. The Church opposed ideas of progress, pluralism, Anglo-American ideas of religious liberty, the liberal polity and the liberal economy. The anti-liberal tradition was especially powerful in the Latin countries of Europe and Latin America. Baum notes how in the Second Vatican Council (1962–65), the Catholic church finally embraced significant liberal values in the sphere of political liberty (including religious liberty) and in the sphere of cultural pluralism, including ecumenism. Moreover, in the years since, Baum notes, the popes and bishops have continued to oppose Marxist-Leninist socialism for many reasons: its atheism; its materialism; its doctrine of hatred and class struggle; its call for the abolition of private property; its entrusting of the ownership of the means of production to the state; and its oppressive, totalitarian bureaucracy.

## Symbolism

Baum's essay is unusually useful, however, because it demonstrates how, as he puts it, a "minority of Catholics" in powerful organizational positions—including some "ecclesiastical decision makers," especially in Canada—have seized control of the "symbols" of the Church and placed them at the source of "the Left." By this term, Baum means not only "democratic socialism" but the "non-ideological use" of "Marxist analysis," a decided hostility to capitalism, and a "long-range view" of something "beyond capitalism and socialism." Baum is able to specify rather exactly who constitutes his "prophetic" minority of Catholics: "various small communities, centres of research, action teams, pastoral projects, educational workshops, and collectives publishing newspapers, brochures, and information sheets." Baum explicitly rejects the interpretation that such persons represent "the new class" in the Church. It is clear beyond doubt that he is describing the same reality, even if he rejects the terminology.

Baum asserts that the *cause* of poverty and oppression in the world is capitalism. This is odd, since the purported effect antedates the purported cause. It is clear that "Marxist analysis" is his starting point. It is further clear that he places the hope of the poor and the oppressed of the world in institutional forms he calls socialist. But some of the actual forms he mentions—such as co-ownership of the means of production—involve private property. Further, private decision making by "workers' cooperatives" seems to imply free markets. His notions about "central planning" which is "in tension" with "decentralization" are not fleshed out. He explicitly rejects what is "practical" in the near term in favour of "symbolic adequacy" in the long term. He asserts that, since the "decisive" year of 1971—marked by Paul VI's *Octogesima Adveniens* and the Synod of Bishops—Catholic social teaching now criticizes capitalism and embraces "socialist ideals." Yet the "socialist ideals" he sketches are, on the one hand, far removed from those of classic socialism and have, on the other hand, very little political or economic content; they represent a kind of moral wish list. There is little in them that promises invention, creativity, economic growth and much in them which promises economic stagnation and the political bitterness inescapable in a zero-sum game.

**A contrast**

Whereas Baum asserts that, in general, the Catholic Left criticizes Catholic social thought for yielding too much to capitalism, James Sadowsky, on the contrary, criticizes it for failing even to master several elementary points of liberal economic thought. Sadowsky's essay is far more limited than Baum's, confined as it is to two central points in the thought of Leo XIII in 1891. Many more such analyses are needed of papal (and episcopal) thought since that date, on a whole range of fundamental economic points. The record of Catholic social thought in almost wholly Catholic nations—those of Latin Europe and Latin America, for example—is not a happy one, in the annals either of political liberty or of economic development. (Contrary to the casual references of Baum, however, my own researches into the record of progress made by Latin American Christian democracies from about 1950 until 1970 uncovered evidences of progress in income, literacy, education, longevity, lower infant mortality, etc., which compare favourably to any record anywhere.)<sup>9</sup>

There is a great danger, particularly in Latin America, that Catholic social thought will pass from illiberal corporatism, traditionalism, and conservatism to illiberal socialism, so-called "Liberation Theology," and tyrannies of the Left, without ever having paused to develop a liberal polity and liberal economy. Surely, no continent in the world is as favoured by nature as Latin America. Tiny Japan, with but a fraction of Brazil's natural resources, now produces ten percent of the gross world product, under conditions of political liberty, while vast and resource-rich Brazil struggles under illiberal political governance and debt-ridden development.

While I share Sadowsky's frustration at the failure of Catholic theologians and leaders fully to plumb liberal economic thought, and find the references to liberal values in papal social teaching most inadequate and inaccurate, I do not quite share his implicitly sanguine views about markets left entirely to themselves. History has borne him out, of course, as even Pius XI noted in commenting on Leo XIII in *Quadragesimo Anno*—in democratic capitalist nations the real wages and working conditions of the workers improved tremendously between 1891 and 1931 (and have improved more remarkably since). Still, some of this improvement is due to efforts by the political system and by the moral-cultural system to direct economic development in fruitful ways.

### Different interpretation

Finally, I should add that my own interpretation of Pope John Paul II's *Laborem Exercens* is dramatically different from Gregory Baum's.<sup>10</sup> The Pope's appeal to "Creation Theology" is not an endorsement of, but in opposition to, "Liberation Theology" and its "Marxist analysis." Marxist analysis is no better than its fundamental principles. It inexorably leads all who are faithful to it into illiberal political and unproductive economic praxis. The record of more than fifty nations should be clear enough. Democratic capitalist principles express a far more effective "solidarity with the poor," not only promising but delivering political liberty, sound institutional defence of human rights, economic creativity and broadly diffused prosperity. Gregory Baum embraces Bishop Romero of El Salvador, and so do I; he claims "special sympathy" for Solidarity in Poland, and so do I. Where we differ lies in our conviction about the form of political economy most likely, on the record, to raise up the poor, free the captives, and lead to liberty and justice for all.

Although I count on my colleague, John Bennett, to comment in greater detail on the Protestant discussions in this symposium, and while my own views can perhaps safely be inferred from what I have so far written, still, a few comments are in order.

The discussions introduced by Anthony Waterman and Paul Heyne carry us some little way toward two important goals. In the early nineteenth century, clergymen and lay persons of considerable distinction did argue a great deal about the obligation of Christians to improve "this world" through a new design of political economy. Much of this discussion has been bypassed by historical achievements which were sometimes invisible to those closest to them; but those old debates are often superior, in their logical and empirical clarity, to some highly emotional and uninformed discussions of today. We have much to learn, first, by studying again the arguments attendant on the rebellion of liberalism (now often called conservatism) against the *ancien regime*. In many ways, indeed, the arguments of liberals once made against the *ancien regime* parallel the arguments liberals today must make against socialist centralization. Often enough, too, especially when the attacks made against the liberal economy by socialists rest upon aesthetic, cultural, or moral grounds, socialists recapitulate many of the old aristocratic arguments. Solidarity with the poor and with workers often does entail a certain com-

mon taste, even vulgarity, as when contemporary socialists deplore the popular taste for jeans, disco music, and McDonald's. I do not entirely share Waterman's perspective (and rather harsh views about Margaret Thatcher), but I commend this and his other researches into earlier traditions; they are of great value. As always, I admire Paul Heyne's penetration of theological cant.

### **Christian socialism**

So deeply do I share Ronald H. Preston's concern for recalling the vision (if not the impracticality) of the Christian socialist tradition that not long ago I urged Bernard Murchland to write a short history of that tradition in order that it might be better known to American readers.<sup>11</sup> In the trauma of the change from the *ancien regime* to a more prosperous and free political economy, much needed to be done to attend to new moral considerations. This was the impulse of Christian socialists in England. Often, to be sure, as he notes, they imparted aristocratic or upper-class imagery into their proposals; often they failed to see at least the partial merit in the new ethos which was transforming their age. One of the glories of the democratic capitalist order is that it does not insist that all join in cheering it. It quite rejects excessive enthusiasm. Two cheers is all even Irving Kristol feels it appropriate to utter in its behalf.<sup>12</sup> The vision of democratic socialists, carried to its own ideological extreme, does not quite work in practice and, in some respects, makes matters far worse. Still, as an antidote to a pure market orientation and as a summoning of political will and moral purpose, democratic socialism has played a significant role, and still continues to do so, in the evolution of democratic capitalism. On economic matters, as Preston seems to concede, the latter has been proved wiser in its devices; but in the political and moral spheres, democratic socialism has been the historical vehicle for many useful improvements. Those of us called (by our foes) "neo-conservatives" owe much of our inspiration to it.

Archbishop Scott puts the best possible face on the work of the World Council of Churches on political economy. I admire his aims and purposes. Yet the perfect is the enemy of the good. In judging democratic capitalism according to standards that *no* mere this-worldly system, intended to function through and among sinners, can ever hope to meet, I believe he fails to judge it fairly. Moreover, he accepts far too uncritically the charges alleged against it, both in the

highly ideologized Third World and among domestic critics. The fact that charges are made does not make them true. Charges about an alleged ecological crisis, a crisis of unemployment, and a crisis of inequalities between rich and poor (both among and within nations) need to be addressed at some length. At no stage of human history will any system of political economy be free of crises of this and other sorts. It is crucial to get the facts straight on which each alleged crisis is said to rest. Alas, the W.C.C. seems to me remarkably vulnerable to the most extreme and highly politicized allegations which permeate the United Nations, and to be hardly more sober than that body in sorting them out. These charges are intended to intimidate citizens of those political economies which show considerable progress in building institutions of political liberty and economic prosperity. If the political economy of Japan were a failure like others, it, too, would be part of the Third World. Dialogue is intended to be a two-way street. Citizens of successful political economies do not do enough to hold up their end of the dialogue with the Third World; by simply believing everything they hear, they patronize and condescend, and thus produce a monologue, doomed to frustration.

Roger Hutchinson does an excellent job of showing how Reinhold Niebuhr hewed closer to the facts, to questions of power and interest, and to the ironies behind easy perceptions, than most commentators of his age and ours. Niebuhr connected a powerful religious intellect to concrete contexts and proximate judgements. I do not wish to enlist him as the first neo-conservative (although his own pilgrimage was often described by his critics as a turn to the Right, both theologically and in political economy). His sympathies were in practice, even in his last years, rather more to the Left than my own now are. Yet Niebuhr himself would have been pleased to argue with those with whom he did not agree, and to direct the argument to matters of fact and proximate next steps. On such matters, it is in the nature of humans to disagree, no one being privileged to read the tapestry of future consequences and the unseen patterns of irony and tragedy inherent in all human action. In Hutchinson, there is a feel for the real Niebuhr, to whom so many feel indebted. All of us miss him so.

The Dutch neo-Calvinist tradition, especially in Abraham Kuyper, was one of the most economically sophisticated (and most perceptive about what the liberal economy was trying to achieve) of any Western nation. Max Weber himself was unable to cite serious theologians in *The Protestant Ethic and the Spirit of Capitalism*; he fell back upon a

few scattered pastoral and devotional writings. So the brief historical descriptions offered by Bob Goudzwaard and Irving Hexham may serve to awaken interest in an important theological resource.

### Communalism

John H. Yoder also develops a crucial and neglected theme. Within democratic capitalist societies, there is a splendid variety of communities of high and intense spiritual longing and exploration. Such communities as those he describes exert an often unseen but powerful influence upon the way we live and the way we slowly come to imagine the future. Having spent many years of my life in a religious community, not quite monastic but with a strong contemplative tradition, I share his sense of the this-worldly realism of what may seem to some an other-worldly perfectionism. In a society like ours, such communities can thrive and grow, exerting a necessary influence upon us all. They are, as it were, the powerhouses of our moral-cultural system. Indeed, many persons far too busy in the “practical” world of everyday life often and regularly seek out such communities for the good of their souls. The better problems of subsistence and political liberty are met, the larger the demand for such a form of life is likely to grow. In this respect, as in others, the “secularization” thesis has always seemed to me quite wrong.

As for the outstanding papers on Jewish and Islamic social thought, I cannot comment in an expert way. It has been my privilege as editor of *This World* and of several monographs at the American Enterprise Institute, however, to publish important essays in both of these powerful religious traditions.<sup>13</sup> John Locke, Adam Smith, and Thomas Jefferson thought they had hit upon “the natural system of liberty,” growing out of Jewish and Christian traditions, to be sure, but universally accessible. For one thing, as we have seen, the use of markets was virtually universal in traditional societies. In Israel as in the nations of Islam, commerce was the great reality of everyday life. In both traditions, moral and religious values suffused all activities. It seems fair to say that Judaism has been more open to rapid historical change and to modernity, whereas Islam has felt the shock of modernity more recently and with greater trauma. Yet the future of a large and important part of the world depends on the shape the political economies of the Islamic nations assume in the future.

In eastern Europe, whence a large majority of American Jews mi-



grated to the United States and Canada, the traditions of democratic capitalism were (and still are) absent. The dream of emancipation was predominantly expressed by socialism. Moreover, in the new land, immigrant Jews were often in the vanguard both of communist and socialist movements in the U.S. The language of the Old World concerning elites versus the proletariat seemed mirrored in their new status as poor immigrants. Nonetheless, observation of the actual economic and political programs of socialist parties has, over time, weakened the dream of socialism in the eyes of many American Jewish intellectuals. The so-called neo-conservative movement is predominantly Jewish (and Catholic). This movement holds that the democratic capitalist ideal is morally more attractive and in reality more productive than the democratic socialist ideal (and that the latter is inherently flawed). It holds, further, that the future belongs to the democratic capitalist ideal, which is the proven pioneer of invention and progress.

The debate about fundamental questions of political economy—in all our religious communities—has today reached an intensity unmatched for 150 years. This volume illustrates the depth and breadth of that debate.

## NOTES

1. *Milton Friedman and Paul A. Samuelson Discuss the Economic Responsibility of Government* (College Station, Texas: Center for Education and Research in Free Enterprise, n.d.).
2. “The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature’s forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalisation of rivers, whole populations conjured out of the ground — what earlier century had even a presentiment that such productive forces slumbered in the lap of social labour?” *The Communist Manifesto* in Karl Marx and Frederick Engels, *Selected Works* (New York: International Publishers, 1968), pp. 39–40.

3. See Charles Gide and Charles Rist, *A History of Economic Doctrines*, trans. R. Richards (London: D. C. Heath and Co., n.d.), p. 112. See also F. A. Hayek, ed., *Capitalism and the Historians* (Chicago: University of Chicago Press, Phoenix Books, 1963).
4. For world population figures see *Encyclopedia Britannica*, 15th ed., s.v. "Population"; John Noble Wilford, "9 Percent of Everyone Who Ever Lived Is Alive Now," *New York Times*, October 6, 1981; and U.S. Bureau of the Census, *Statistical Abstract of the United States: 1982-83*, 103d ed. (Washington, D.C., 1982), Table 1518. The current life expectancy worldwide (both sexes) is 59 years. Of 45 countries with a population of 10 million or more, 38 have achieved life expectancies of 50 years or more (*Statistical Abstract of the United States: 1982-83*, Tables 1517, 1521). For a useful historical comparison of life expectancy for various countries, see W. S. and E. S. Woytinsky, *World Population and Production* (New York: Twentieth Century Fund, 1953).
5. Joseph A. Schumpeter, *History of Economic Analysis*, ed. Elizabeth Boody Schumpeter (New York: Oxford University Press, 1954).
6. "And hence it is, that to feel much for others, and little for ourselves, that to restrain our selfish, and to indulge our benevolent, affections, constitutes the perfection of human nature; and can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety." Adam Smith, *The Theory of Moral Sentiments* (Indianapolis: Liberty Classics, 1976), pp. 71-72.
7. Niebuhr wrote, in 1953: "It was the great achievement of classical economic liberalism to gain recognition of the doctrine that the vast system of mutual services which constitute the life of economic society could best be maintained by relying on the 'self-interest' of men rather than on their 'benevolence' or on moral suasion, and by freeing economic activities from irrelevant and often unduly restrictive political controls. It released the 'initiative' of men to exploit every possible opportunity for gain and thus to increase the resources of the whole of society, at first through the exploitation of commercial opportunities and subsequently through the endless development of technical and industrial power." Reinhold Niebuhr, "The Christian Faith and the Economic Life of Liberal Society," in *Goals of Economic Life*, ed. A. Dudley Ward (New York: Harpers, 1953), p. 433; reprinted in Reinhold Niebuhr, *Faith and Politics*, ed. Ronald H. Stone (New York: George Braziller, 1968).
8. See, for example, Joseph Epstein, "The Education of an Anti-

- Capitalist.” *Commentary* 76 (August 1983): 51–59.
9. See my discussion of Latin America in *The Spirit of Democratic Capitalism* (New York: Simon and Schuster, American Enterprise Institute, 1981), pp. 298–314.
  10. See my essay “‘Creation Theology’—John Paul II and the American Experience.” *This World* 3 (Fall 1982): 71–88.
  11. Bernard Murchland, *The Dream of Christian Socialism: An Essay on Its European Origins* (Washington, D.C.: American Enterprise Institute, 1982.)
  12. See Irving Kristol, *Two Cheers for Capitalism* (New York: Basic Books, 1978); and *Reflections of a Neoconservative* (New York: Basic Books, 1983).
  13. See, for example, Muhammad Abdul-Rauf, *The Islamic Doctrine of Economics and Contemporary Economic Thought* (Washington, D.C.: American Enterprise Institute, 1979); and *A Muslim’s Reflections on Democratic Capitalism* (Washington, D.C.: American Enterprise Institute, 1984); Seymour Siegel, “A Jewish View of Economic Justice,” *This World* 1 (Winter/Spring 1972): 70–78.

## Overview

**John C. Bennett**

The chapters in this volume are so informative that I am sure that readers will make many discoveries. Probably few are well informed about nineteenth-century “clerical *laissez-faire*,” about Dutch neo-

Calvinism, about economic thinking in Islamic countries; or the leftward movement in Roman Catholic thinking, or the history of Christian Socialism in England. Also I am impressed by the fact that those who represent views very different from the views of those who planned the conferences out of which these volumes have come, have abundant opportunity to present their positions and the historical background for them. Since the chapters are mainly historical and descriptive there is not as much direct debate about issues as in the companion volume, but we have reports of contrasting positions that will stimulate debate among readers. The many shades of difference in the views expressed and the very different historical backgrounds described make this volume very rich indeed.

One thing that I learned was that the relations between Judaism and the market economy are as complicated as the relations to it of Christianity, and for this reason I am much indebted to the chapters on Judaism. Two of the writers even disagree as to whether Judaism is *primarily oriented toward the individual or toward the community*. The fact that Jews were left little alternative but to engage in business and commerce and banking is balanced by the fact that in the past century the socialism of Jews has been far more important politically than the socialism of Christians. Socialism is an important strain in the ethos and institutions of contemporary Israel. The law of the Jubilee in Leviticus XXV is mentioned in one chapter and, even as an ideal that is never realized, this must be a challenge to that body of opinion represented in this book which is adamantly opposed to political measures to redistribute wealth.

I am surprised that so little is said about the Old Testament prophets and about their determinative influence on the social activism of Christians, except that they defended the property rights of citizens against the power of kings (Naboth's vineyard). Christian critics of capitalism have been inspired by them. The Book of Amos is a favourite with them. Liberation Theologians in Latin America make much of these words in Jeremiah XXII about the good King Josiah: "He judged the cause of the poor and the needy; then it was well. Is this not to know me?" The struggle for justice is seen as central to the very knowledge of God. As a personal observation I want to say that in the United States the minority status of Jews has meant that even when they are prosperous they tend to identify themselves politically with others who are suffering as minorities, or as victims of economic institutions. They are generally strong supporters of "liberal" social

and political causes, which sometimes puts them in a camp opposed to defenders of the almost moral self-sufficiency of the market economy.

### **The overarching difference**

The shades of difference among the positions represented in this book may make it seem simplistic to speak of an overarching difference. In spite of that warning to myself I shall try to describe what I regard as such an overarching difference which one finds in these chapters. On the one hand there are those who are defenders of what I call the “almost-moral-self-sufficiency” (awkward phrase) of the market economy and whose chief interest is in the logic of that economy’s development. They do this theoretically for the most part rather than through examining particular economies as they work out in practice. They emphasize how immensely productive the market economy can be for the benefit of all and how favourable it is to freedom, not to economic freedom only but also to political and cultural freedom. For them the intervention of the state is the major threat to the health of this free and productive economy.

On the other hand there are writers in this book, and many thinkers on whom they report, who begin by asking what economies that have the free market as their main structure have done to people. Professor Preston says that the economic order is made for persons and no writer in this book would disagree with that in principle. But some would keep asking: for what people does it do most? What people does it neglect or allow to be its victims? Clark Kucheman, in replying to Father Sadowsky (whose difference from his fellow Roman Catholic, Gregory Baum, is probably the deepest difference in the book), calls attention to the fact that the relatively successful economy of the United States allows twelve percent of the people to suffer from poverty. That means about 34,000,000 people.<sup>1</sup> A considerable majority of the poor are women, which causes some people to speak of “the feminization of poverty.” A recent study shows that about a fifth of the children in the United States live below the official poverty line. Should we not ask about the misery these 34,000,000 would suffer had there been no state intervention to provide social security, unemployment insurance, medicaid (medical aid for the poor), aid to families with dependent children, and food stamps? Yet the most stalwart defenders of the market economy are always attempting to cut

back on these provisions for the poor.

I remember the Great Depression of the 1930s. I think that it was then that people in the United States became aware that fifteen million people did not suddenly become lazy but that they were victims of large-scale forces with which only the national state was strong enough to cope. Today the United States is experiencing a recovery from a deep recession and most people may be benefiting already. But if we consider the families of the twelve million unemployed it is not enough to appeal to the future benefits that will come to them if the productive market economy is given a chance. An immediate rescue operation is needed by society through the state because so many people, especially children, are being wounded and handicapped for the rest of their lives by what is happening to them now. Some of those who neglect these realities as they plead for patience with the economy which is expected to benefit everyone two or three years from now put great emphasis on what people deserve in economic terms as though that were relevant in the case of children. Also hardly noticed are the psychological wounds that result from humiliating and debilitating poverty in the presence of so much wealth. One sees these wounds in the case of the "new poor" because of unemployment, which causes people to have a sense of failure and often destroys the morale of families.

### **Greater clarity**

I think that there are two discussions among these writers and among the many whom they represent that need to be carried on to produce greater clarity. One would be between those who go furthest in claiming moral self-sufficiency for the market economy and resist almost all intervention by the state, on the one hand, and those, on the other, who believe in the market as the main structure of the economy and yet who believe that many aspects of the welfare state are needed to make the market morally tolerable. Also, we need discussion between those who belong to the latter group and believers in socialism. In North America and western Europe the number who believe in socialism as a total system may now be quite small. Yet we see a difference in the dialogue about economic life between most of the industrialized democracies (including Canada) that have political movements with a socialist tradition, and the United States, where no such movement exists. In this contrast I think that the United States is the

loser because of the narrower range of the economic debate.

I have had some difficulty in finding words to designate what I regard as faults in the main argument of those who defend the market economy against its religious critics. They are not monolithic and I have used words to suggest that their tendencies of thought have many degrees. In some cases I am critical of little more than matters of emphasis. In a few cases I see in them an absolutist ideology. Moreover, there are degrees of harshness in polemics in dealing with the critics in the churches who are believed to undermine the market economy. I shall discuss five of the tendencies of thought which for me raise serious difficulties.

### **Community**

1. I think that strong defenders of the market economy have an insufficient sense of the importance of community. Their argument sees the world chiefly in terms of the freedom of individuals. But individuals gain a large part of the meaning of their lives from the community of which they are members. The quality of their own lives is greatly influenced by the quality of that community. They are formed by communities, especially the community of the family, and families are formed and enriched or corrupted or made miserable or denied opportunities in practice by larger communities of which they are a part. For persons of religious and moral seriousness and imagination their community has no limits short of humanity as a whole, though there are parts of that larger community for which they have immediate responsibility and which are most affected by what they do or leave undone. In principle most of the writers in this volume would probably not disagree with those statements, but I question whether all of them allow the community to be on the "ground floor" of their economic and political thinking.

The community must be distinguished from the state. The state is one of the community's structures and it is that which enables it to make many of its most fateful decisions that affect its welfare. It can implement those decisions and can enforce them, especially those that can have little effect unless all or almost all members of the community obey them at the same time. Because it has a monopoly of force, the state can be oppressive, and unfortunately this is true of the states today that control most of the world's people. This fact is a major reason for the current reaction against the power of the state. Yet

we know that it is possible for a state to have built-in correctives, to provide legally, and through habit, for the balancing of powers and for the orderly displacement of those who hold political power. The state's responsibility for the welfare of the whole society is greater than that of any centres of economic power. Economic powers should be accountable to the community as a whole through accountability to organs of the state.

There is lacking in some of these chapters, which rightly stress the productive capacity of private economic entities, the realization that these entities not only make great contributions to the well-being of the community but are themselves centres of great power, direct economic power over the lives of workers and consumers, and more indirect power over the state because of their financial influence in politics. Their authors avoid any direct attack on the principle of collective bargaining and the organizing of employees. Many of their predecessors such as Francis Wayland, so well described by Paul Heyne, believed that "combinations" of workers were against the laws of the market economy and hence against the laws of God. I am glad that I do not detect adherence to that doctrine in these chapters but I wonder if it is not implied in some of them. On the other hand, the pluralism that is so much supported by all writers depends in part on the distribution of power between corporations and labour unions.

Those whose distrust of the state is greatest often appeal from the national state to local or regional government. Often this may be the best course. The principle of subsidiarity so much emphasized by Catholic thinkers is a good corrective for the tendency to increase the power of the national state, but in this area we need to be guided by experience rather than by deductions from this principle. In the United States very often appeal to "states' rights" has been an attempt to prevent change. This has been spectacularly true in race relations. More widely it has been our experience in the United States that concern about issues of economic justice have reverberated much more in the national community than in many states or smaller units of society. It has taken federal pressure to establish provisions of welfare for the poor, the sick, the elderly. Also for the young. These have usually been opposed by the business community until after they have been established. The economic well-being of people is not only a local affair. Perceptions of serious economic injustice are wounds in the life of the national community. That kind of injustice is present when, from region to region, there are vast differences in pro-



visions for welfare, even in provisions for public education, after account has been taken of differences in the cost of living. Pride in the national community should include pride in achievements of social justice in the nation. One of the most admirable recent events in the United States was the action of the U.S. Supreme Court in annulling a law of the State of Texas that denied the right of children of undocumented workers (illegal immigrants) to have free public education. The highest court of the nation put itself alongside the weakest people living within its borders, the children of undocumented workers. I see this as a sign of national greatness.

## Equality

2. My second suggestion concerning limitations in the position of the strong defenders of the market economy is that the ideal of equality seems to have no claim of its own when we think of the nature of justice. Here I am concerned with the effect of extreme inequalities—and I know that we can argue about how much is “extreme”—upon the quality of the life of the community. I am not suggesting that complete equality imposed by law is good, and I know of no one in the churches who advocates it.

There are many kinds of inequality that no form of social or political action can overcome. People are unequal in ability, in physical strength, in personal force or energy, in specific talents, in beauty, in the habits of character, or the habits of discipline and efficiency. They are unequal in their achieved merits and in the contributions that they can make to society. I am not sure that there is any equality which is given among persons except equality in ultimate standing before God, involving an ultimate reality of human dignity. There is another form of equality that is not inherent but which should be provided by society: equality before the law. Even under our constitution, that form of equality is only partly realized. In my own society persons who are both poor and members of a minority often do not in practice have equality before the police and the courts with those who have money or belong to the majority. Moreover there is the inequality before the law created by the cost of litigation.

What I have called “extreme” inequalities are a hindrance to fellowship in the community. They encourage pride and vanity on one side and subservience and self-rejection on the other. Also, extreme inequalities of condition create inequalities of opportunity. Most

people in Western democracies accept equality of opportunity as an essential goal. The possibility of extreme inequalities with no limit to the wealth that can be accumulated and passed on to descendents encourages endless greed. I doubt if Walter Block can succeed in giving good connotations to the word "greed." We need a word to designate an aggressive acquisitiveness that is socially destructive and an ugly expression of character. This is not uncommon in the market economy. One of the most objectionable ideas in several of these chapters, as far as I am concerned, is the idea that taxation should never be used to redistribute wealth and income. Without that corrective use of taxation capitalistic societies are unable to overcome the forms of injurious inequality that I have mentioned. I deal more fully with the claims of equality in my commentary in the companion volume,\* especially with the extent to which inequalities of condition may undermine equality of opportunity.

### **Freedom**

3. The chief moral commitment of the defenders of the almost moral self-sufficiency of the market economy is the commitment to freedom. In this respect the arguments of both sides in this book are moral. In all of the debates between those who differ in this volume there are varying views about the claims and the priorities of freedom and justice.

The 1948 Amsterdam Assembly of the World Council of Churches, in a much discussed passage, criticized both communism and capitalism in these words:

Each has made promises which it cannot redeem. Communist ideology puts the emphasis upon economic justice, and promises that freedom will come automatically after the completion of the revolution. Capitalism puts the emphasis upon freedom, and promises that justice will follow as a by-product of free enterprise; that, too, is an ideology that has proved false.<sup>2</sup>

Though I know that most writers in this volume who are strong de-

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\**The Morality of the Market: Religious and Economic Perspectives*, Vancouver: The Fraser Institute, 1985.

defenders of the market system differ in nuance from any absolute formula, it seems to me that the implications of many chapters are that justice will come as a by-product of free enterprise and that rarely should the community seek it directly through action by the state.

But there is an illusion about freedom among most defenders of the market economy who say that it promises freedom. They take no account of the extent to which people are not freed by the market from the tyranny of circumstance. Those who are among the 34,000,000 poor in the United States (especially those who have had a year of unemployment and have lost their health insurance and who have lost, or any day may lose, their homes) have very little freedom. They have formal political freedom and they are not arrested for advocating dissenting views. But in all sorts of ways they are subject to the tyranny of circumstances not directly willed by any political powers. I also think there is a tendency on the part of the defenders of the market economy to overemphasize the unity of freedom. The nations with mixed economies and democratic experience have maintained political freedom and civil liberties. Totalitarian governments have not resulted from incremental increases in governmental power to deal with particular problems. They have come from neglected public problems that have left large parts of the population resentful and hopeless and alienated.

Freedom is abridged or threatened by the control exercised by private economic entities over government. In the United States this control comes in part from the influence of campaign contributions to defray the appalling cost of campaigns for election of public officials. It is seen in the enormous influence of military suppliers upon the Defense Department and its allies in Congress. Particular weapons systems have their economic constituencies in the market economy and these join forces with constituencies in the armed services. Perhaps President Eisenhower's most memorable words were his warning against the power of the "military industrial complex." We can add to the military and industrial elements in this complex the influence of free foundations or "think tanks" and even universities. The market economy does make possible a degree of social pluralism and, in so far as it does so, it is favourable to democratic freedoms. But the preservation of this pluralism requires continuous vigilance both in regard to development of monopolistic or quasi-monopolistic centres of

economic power, and in regard to the influence of economic powers on government.

### **Charity**

4. I find very strange the idea that is sometimes expressed in these chapters (and much emphasized by President Reagan), that we should count on voluntary gifts for a large part of the needed aid to the most disadvantaged people. Anything but taxation! On the surface this appeal to private generosity is in harmony with Christian ethics and should always be part of the picture. There are many situations in which personal giving, or giving through churches and other private agencies, will be needed. Sometimes it has the advantage of being innovative or of quietly helping in cases of unique or unanticipated personal need. The web of family relationships or other intimate relationships often provide the best points of contact with such need. There are many religious, educational, and charitable institutions which depend for their existence on private giving. The same is true of social causes, opinion-forming and political causes which call for support in one's daily mail.

At best these forms of private giving are entirely different in scale from what is provided by the community through the state. The staggering cost of medical care and of life-maintenance for so many millions of people is far beyond anything that the most generous private giving could provide. Provisions for public education are a great drain on public resources on the state and local levels. I do not believe that any of the contributors to this book believe that private giving could become a substitute for all the public provisions which are essential for life-support of so many people.

Even if private giving were able to meet these needs, it would be wrong to depend on it. The essential well-being of people should not depend on the inevitably capricious generosity of private persons. Such a system would be too paternalistic and humiliating to the receivers of aid. It is far better for those who are in need to receive support because of the sense of justice of the community of which they are members than to receive it through the giving of private persons. It is a significant form of private generosity to vote for forms of taxation that are to one's personal disadvantage. Indeed that is often the most relevant form of generosity. I have spoken of children a good

deal, though there are many others who need assistance, including the elderly, the sick of all ages, and the unemployed. But in the case of children we can put aside all questions of desert or merit. They cannot be aided without aid going to their families. Public support for children, which has long been accepted in principle in the provisions for “free” education for all, is not only a matter of caring for and justice to persons: it is an investment by the community in its future.

### Property rights

5. Another weakness in the intellectual assumptions of those who defend the almost moral self-sufficiency of the market economy is that the right to property is strongly emphasized without sufficient attention to the different forms of property or to the social process by which people acquire property. I question the tendency to regard taxation as a necessary evil only and not as a good method by which society may compensate for the failure of the market in distributing property. The right of people to keep what they earn makes taxation an injustice: but this view of “right” fails to take account of the contribution of society to a person’s capacity to earn. I am not suggesting that the distinctive contributions of able, and innovative, and energetic people; of courageous, risk-taking people; of people who have unique gifts for large-scale management or economic leadership, should not be rewarded with more than average compensation. I am arguing only that there should be a sense of proportion in the rewards. It is the case, moreover, that those who amass wealth because of monopolistic advantages may do so not because of exceptional creativity but because of exceptional luck or cunning. Those whose property has appreciated because of population changes owe much of their gain to the contribution of the community. Speculation may make a desirable contribution to the smooth working of the market but how far are large speculative gains earned?

I think that Pope Paul VI, in his encyclical, *Populorum Progressio*, spoke not only for his own tradition but also for the whole Christian community when he wrote the following: “Private property does not constitute for anyone an absolute and unconditioned right. No one is justified in keeping for his exclusive use what he does not need, when others lack necessities.”<sup>3</sup> One can argue about where to draw the line concerning the need of those who possess and the necessities of those who lack possessions, but those words help to give us direction. Any-

one who really believes in those words must be glad that the state helps in implementing them.

The very influential report of the Oxford Conference on Church, Community, and State (1937) emphasized the need to distinguish between various forms of property. It said the following:<sup>4</sup> “the property which consists in personal possessions for use, such as the home, has behind it clearer moral justification than property in the means of production and in land which gives the owners power over other persons. All property which represents social power stands in special need of moral scrutiny, since power to determine the lives of others is the crucial point in any scheme of justice.” The conference also said that “every argument in defence of property rights which is valid for Christian thinking is also an argument for the widest possible distribution of those rights.” This conference, which was a significant event in the development of ecumenical thought on these issues, greatly stressed the importance of avoiding identifying the Gospel or the Church with either capitalism or socialism.

### **Christian realism**

There is one alleged difference between the representatives of the two main directions in this volume and that has to do with the extent to which they take account of the finiteness and sinfulness of human beings. I think that at this stage this should not be an intellectual difference among them. Often it is the strongest defenders of the market economy, such as Margaret Thatcher (as quoted in his chapter by Anthony Waterman, and Edward Norman in the companion volume), who accuse the critics of the market economy of naive idealism, utopianism, or perfectionism. Doubtless there are individuals on both sides who are unrealistic about human nature. Doubtless there are individuals who have not learned from the horrors of recent and contemporary history, who do not realize that human prospects are darkened by threats to the environment unknown a few decades ago, by the danger of nuclear annihilation, and by the proven difficulty of establishing governments that are effective without being tyrannical. There is no place for utopianism in any of these arguments.

Among Christians in North America, Reinhold Niebuhr has been the major teacher on this subject and his teaching has been greatly supported by events. In regard to his views on the issues discussed in this book, though he gave up his socialist commitments by the late

1940s, he never moved away from his support of a mixed economy with a considerable socialist ingredient. In politics in the United States he represented, as long as he lived, the general outlook of Americans for Democratic Action. His critical mind may not always have been on the side of particular positions taken within the "ecumenical" community. But he was closer to "ecumenical" views about capitalism than he was to that optimism about the benign effects of the market economy on the whole society which many of these chapters represent. The more conservative side claims for the support of its position Niebuhr's debunking of naive liberal idealism. The critics of the "almost moral self-sufficiency" of the market economy claim in support of their views Niebuhr's application of his insights in practice to political and economic problems. I think that they can also claim a neglected side of Niebuhr's basic theology which rejects a dogmatic pessimism and allows for indeterminate good possibilities. Niebuhr would be among the first to warn against concentrations of unaccountable economic power in the market.

### **Some Protestant and Catholic contrasts**

I find it very interesting to compare indications about trends among left-of-centre Protestants and Catholics in the very informative chapters by Ronald Preston and Gregory Baum. Professor Preston reveals that Christian Socialism as a confident and committed movement has lost ground in England and I know that the same is true in the United States. In considerable measure the welfare state in both countries has undercut the appeal of a doctrinaire socialism, though such socialism was never strong in the United States. Preston who comes from a Christian Socialist background and still says that "the visions of most Christian Socialists was on right lines" accepts the idea that the market is very useful in "the allocation of scarce resources." He makes the good distinction between profit as "directive" and profit as "incentive" and thus makes room for the idea that emphasis on the profit incentive does increase the spirit of acquisitiveness and greed to which human nature is prone. I am not suggesting that the desire to improve the economic condition of oneself and one's family is not within limits a useful and usually needed incentive. I think that it tends to be true that Protestants who greatly stress social justice are less likely today than in an earlier period to regard socialism as a complete solution to economic problems, and that they

make concessions to some of the claims of those who argue for capitalism. However, they remain far from the views expressed in this volume by those who are the strongest defenders of the market economy.

Gregory Baum by contrast writes about the increasing radicalism of much Roman Catholic thought and commitment. This tendency gets strong support from recent popes, beginning with John XXIII. Probably the encyclical *Populorum Progressio* of Paul VI is the clearest example of this trend, and Baum tells us that Paul's letter, *Octogesima Adveniens*, finally lifts the Catholic ban upon democratic socialism. It is significant that he sees the encyclical *Laborem Exergens* of John Paul II as moving in the same direction, in spite of his conservatism in internal ecclesiastical policy. The positions taken by the Catholic hierarchy in Canada on capitalism, together with the fact that the hierarchy in the United States is preparing a pastoral letter on the subject, are disturbing to strong defenders of the market economy.

The influential presence of Liberation Theology among Catholics in Latin America illustrates this leftward tendency in Catholicism. Christian Socialism in Northern-hemisphere Protestantism may have less influence but Christian Socialism among Catholics in Latin America is one of the most significant movements in contemporary theology and in the life of the Church. It goes beyond the position of the popes, but Pope Paul VI in *Populorum Progressio* provided a launching pad. Liberation Theology is a very important part of ecumenical theological conversation. All theology is in some respects contextual; even Saint Paul's epistles in terms of priorities and emphases and warnings against particular errors were strongly contextual. Many Christians in North America, both Catholics and Protestants, are stimulated and inspired by Liberation Theology even though it is not a model for their own theology in their very different situation.

Liberation Theology in part is addressed to Christians in North America because of its emphasis on the dependence of Latin America on the great industrial countries, especially the United States. Also, Liberation Theologians find themselves embattled because of the attempts of the United States to frustrate the revolutions in which they believe. Their selective use of Marxism greatly worries their critics in North America, but it must be realized that they use Marxism<sup>6</sup> chiefly for the analysis of their social situation and for setting the socialist



goal. They are often thought to be utopian but it is almost inevitable that people involved in a costly struggle will convince themselves that if they overcome the particular oppression from which they suffer, there will be a new world with great promise. Rather than judging them from overtones of utopianism which are byproducts of struggle, it is fairer to listen to one of their most influential theologians, Gustavo Gutierrez.<sup>7</sup> After saying that the Kingdom of God is a gift of God he says the following: "It keeps us from any confusion of the Kingdom of God with any one historical stage, from any idolatry toward unavoidably ambiguous human achievement, from any absolutizing of revolution." In any situation of costly struggle we can expect many people, including Christians, to lose the sense of ambiguity emphasized by Dr. Norman in the other volume, but it is the responsibility of the church to keep this sense alive and to prepare its members for the new temptations in the next stage of history. Professor Benne would probably not agree with all that I say about Liberation Theology but he proves himself to be a helpful mediator in this volume. After saying that he prefers reform to transformation he says the following: "I welcome Catholic social thought's shift to the left as one way, among others, to stimulate reform." In North America that may be enough, but in their context Liberation Theologians make a good case for transformation. They also make a good case for transformation in the relations between the economic institutions of prosperous countries and those of poor countries.

### **The World Council of Churches**

The World Council of Churches has been a chief target of those who criticize forms of Christianity that are believed to be leftist and it is fitting that one of the chapters should deal with it. It is a sign of the fairness of those who planned these conferences that Archbishop Edward Scott, the moderator of the Central Committee of the World Council, was asked to write the chapter on that subject. The Central Committee is the Council's highest authority in making policy between the assemblies which meet every seven years. The Sixth Assembly is meeting in Vancouver as I write.

Archbishop Scott shows very effectively the extent of the processes of consultation that take place continually in the life of the World Council before decisions are made. Critics of the World Council seem to think that it is in the control of a few radical activists or of

bureaucrats in Geneva. Actually there are many occasions for official consultations among leaders from all over the world and there are innumerable regional or specialized conferences that help to form opinion. It is often difficult for Christians in North America to realize that the World Council must be responsive to the oppressions and aspirations and convictions of people on all continents. More and more it has come to be influenced by Christians in the Third World whose experiences and insights are often so different from experiences and insights that are characteristic of churches in North America. That is the reason that the Council does at times shock people on this continent. Yet since 1948 we can see a great deal of continuity in the thinking and life of the World Council. There has been enrichment as churches in the Third World have gained influence and as new interests have gained attention. Such new interests have been emphasized since about 1970, when there came to be so much attention to new ethical issues raised by science involving the cultural effects of science and technology and the limits of the world's resources.

One of the most interesting examples of consultation and continuity is the "program to combat racism" which has provided funds to liberation movements in all parts of the world. This has been the most controversial of the activities of the World Council and probably has done more than anything else to make it a target for critics in North America. This program was established in 1969 as a result of the concern of the Uppsala Assembly (1968) that the Council do more than talk about racism. It began with grants to resistance movements especially in Africa and because some of them had the possibility of violence as part of their agenda there was a storm of criticism. The grants were always designated for education, medical care, food, and relief for refugees, and no case is known of their being used for weapons. In spite of the criticism, every year since 1969 the Central Committee of 134-144 leaders of churches from all continents has supported the program and has approved more grants to liberation movements, some of them for minorities in North America. Here is a program that was re-examined every year not by a small group of activists but by the real leaders of churches like Archbishop Scott, and has been confirmed and reconfirmed. (From time to time there have been changes in the membership of the Central Committee.) In order to be fair to churches that disagree with them the grants themselves are allowed to come only from designated gifts and not from the general funds of the World Council.

The World Council, as the Archbishop says so well, has never been a single-track organization but has always given great emphasis not only to the more publicized social teaching and action but also to the expression of the faith, to worship, to theology, to explorations leading to greater Christian unity, and to union of the churches. A better understanding of the richness and variety in the life of the World Council and of the carefulness of its processes of decision-making, of its responsibility to be the voice of Christians on all continents and not merely to be a voice of Christians in the West, may eliminate some of the emotion from the economic debates reflected in this volume as they touch the thought and life in the churches. Through the World Council, and also through the witness of the popes, churches in North America can participate in what the Catholics call the "preferential option for the poor." Many writers in this book may find those words questionable, but should they not admit that in the end the market economy which they so powerfully defend will be judged by them?

## NOTES

1. On August 3, 1983 the Census Bureau reported that in 1982 the number of people living in poverty in the United States had reached 15%—34,000,000.
2. From the report of the third section of the Assembly that had as its subject: "The Church and the Disorder of Society," Part V.
3. *Populorum Progressio*, par. 23.
4. J. H. Oldham, ed. *The Oxford Conference (Official Report)*, Chicago and New York: Willett, Clark and Co. 1937, pp. 100–102.
5. I have dealt more fully with Niebuhr's thought on these issues in an article entitled "Reinhold Niebuhr's Social Ethics: The Later Years," in *Christianity and Crisis*, April 12, 1982.
6. There is a very discriminating study of the use of Marxism by Christians

in Jose Miguez Bonino. *Christians and Marxists*. Grand Rapids: William B. Eerdmans, 1976. Probably the best overview of Liberation Theology and its background is in the same author's *Doing Theology in a Revolutionary Situation*. Philadelphia: Fortress Press, 1975.

7. Gustavo Gutierrez. *A Theology of Liberation*. Maryknoll, N.Y.: Orbis Books, 1973, p. 238.

# Index

- Abdul-Rauf, Muhammed, 175,  
458–459, 500–508, 512–516,  
519–522
- advertising, 432
- Afrikaaner National, 271
- afterlife. *See* Resurrection
- Ahmad, Imad, 84–85, 93–94,  
167–168, 213–214, 218, 322–323,  
325, 333–334, 338–339, 367, 456,  
465–489, 509–511, 515–518,  
520–523, 525
- American Economic Association, 141,  
143
- American Enterprise Institute,  
541–542
- American Fair Labour Standards Act,  
206
- American Federation of Labour, 225
- American Revolution, 100, 269, 525
- Americans for Democratic Action, 555
- Amos, 215
- Anabaptists, 291–294, 312, 340
- ancien régime, 537–538
- Anglo-Catholic Summer School of  
Theology, 190
- antithesis, 257–259, 264, 270
- apartheid, 267, 272, 274–275, 317
- architectonic critique, 260–263,  
272–274, 279
- Arendt, Hannah, 70, 95
- arms race. *See* Nuclear arms race
- asceticism, 284–285
- Austrian School of Economics, 3–4
- Bahais, 521
- banking system, 10–11
- Baron, Salo W., 425–426
- barter, 11
- Baum, Gregory, 3, 35, 47–79, 82–84,  
86–89, 92, 94, 214–215, 243, 321,  
324, 332–333, 337, 362, 518, 521,  
524, 534–537, 545, 555–556
- Becker, William H., 224, 226
- Beecher, Henry Ward, 174
- Beecher, Lyman, 174
- Beghards, 288
- Beguines, 287–288
- Belloc, Hilaire, 210
- Benne, Robert, 43, 72–81, 86–87, 171,  
320–321, 557
- Berthrong, John, 90–91, 217, 233–239,  
519
- Bennett, John C., 543–559
- Bishop, Romero, 47
- Bliss, W.D.P., 143, 157
- Block, Walter, 33–35, 38–39, 89, 214,  
216, 219–220, 368–369, 430–444,  
451–454, 515, 525, 550
- Boardman, George N., 142–143
- Boulding, Kenneth, 162
- Brazil, 67, 86, 95
- British Labour Party, 182, 194
- Browning, Don, 228–229
- Burke, Edmund, 100–102
- calling. *See* Vocation
- Calvin, John, 253–254, 264.  
*See also* Neo-Calvinism
- Calvinism, 259.  
*See also* Neo-Calvinism
- campaign contributions, 551
- Canada,  
and democratic socialism, 239  
economic conditions, 53

- Social Gospel, 227–237, 239, 242
- Canadian Catholic Bishops, 49–78, 80–83, 86, 92
- Labour Day Messages, 50–53
- New Economic Order, 50–53
- pastoral letters, 49, 53–55
- shift to the left, 52, 54, 58, 76, 78, 81, 556
- and social justice, 64–66
- Canadian Christians. *See* Fellowship for a Christian Social Order
- Canadian paradox, 54
- capital, 15, 52–53, 55, 67, 134–136, 138–139, 198
- priority of labour over capital, 56–59, 66, 79–80
- capitalism, 29, 42–43, 50–52, 76, 83–84, 89, 96, 119, 155, 174, 181, 183, 187, 189, 212–213, 216, 222–224, 226–227, 235, 239, 272, 334–336, 353, 369–370, 383–387, 459–460, 524, 529–531
- defined, 17, 41–42
- anti-capitalism, 534
- and the church, 9–14, 23–24, 58, 66, 146, 158
- and cooperation, 529
- and industrial growth, 68
- and Islam, 485–486, 512–513
- and Judaism, 383–387, 390–393, 421, 425, 451, 457
- laissez-faire, 10–11, 13–14, 16–18, 23, 55, 62, 87, 90, 93, 113–114, 136, 141–142, 196
- and morality, 147, 182, 459
- neo-capitalism, 55, 62
- and the New Right, 87
- spirituality of, 212
- and the state, 10, 12–14, 23–24
- and World War I, 386
- See also* Clerical laissez-faire; State cartels, 412–413, 417
- Catholic. *See* Roman Catholic
- Catholic Crusade, 192–193
- caveat emptor, 457–458
- caveat venditor, 434, 458
- central planning, 220, 535, 537
- Chalmers, Thomas, 100, 109, 111–114, 120, 124, 141
- Champion, H.H., 188
- charity, 135, 137, 195, 552–553
- and Islam, 474, 478, 486
- and Judaism, 401–402, 434–435, 460–461
- Chartist Movement, 183
- Chesterton, G.K., 210
- Chicago Declaration of Christian Concern, 78
- child labour. *See* Labour, child
- Chile, 66, 231
- Christendom Trust, 191
- Christian Democratic Appeal, 260
- Christian Democratic Parties, 76, 78, 83, 89
- Christian Labour Association, 325
- Christian Organizations for Social, Political and Economic Change, 193, 195
- Christian Political Economy, 99, 106, 108, 111–114, 118–120, 123–124, 164–166, 172, 175
- Christian Right, 271
- Christian Socialism, 113–115, 538, 544, 555–556
- See also* Social Gospel
- Christian Socialist Movement, 179–199, 202–207, 209–212
- Christian Left, 191
- The Christian Socialist*, 188, 192
- Christian Socialist League, 188
- Christian Socialist Movement News*, 192
- Christians for Socialism, 193
- criticisms of, 209
- and Victorian era, 187
- Christian Social Movement, 257
- Christian Social Theory, 164–165
- Christian Social Thought, 99, 106, 108,

- 111–115, 118–120, 123–124,  
164–166, 172, 175, 296–299
- Christian Social Union, 188
- Church Socialist League, 189–191
- class, 15, 25–26, 224, 290
- conflict, 59, 135, 225, 261, 290
- clerical laissez-faire, 125–141,  
  143–147, 153–154, 157, 159, 168,  
  544
- defined, 126
- Club of Rome, 273
- coercion, 367–371, 452, 455
- and Islam, 471–473, 523
- colonialism, 96
- communalism, 541–542
- communism, 14, 55, 68, 84, 87, 121,  
  223, 487, 512
- Soviet, 68, 121, 246
- community, 302–306, 312–314, 316,  
  319–320, 522, 547–548
- importance of, 304, 307
- minority, 304, 307
- U.S. state, 547
- competition, 8–10, 14, 21, 24–26,  
  138–139, 142, 174, 185–186, 194,  
  219, 369–370, 442–443
- and Catholic Church, 10
- and Islam, 486
- and Judaism, 409–414, 417, 424,  
  442–444
- and possessive individualism, 209
- and Protestant Church, 142
- See also* Cooperation
- Confucianism, 90
- Congress of Industrial Organizations,  
  225
- conservatism. *See* Liberalism
- Conservative Party in Britain, 164, 169,  
  199
- consumer, 21
- contract, 16–18
- cooperation, 52, 186, 188, 194, 219, 222
- and capitalism, 529
- See also* Competition; Workers'
- Cooperatives
- cooperative movement. *See*  
  Cooperation
- cooperation
- cooperative societies. *See* Producers'
- Co-operatives
- Co-operative Development Agency,  
  195
- Copleston, Edward, 108, 110, 120
- copyright, 416
- Corn Laws, 133
- corporations. *See* Multinational  
  corporations
- Costa Rica, 532
- credit, 368–369
- Cronin, Michael, 7–8, 19–20
- culture,  
  and religion, 344–345, 372–373
- Czech Reformers, 289–291
- Darwinism, 529–530
- social Darwinism, 157
- democracy, 74, 87, 96, 224–225, 269,  
  525
- democratic capitalism, 96, 157, 159,  
  175, 524, 527, 529–533, 536, 538,  
  542
- democratic socialism, 74, 157, 159,  
  175, 239, 524–525, 530, 532–534,  
  536, 538, 542
- democratic capitalism, 96, 157, 159,  
  175, 524, 527, 529–533, 536, 538,  
  542
- and communalism, 541
- and socialism, 530–531
- democratic socialism, 74, 157, 159, 239,  
  524–525, 530, 532–534, 536, 538,  
  542
- in Canada, 239
- and capitalism, 530–531, 534
- democratization of the workplace, 59,  
  96
- Denmark, 532
- de Tocqueville, Alexis, 121–122, 169,  
  230

- dirigisme, 531–532  
 discrimination, 33–35, 38–39, 42,  
 53–54, 84–85  
*See also* Minorities
- Dorfman, Joseph, 144–145  
 Douglas, C.H., 191–198  
 Douglas, Tommy, 239  
 Drucker, Peter, 269  
 Dutch Christian Labour Movement,  
 252, 266  
 Dutch Neo-Calvinism. *See*  
 Neo-Calvinism
- ecology, 68–69, 236, 353, 361, 368, 539  
 and Islam, 515–516  
 economics, 26, 243, 325–326, 328, 339,  
 528  
 Catholic, 3–22  
 development of discipline, 528  
 economism, 529  
 major force in life, 326  
 teaching of in North America, 126  
 economics and morality, 394–395,  
 398–440, 459, 527–528, 533, 538  
 economics and religion, 127–128,  
 135–141, 143–147, 154–156, 158,  
 160–161, 166, 171, 284, 296–300,  
 309–313, 315–320, 323, 326, 328,  
 341–355, 358–359, 430, 524,  
 533–534, 547  
 and Judaism, 373–392, 394–417,  
 421, 457  
 and Protestantism, 126, 141–142  
 value judgements, 163  
 economism, 529–530  
 El Salvador, 47, 55  
 Ely, Richard T., 141–144, 157, 159  
 equality, 549–550  
 equilibrium theory, 164–166, 168–169,  
 176, 327–328  
 encyclical,  
 defined, 3. *See* *Quadragesimo Anno*;  
*Rerum Novarum*  
 entrepreneurs, 93, 177, 198, 384–385,  
 399, 426, 439, 453  
*Essay on Population*, 100, 103–110  
 evangelical movement, 321–323
- Fabian Socialism, 209, 531  
 Fabian Society, 188, 209–210  
 Falkland Islands War, 347  
 Fall and Redemption, 297–298  
 Feigenbaum, Susan, 35, 167, 217, 327,  
 363–364, 387–392, 457  
 Fellowship for a Christian Social  
 Order, 227–228  
 Fellowship of Socialist Christians,  
 222–223, 227  
 feminism. *See* Women  
 foreign ownership, 53  
 France, 66, 69, 335  
 Francis of Assisi, 288  
 Franciscan Movement, 288–289  
 The Fraser Institute, 239, 242–243, 318  
 free choice, 356, 358–359, 385–386  
 and Islam, 471–473  
 Free Church Socialist League, 189  
 free entry,  
 and Judaism, 410–411, 413, 417, 424,  
 444  
 freedom, 121–123, 460, 529  
 and market economy, 545, 550–551  
 value freedom, 451–452, 556  
 free market, 8–9, 24, 34, 43, 93–95,  
 185, 187, 209, 211–212, 319–320,  
 329, 336, 353, 357, 361, 368,  
 545–549  
 attempts to undermine, 547  
 and community, 547–549  
 and equality, 549–550  
 and freedom, 550–551  
 and government support, 95  
 and Quakers, 330  
 spirituality, 212  
*See also* Market
- French Revolution, 100–102, 460  
 Friedman, Marilyn A., 34, 91–92,  
 169–170, 327, 421–428, 455–456,



- 458–459  
 Friedman, Milton, 525  
 Friends Social Union, 189  
 From Words to Action, 50–52
- Galbraith, J.K., 264  
 George, Henry, 188, 197  
 German Socialist Party, 427  
 Gilder, George, 147, 155, 161, 174, 177  
 Gilkey, Langdon, 228  
 Gladden, Washington, 143, 157  
 Godwin, William, 101–106, 171–172  
 Gore, Bishop Charles, 193–194, 206  
 Goudzwaard, Bob, 41, 171–172, 177, 265–266, 268–280, 317–318, 324–325, 327–328, 337–338, 524, 541  
 government. *See* State  
 Great Depression, 546  
 greed, 452–453, 457, 550, 555  
 Groen van Prinsterer, Guillaume, 251, 256, 258, 277–279  
 Guild Movement, 210  
 Guild Socialism, 189, 198
- Hayek, Friedrich von, 121, 218  
 Headlam, Stewart, 188  
 health care, 231  
 Heilbronner, Robert, 174, 335  
 heretics, 520  
 Herron, George, 143, 157  
 Hexham, Irving, 85–86, 91, 215–216, 265–276, 321, 337–338, 541  
 Heyne, Paul, 125–156, 158–163, 165, 169–171, 323, 332, 336, 339, 518–519, 537–538  
 Hill, P.J., 38, 92–93, 166–167, 328, 355–359, 362, 364, 370, 525  
 Hobson, S.G., 188  
 Hofstadter, Richard, 157  
 Holocaust, 215  
 homo duplex, 229  
 Hopkins, Charles Howard, 142  
 hours of work, 18, 43  
 human capital, 432  
 human rights, 83, 85, 87, 94–96, 214, 353, 389–390, 459–460  
 and Judaism, 389–390, 438  
 oppression, 96  
 positive, 214  
 humanities,  
 and anti-capitalism, 534  
 Hutchinson, Roger C., 221–231, 233–243, 321, 323, 325, 333, 339, 362, 364, 366–368, 371, 456, 539  
 Hutterites, 291–294, 306
- INCO, 362, 369, 371  
 income, 25–27, 92, 95  
 of workers, 74  
 levels of society, 34  
 redistribution, 26–27, 35–37, 45  
 statistics, 26  
 income transfers. *See* Income, redistribution  
 individualism, 377–380, 384, 392, 425, 458–460, 529–530  
 and capitalism, 529  
 Industrial Christian Fellowship, 191  
 Industrial Revolution, 183  
 infant mortality, 137  
 inflation, 11, 262–263, 272–273, 329, 368, 451  
 Innis, Harold, 83–84  
 Institute for Christian Studies, 274, 325  
 interest groups, 14, 24, 143, 167  
 interest rates, 139, 436–437  
 interest-free loans, 402, 436  
 usury, 436–437, 478  
 interference. *See* Intervention  
 intervention,  
 by state, 7–10, 12–14, 21–24, 26, 30, 35–36, 41, 114, 120–122, 126, 136, 141, 166–167, 172, 176, 213, 268, 318, 329, 334, 368, 424, 531–532, 545  
*See* State, intervention  
 investment, 11–12, 18

- invisible hand, 452, 457, 516
- Iran, 69
- Islam, 119, 323, 331, 340, 363–364, 452, 541–542  
 defined, 502  
 acquisition of wealth, 476, 506–507, 513–514  
 and Bahais, 521  
 and charity, 474, 478, 486, 488, 503–505, 507, 513, 515  
 and coercion, 471–473, 523  
 and ecology, 515–516  
 and economic systems, 485–488, 505–506, 512–513, 516, 518, 521–523  
 and external relations, 482–483  
 eye-for-an-eye, 480–482  
 social thought, 465–489, 492–499, 507  
 and taxation, 504, 520–522  
 value-system, 502  
 welfare, 479–488, 504–507
- Italy, 66, 225
- James, William, 229, 237
- Japan, 85, 539
- Jewish religion. *See* Judaism
- John XXIII, 24–27, 29, 32, 47–48, 82–83, 192, 556
- John Paul II, 55–59, 62, 95, 528, 537
- Johnson, Hewlett, 192, 203
- Joynes, J.L., 188
- Jubilee Year, 389, 544
- Judaism, 85, 217–218, 331, 340, 363–364, 373–392  
 and capitalism, 383–387, 390–393, 421, 451, 457  
 and charity, 401–403, 434–435, 460–461  
 and creators of capitalism, 393  
 economic ambivalence, 428  
 economics, 394–396, 541–542, 544  
 Jewish Socialist Party, 427  
 just price, 407–408, 424  
 and justice, 402–404  
 laws, 450  
 market mechanism, 393–417, 544  
 material wealth, 396–399, 424, 434–435  
 Middle Ages, 413–414  
 price control, 405–407, 416, 438–440, 451–452  
 property ownership, 413, 424, 433–434, 437  
 Reform 385–386, 390, 392, 456  
 religious studies, 396, 541–542  
 social thought, 373–387  
 socialism, 421, 425–426, 454, 457, 544  
 stereotype of the Jew, 393, 457  
 and taxation, 460  
 and totalitarianism, 386–387  
 and usury, 436–437, 451–452
- justice. *See* Social justice
- Justice in the World, 49–50
- Kant, Immanuel, 27–28, 91
- Kassis, Hanna, 39–40, 43, 89, 215, 217, 335, 370–371, 492–4101, 516, 520–521
- Keynes, J.M., 163–164, 270
- Kingsley, Charles, 184, 186, 205–206
- Kristol, Irving, 86, 538
- Kucheman, Clark A., 23, 34, 36–37, 40, 85, 214–215, 217, 370, 520, 545
- Kuyper, Abraham, 251–264, 267–268, 272–274, 276–278, 539
- Laborem Exercens, 37, 55–60, 62, 79, 537, 556
- labour, 14–20, 60, 79, 95, 106, 134–139, 142–143, 198, 208, 211, 276–277  
 child, 44, 89, 113  
 contract, 18–19  
 division of, 528–529  
 Islam, 518  
 market, 14–18, 35

- moral rightness of, 133, 135  
 priority of labour over capital,  
   56–57, 66, 79–80  
 productive vs. unproductive, 60–79  
 Labour churches, 182  
 Labour Day Messages. *See* Canadian  
   Catholic Bishops  
 labour movement in Britain, 182–184,  
   189, 192–198  
 labour unions, 426–427  
 laissez-faire. *See* Capitalism; Clerical  
   laissez-faire  
 laissez-faire liberalism, 185  
 land claims. *See* Native land claims  
 Latin America, 61–62, 66–67, 78, 83,  
   88–91, 93, 536, 556  
   and democracy, 532  
   progress in, 536  
 Latin American Bishops' Conference,  
   50  
 left,  
   Catholic shift to the, 47–50, 52, 54,  
   58, 60, 62–64, 68–70, 72–73, 75, 81,  
   88, 324  
   long-term effect, 68–70  
 leisure, 18, 43  
 Leo XIII, 3–4, 6–7, 10, 12, 15–16, 19,  
   23, 32, 61, 536  
 Lewis, David, 239  
 liberal-conservatism, 120–122, 125,  
   164  
 liberalism, 527–537, 539, 545  
   anti-liberalism, 534  
   decline of, 527–529  
   in Latin America, 536  
   strength of, 530  
 Liberation Theology, 50, 62, 66–67,  
   74–77, 82, 87, 89–90, 93, 159, 193,  
   221, 236, 240, 536–537, 544,  
   556–557  
 libertarian, 217, 235, 367, 525, 533  
 Liberty Fund, 318  
 Locke, John, 13–14, 37, 45, 89–90  
 Lucas, Robert, 26  
 Ludlow, J. Malcolm, 157, 183–184, 187  
 Luther, Martin, 253–254, 264, 316  
 McVickar, John, 126  
 Malthus, Robert, 100, 103–110, 114,  
   120–122, 124, 137, 163, 166, 170–  
   172  
 Mammon, 330, 338–339, 489  
 Mandela, Nelson, 271  
 Mannheim, Karl, 268  
 manufacturers, 368  
 market, 4, 8–9, 11, 21–26, 29, 33–35,  
   41, 44, 84, 90, 92, 94–95, 111–112,  
   215–216, 220, 240, 524  
   and cooperation, 219  
   and discrimination, 38–39, 92  
   economy, 164–165, 177  
   mechanism, 330–331  
   price, 437  
 Mars, 330, 338–339  
 Marty, Martin E., 153–160, 163, 165–  
   166, 173, 222, 224, 317–320, 321, 331  
 Marx, Karl, 3, 17, 76, 154, 156–157  
 Marxism, 48–49, 51, 55–56, 58–60,  
   65, 68–69, 74–76, 78, 83–85, 182–  
   190–192, 222–224, 226, 233–235,  
   326–327, 334, 336, 338, 353, 512,  
   525, 530, 537  
   in Latin America, 556–557  
   in the Soviet Union, 246  
 Maurice, F.D., 114, 157, 183–191, 196,  
   202, 206  
 May, Henry F., 142–145  
 Mennonites, 333, 340  
 mercantilism, 526  
 Messianic Age, 376–377, 389–390  
 Methodism,  
   and British Labour Party, 182  
 metropolis-hinterland conflict, 83–84,  
   86, 91  
 middle ages, 286–288  
   and Judaism, 413–414  
 middlemen, 440–441, 453  
 military industrial complex, 551

- Mill, John Stuart, 119–120, 122, 206
- minorities, 82, 323, 325, 328–330, 334–335, 340, 393, 452, 457, 519, 524–525, 534, 544, 548, 551  
and inequality, 549–550
- Mises, Ludwig von, 90
- mixed economies, 532, 551, 555  
and freedom, 551, 555
- Mondragon Co-operative, 195
- monetarism, 231, 324
- money, 10–12, 140
- monopoly, 7–9, 14, 17, 43, 133, 177, 368, 406–407, 414–415, 424, 442–444, 453, 487  
market, 453  
power, 223
- moral/cultural. *See* Economics and morality
- morality, 36–37, 39–40, 43, 73, 223  
and Christianity, 76  
and economics, 133, 136–138, 140, 143–144, 146–147, 223, 527–528, 531  
rights and duties, 27–30, 32–34, 91, 126  
and war, 138  
*See* Economics and morality
- moralism, 181  
and politics, 533
- morality. *See* Economics and morality
- Moses, 375, 391
- multinational corporations, 47–48, 53, 57–58, 92, 211, 365
- Murray, John Courtney, 156
- mutuality, 236, 239–240
- Myrdal, Gunnar, 163, 170
- Napoleon, Louis, 16
- nationalism. *See* State, ownership
- Native land claims, 89, 364–365
- natural law, 332, 517
- Nazi Party, 272, 277–278
- Neale, E. V., 184
- Neo-Calvinism, 251–262, 265–277, 321–322, 324, 327–328, 539–541  
and economics, 326–327
- Neo-conservatives, 538–539, 542
- Neuhäus, Richard J., 35–36, 42–43, 86–88, 96, 171, 218, 302–308, 329, 333, 336, 365–366, 456–457, 517
- New Class of the Church, 60–61, 75, 86, 174, 535
- New Economic Order, 50–51
- New Deal, 158, 174, 224
- New Right, 87
- Newman, John Henry, 331
- Nicaragua, 55
- Niebuhr, Reinhold, 159, 162, 165, 171, 191, 222–231, 233–242, 315, 530, 539, 554–555  
Americans for Democratic Action, 555  
and Canadian Christians, 227–228, 239, 242  
and Marxism, 224–226  
and mixed economy, 555  
and women's movement, 227–228
- Niebuhr, Richard, 349
- Nietzsche, Frederick, 157
- Noel, Conrad, 190–191
- Norman, Edward R., 60, 113, 114, 124, 174, 221
- Novak, Michael, 175, 524–541
- nuclear arms race, 175, 195, 299, 307
- nuclear family, 220, 312
- O'Connor, Michael J.L., 144–146  
*Octogesima Adveniens*, 48, 61–62, 535, 556
- On Unemployment*, 52
- oppression. *See* Human rights
- Oxford Conference on Church, Community and State, 554
- Owen, Robert, 157, 184
- ownership,  
communal, 322  
of means of production, 222  
of resources, 5–6, 24, 195, 222, 263  
private, 5–8, 24, 37, 45, 56, 89–90,

- 105–106, 112, 126, 134–135, 139,  
172, 177, 194, 217  
State, 6–8, 56
- Paine, Tom, 101–103, 107
- Paley, William, 107–110, 120
- Parsons, Talcott, 63
- partisan church, 87
- Paul VI, 47–48, 61–62, 527, 535, 553,  
556
- Perry, A.L., 141–142
- Phillips, Morgan, 182
- Philosophy of the Cosmomic Idea,  
252
- Pius XI, 6–7, 10, 12–14, 16, 23–24, 26,  
32, 48, 61, 125, 215, 536
- Ploughshare*, 188
- Poland, 47, 537
- political economy. *See* Clerical  
laissez-faire
- Poor Laws, 104–105, 110, 135, 210
- Pontifical Commission on Justice and  
Peace, 48
- popes. *See* names of individual popes,  
i.e. John Paul II
- popular sovereignty, 269–270, 279
- population, 100, 103–110  
growth, 90, 137–138, 172, 526–527  
and longevity, 526  
*See Essay on Population*
- Populorum Progressio, 47, 527, 553,  
556
- positivism, 243
- possessive individualism, 209
- poverty, 36, 53–55, 62, 72–73, 92, 95,  
104, 110, 112, 135, 166–167, 205,  
210, 261, 283–286, 291, 294, 296–  
300, 304, 312, 334, 353, 370–371,  
376–377, 389, 434–436, 452, 460,  
515, 533, 535, 537, 546  
Christ's poor, 286–288  
gap, 26  
glorification of by religion, 399, 424  
and inequality, 549–551  
line, 26, 545–546  
and need for state assistance, 546  
in New York, 219  
rights for the poor, 110, 372  
social benefit of, 106, 108, 210  
and women, 545  
*See also* Poor Laws
- Powell, Enoch, 124–125
- power,  
and corruption, 479–480
- Preston, Ronald, 88, 168, 181–201,  
208–212, 219, 323–324, 336, 524,  
531, 538, 545, 555
- price, 9, 14, 405–407, 416, 460  
control, 438–440, 451–452
- privatization,  
of money, 11
- Producers' Co-operatives, 184–185,  
187, 189
- production-households, 324–325
- productivity, 140  
and the state, 136
- property, 5–7, 24, 37, 45, 89, 105–107,  
112, 135, 139, 156, 172, 177, 194,  
218, 292, 296, 306, 308, 329, 356–  
357, 364, 368, 370, 524, 535, 553–  
554  
and democratic socialism, 530–532  
and Islam, 474–477, 480, 484–485,  
513  
and Judaism, 375–376, 379, 381,  
388–391, 404, 424, 432–434, 437–  
438  
transfer of, 309  
unconditional right, 553–554  
and women, 474–476
- Puebla Conference, 82
- Quadragesimo Anno*, 6–7, 23, 48, 57,  
536
- Quakers, 189, 330  
Socialist Quakers Society, 190, 193
- racism, 558

- Rauschenbusch, Walter, 157  
 redemption, 49  
 redistribution. *See* Income  
 Reformation, 289–292, 294–295, 311, 315, 363  
 Reformed Churches of the Netherlands, 252  
 religion and economics. *See*  
   Economics and religion  
 religious pluralism. *See* Minorities  
 rent control, 231, 451, 456  
*Rerum Novarum*, 3–6, 23, 37, 192  
 resurrection, 337–338  
 revolution, 256, 269–271, 273–274, 279, 334  
 Ricardo, David, 528  
 risk-taking, 212  
 Rivkin, Ellis, 41–42, 93, 212, 215, 334–335, 369–370, 375–392, 450–451, 456, 459–460, 520  
 Rodinson, Maxine, 492–493  
 Roman Catholic,  
   religion and economics. *See*  
     Economics and religion  
 Roman Catholicism,  
   and anti-capitalism, 535  
   church of the poor, 62–64, 70  
   and economic development, 527  
   and human rights, 83  
   and Liberation Theology, 66–67, 75–76, 536  
   and modern society, 63–64  
   and natural law, 332  
   opposition to Marxism, 66–67, 534–535  
   Protestant contrasts, 555–557  
   shift to the left, 47–65, 68, 70, 72–73, 75, 81, 535–536, 556  
   social thought, 3–23, 37, 47–50, 65, 69–70, 95–96, 159, 362, 527, 534–536  
   social justice, 64–66, 69–70, 95–96  
   and socialism, 556  
   symbolism, 535  
 Roosevelt, F.D., 224–226  
 Roy, Maurice Cardinal, 48  
 Russian Revolution, 190  
 Sadowsky, James, 3–22, 32–35, 37, 44–45, 89–91, 166, 213, 217, 335–336, 367–368, 456, 521, 534–536, 545  
 Samuelson, Paul, 525  
 Say, J.B., 140  
 Schall, James V., 125, 146, 155, 159  
 Science, 526–527  
 Scott Bader Commonwealth, 195, 207  
 Scott, Edward, 91, 212–213, 341–354, 359–362, 364–366, 372–373, 515, 538, 557  
 Scottish school, 141, 153, 157  
 sectarianism, 197  
 self-determination, 27–30, 91  
 self-interest, 106–107, 111, 132, 172, 197  
   mutual benefits of, 132  
 serfdom, 290–291  
 Shah of Iran, 487  
 Shapiro, Edward S., 427–428  
 Shenfield, Arthur, 40–41, 86, 202–208, 209–210, 215–216, 325, 338, 457–458  
 simony, 287  
 sin, 48–49, 172, 209, 263, 379  
   original sin, 209, 357–358  
 single tax, 188, 198  
 SLANT, 193  
   SLANT Manifesto, 193  
 slavery, 100, 112, 145, 204, 216, 381, 389–390, 443–444  
 Smith, Adam, 8–9, 42, 45, 103, 106–107, 110, 140–141, 136–137, 154, 156, 186, 210, 320, 431, 452, 514, 516, 525, 527–529  
   invisible hand, 452, 457, 516  
   *Theory of Moral Sentiments*, 528  
   *Wealth of Nations*, 42, 516, 525, 528  
 Social Credit, 191, 198

- Social Darwinism, 157  
*See also* Darwinism
- Social Gospel, defined, 221–223  
 142, 155, 158–159, 221–223, 227,  
 333, 339
- social justice, 50–51, 57–59, 62–64,  
 66, 69, 76–77, 91, 182, 195, 197,  
 213–218, 221–224, 262–263, 265,  
 268, 277–278, 332, 337, 549  
 and Christian teaching, 50–51, 54,  
 62–64, 69, 77, 254, 276–277, 332  
 and economics, 527–528, 548  
 and Islamic, 480–481, 488  
 and impersonal social relations, 216–219  
 and Liberation Theology, 66–67, 240  
 universality, 64
- social sin. *See* Sin
- socialism, 4–7, 14, 47, 67, 74, 77, 87,  
 113–114, 120, 157–158, 179–184,  
 189, 199, 213, 219, 225–227, 233–  
 235, 239–240, 272, 334–336, 353,  
 361, 524, 530–531, 546  
 in Canada, 239  
 and Catholic Church, 48, 51–52,  
 58–59, 62, 65–66, 73  
 and Christianity, 222  
 and Islam, 485–488, 512–513  
 and Judaism, 421, 425–426, 454, 457  
 and moral Christianity, 75–76
- Socialist Christian League, 191
- Socialist Quakers Society, 189, 193
- Society of Socialist Christians, 191
- Sodom and Gomorrah, 391–392, 411
- Solidarity, 58–59, 68, 212, 537  
 Universal Solidarity, 69, 75  
*See* Workers, movement
- Soper, Donald, 192
- soteriology, 268
- South Africa, 44, 213, 270–271, 275,  
 277, 321–322
- Soviet economy, 68, 121, 246
- special interests. *See* Interest groups
- speculators, 441–442, 453
- sphere-sovereignty, 254–257, 263, 267,  
 276–278, 317, 325
- Spurgeon, Charles, 268
- state, 6–8, 36, 42–43, 87, 141, 261–  
 262, 372  
 and capitalism, 10–14, 23–24, 531  
 and discrimination, 38–39  
 intervention, 7–10, 12–14, 21–24,  
 26, 30, 35–36, 41, 114, 121–122,  
 126, 136, 141, 166–167, 172, 176,  
 213, 268, 318, 329, 334, 368, 424,  
 531–532, 545  
 modern capitalist, 531–532  
 and money, 11–12  
 over-regulation, 532  
 ownership, 7  
 power of the, 47–48, 547–548  
 stimulation of economy, 136  
 support of the market, 95  
 stewardship, 257, 261–262, 268, 277,  
 306, 317, 324, 3100
- Stone, Ronald, 223, 226, 229
- Suarez, Francis, 45
- Sumner, J.B., 108–110, 114, 115, 120,  
 124
- supply and demand, 25, 35, 137, 186
- survival of the fittest, 529
- sweated industries, 189, 207
- Sweden, 235, 532
- symbolic fidelity, 63
- Tamari, Meir, 43–44, 84, 326, 393–  
 417, 454–456, 460–461, 521
- tariffs, 128, 451
- Tawney, R.H., 194, 202
- taxation, 460, 550  
 required to aid needy, 552–553  
 and Judaism, 411
- Temple, William, 192, 193–194, 247
- tenants' rights, 416
- Thatcher, Margaret, 99–100, 103, 112,  
 115, 118–121, 122–124, 163–164,  
 166–167, 169, 538, 554
- theological economics. *See* Economics  
 and religion

- theology of economics, 534  
 theology of liberation. *See* Liberation  
     Theology  
 think tanks, 551  
 third way, 83, 84–85, 88, 213  
 Third World, 47–50, 54–55, 58, 61,  
     69–70, 74, 88, 93–96, 360–361, 365,  
     519, 534, 539  
     economies, 526  
 Thurlow, Lester, 26  
 Tillich, Paul, 27, 43, 76  
 Tonsor, Steven, 88, 118–125, 164,  
     168–169, 218, 321, 331–332, 338,  
     364, 371–372, 456, 516  
 totalitarianism, 120, 122, 386–387, 551  
 Trade Boards Act, 189, 206  
 transfers. *See* Income, redistribution  
 trade, 132  
 trade unions. *See* Labour unions  
 True Levellers, 294–295  
 Tucker, Abraham, 107  
 twice-born religion, 228–229  
  
 unemployment, 18, 20–21, 39, 41, 45,  
     52–53, 61, 100, 166, 262–263, 327,  
     336, 368, 412, 539, 546  
     and recession, 546  
     and social sin, 49  
 United Kingdom, 532  
 universalism, 377–378, 458–459  
 usury, 436–437, 451–452, 478, 486, 504  
 utilitarianism, 114, 119, 529  
 Utopianism, 282–283, 307, 372, 554,  
     557  
  
 value-freedom, 451–452, 455  
 Vlastos, Gregory, 239–240  
 vocation, 253–254, 259, 262, 264–265,  
     267  
  
 wage(s), 44–45, 85, 140, 135, 137–139,  
     142, 166, 211, 262, 381, 390, 511  
     and capitalism, 18–19  
     and encyclicals, 19–20  
     equal, 39  
     just, 518  
     living, 21, 193, 206, 212  
     minimum, 20–21, 189, 206, 211, 451  
 Waldensian Movement, 288–289  
 Waldo, Peter, 288  
 Walpot, Peter, 292–293, 316  
 Waterman, Anthony, 37, 44–45, 99–  
     116, 119–121, 124–125, 163, 166, 176,  
     218, 326–327, 336–337, 537–538  
 Wayland, Francis, 126–141, 143–146,  
     153, 159–161, 177, 548  
 wealth, 550  
 Wealth of Nations, 42, 516, 525, 528  
 weapons manufacture, 551  
 Webb, Beatrice, 190, 210  
 Webb, Stanley, 190, 210  
 Weber, Max, 259, 265, 277, 393, 539  
 welfare,  
     effects, 176  
     and Islam, 479, 488, 504–505, 507  
     of others, 165, 176  
     for needy, 549  
 welfare state, 190, 195, 210, 211, 424–  
     425, 533, 546  
     and market economy, 546  
 Wesley, John, 183, 204  
 Whatley, Richard, 108, 110, 117, 120–  
     121  
 Whitehead, Alfred North, 229, 234,  
     236–239  
 Winstanley, Gerhard, 294–295  
 Winter, Gibson, 231  
 Witness to Justice, 54  
 Wogaman, Philip, 312  
 Woodsworth, J.S., 239  
 women,  
     and the Church, 325  
     and feminism, 82, 227–228, 236, 325,  
     335  
     and Islam, 474–475, 494  
     and Marxism, 69  
     and poverty, 545  
 workers, 223



- co-ownership, 75, 96, 535
- movement, 57–58, 76, 82
  - See* Labour
- Workers' Educational Association, 194
- working day. *See* Hours of work
- Working Mens' Associations, 184
- World Council of Churches, 236,
  - 341–355, 358–366, 524, 550, 557–559
  - Constitution, 352
  - and freedom, 550
  - history of, 341–344
  - lobbying, 349
  - and political economy, 538
  - and racism, 558
  - and social and economic issues, 341–355
  - structure, 343
- Yoder, John H., 172–173, 177, 281–301, 309–316, 321, 332, 334, 336–340, 363, 524, 541
- zero-sum game, 527, 535
- Zwingli, Huldrych, 316
- Zwinglian Reformation, 292

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