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## ARTICLE

# A PHILOSOPHY OF ECONOMICS

BY MICHAEL NOVAK\*

Let me begin this way: *Business is a noble Christian vocation, a work of social justice, and the single greatest institutional hope of the poor of the world, if the poor are to move up out of poverty.*<sup>1</sup> Only business, especially small business, creates new, independent, progress-generating jobs.

In Latin America, Africa, the Middle East and Asia—to the one side—is an immense number of poor people either *underemployed* or *unemployed*. To the other side is an immense amount of work to be done. There are homes, clinics, and schools to be built, sanitation to be supplied to villages and cities, lights, refrigerators, and simple ovens to be manufactured for those who lack them so their children can live decently. All that work to be done, all those good people looking for work—Who will bring these two together, like two live wires now held apart? Who will bring these two wires together to generate the spark of development? That is the role of entrepreneurs: to put people seeking work together with all the work desperately needing to be done. The vocation of business is the single most strategic vocation in the work of social justice. It is the vocation most necessary for lifting the poor out of poverty. Business creates jobs where jobs did not exist before.

Yet as a recent issue of the *Religious Studies Review*<sup>2</sup> demonstrates, many scholars in this nation's divinity schools voice disdain for business corporations, and even for the business vocation. All that is left on the left, after the fall of real existing socialism, is—well, anti-capitalism. Anti-capitalism is the single broad cause that has for generations united both the Leninist and social democratic left *and* the traditionalist right. From the right and the left, there are century-old arguments against capitalism, busi-

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1. Michael Novak, *Business as a Calling: Work and the Examined Life* (The Free Press 1996); Michael Novak, *The Moral Heart of Capitalism*, <http://www.nationalreview.com/novak/novak081602.asp> (Aug. 16, 2002).

2. Joerg Rieger, *Theology and Economics*, 28 *Relig. Stud. Rev.* 215 (2002).

ness, and—the current buzzword—“neoliberalism.”<sup>3</sup> The collapse of socialism did not make this hostility to capitalism go away; the hostility is older than—and deeper than—socialism. This hostility is not hard to understand (I once shared it myself). Poets, romantics, and mystics have been hostile to any and all economic systems that have ever existed—socialist, feudal, mercantile, traditionalist, and all those current economic regimes of the Third World. But the hostility toward capitalism has a particularly broad “spiritual” or quasi-religious passion behind it. Capitalism is rejected, not as less practical or less effective than other systems, but as in some way corrupting, immoral, even *evil*.

The source of this hostility, I believe, lies in a profound philosophical error. On the left, that source is not empirical. Even when any factual argument is rebutted—even when it will be conceded that capitalism *is* in fact more productive, efficient, and economically creative—still, it will be argued, capitalism is immoral. This judgment seems to flow from a certain habit of wishfulness, dreaminess, or perhaps better, utopianism, in the light of which the humble, vulgar realism of capitalism appears to be an outrageous surrender to the unworthy. On the right, the source of hostility to capitalism appears to be a nostalgia for the high courtesy, chivalry and *noblesse oblige* of the aristocratic, land-based order of the pre-capitalist, pre-liberal world. Both left and right compare capitalism, not to any historical system that has actually existed, but to an ideal of perfection as they imagine it. A more just and realistic assumption would be this: just as one should not expect too much from democracy, so one should not expect too much from capitalism. Both are flawed systems, just as human beings themselves are flawed.

Perhaps I am wrong in this diagnosis of the sources of hostility to capitalism. If I am, the larger point stands forth all the more starkly: Simply in order to *understand* the vocation of business in the highly ideological world of the American university today, a young woman or man about to make crucial life-choices needs to engage in a decent amount of philosophic inquiry.

In fact, there are at least three levels of discourse in which a philosophy of economics is both necessary and useful, both for those about to choose a career and for those already engaged in business, who need from time to time to explain themselves to their critics. Indeed, a clearly held philosophy of economic life ought to be of benefit both to veterans and to new entrants in the field, because of the light it sheds on the treacherous terrain we all need to traverse. Here I can provide no more than a sketch. I hope that putting part of it in autobiographical terms may help younger

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3. “What is neoliberalism? A programme for destroying collective structures which may impede the pure market logic.” Pierre Bourdieu, *The Essence of Neoliberalism - Utopia of Endless Exploitation*, <http://www.forum-global.de/soc/bibliot/b/bessenceneolib.htm> (Jeremy J. Shapiro trans., accessed Oct. 30, 2002).

people especially to follow along with me. I begin with the first level of inquiry.

#### I. THE FIRST LEVEL: TO ADJUDICATE AMONG ECONOMIC IDEOLOGIES

At some point at the end of my graduate studies, I decided that I needed to turn my philosophical and theological interests toward the study of economics. By training, I was accustomed to thinking in an anti-capitalist vein, just as practically anyone trained in the humanities learns to abjure “bourgeois” tastes, and to admire the aristocratic manner. Who as a young humanist did not want to belong to “the aristocracy of the spirit”? To be described as a “prince of a man” put a glow in the heart. What young woman fails to know that, if people could but see it, she is a “princess”?

But think about this a little. How odd it is that humanists disdain “bourgeois” tendencies and “philistine” habits, when in fact nearly all the beautiful lace, millinery, tapestries, and clothing, and nearly all the most elegant wines, best cheeses, and most beautifully wrought swords, cutlery, and woodwork of the West have been executed by the bourgeoisie. For the bourgeoisie are precisely those who are neither lords nor serfs, but skilled craftsmen, living independently, by their wits. By contrast, real princes and princesses in centuries past seemed to spend an undue amount of time murdering their own relatives, or sending them to the Tower. Few aristocrats produced even a single beautiful object of art.

In other words, the humanities teach most of us an aristocratic ideology rather sharply at variance with the real world. The aristocratic ideology carries with it a profound contempt for business, businessmen, and a capitalist way of life. It is rooted in a premodern vision of life, radically opposed to modernity, and conveys the bitter taste of *ressentiment*. The rise of the businessman has typically been accompanied by a decline in the wealth, status, and self-importance of princes, dukes, counts, lords, and barons.

From the left, I was instructed by Paul Tillich at Harvard—and not by him alone—that a Christian theologian *must* be a socialist.<sup>4</sup> It went without saying that capitalism is not aristocratic but vulgar, and ethically corrupt. None that I encountered supposed, even as a hypothesis, that capitalism could be a *moral* system. Its immorality—or amorality—was simply a given.

As a young man, I was fairly easily persuaded by the aristocrats and the socialists. My own family had been born quite poor, and in Johnstown, Pennsylvania, the mill-owners lived on the hill up above the workers. On

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4. “Once, following a lecture to students, Paul Tillich was asked whether he still supported socialism. The eminent theologian’s answer came quickly: ‘That is the only possible economic system from the Christian point of view.’ This exchange took place in 1957.” J. Philip Wogaman, *The Great Economic Debate: An Ethical Analysis* 133 (Westminster Press 1977).

the other hand, a question nagged at me. I could not help remembering that a part of my family had not immigrated to America when all four of my grandparents came, separately, from the mountain regions of Slovakia in Central Europe just before and just after 1900. Our European relatives were now living under Soviet socialism—not under that tepid sort of which Engels wrote with disgust in his voice, “*Christian socialism*,” but what later writers liked to call it, referring to the Soviet Union, “*real existing socialism*.”<sup>5</sup> The rolling Soviet tanks that had crushed the Prague Spring of 1968 were a vivid reminder to me of what my European relatives lived under.

Therefore, I had mixed feelings about socialism—and also about capitalism. I was strongly pulled toward socialism, but something warned me to hold back. And that is why I decided to begin my study of economics. Both of necessity and by choice, my study would be that of the philosopher and theologian, neither that of the graduate student who wished to become a professional economist, nor that of the student in a School of Business or Management. I wanted to reach a point of view that would allow me, on some valid independent grounds, to reach a decision between rival ideologies.

Is it more reasonable, I was asking myself, to commit myself (like so many of my confreres) to a career of promoting a mild form of socialism and denigrating capitalism? Or to a career, unlikely as it then seemed to me, of taking a stand *against* socialism? It is important to note that these alternatives, as I saw them, were asymmetrical: I could oppose socialism without really embracing capitalism. Many academics did that in those days, and even today. I could also embrace socialism, and *along with it* its explicit and intense opposition to capitalism. At that time, I could hardly imagine actually praising capitalism from a moral point of view.

I need to mention that along with the great sociologist Peter Berger and some others, I twice spent two weeks or so in Cuernavaca, Mexico, teaching in Father Ivan Illich’s Institute, and my subject in one of those years was something like “The Theology of Revolution.” The problem of the poor of Latin America and elsewhere much worried me, but my point of view was not economic, but political. Even then I could feel in every strain in my argument the need for greater economic knowledge. In fact, I was deeply impressed that my colleague, Peter Berger, for whom I had much admiration, was just then talking about his own research in economics.

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5. Karl Marx & Friedrich Engels:

Nothing is easier than to give Christian asceticism a socialist tinge. Has not Christianity declaimed against private property, against marriage, against the state? Has it not preached, in the place of these, charity and poverty, celibacy and mortification of the flesh, monastic life and Mother Church? Christian socialism is but the holy water with which the priest consecrates the heartburnings of the aristocrat.

Karl Marx & Friedrich Engels, *The Communist Manifesto*, in *Basic Writings on Politics and Philosophy* 1, 31 (Lewis S. Feuer ed., Anchor Books 1959).

Berger had been making a sociological study of economic development, and although he had begun with a socialist paradigm in mind, he had become fascinated by the surprising empirical picture emerging from economic statistics in South Korea, Taiwan, Singapore, and Hong Kong. It was from him, I believe, that I first heard the term “the Four Asian Tigers.” He had begun a book, *Pyramids of Sacrifice*,<sup>6</sup> in which he was arguing that both capitalist and socialist systems seemed to be abandoning huge swathes of people to unnecessary and uncalled-for poverty: “A plague on both your houses!” Later, sustained exposure to East Asia made him begin to reconsider. He encountered unassailable evidence that capitalism had the capacity to transform economies from extreme poverty to rather stunning development, even in the short time of twenty or so years.

From Aristotle, I had learned even in my first year of studying philosophy a deep respect for collecting specimens, whether of botanical, biological, political, or ethical forms of life, before attempting to make evaluative judgments. That seemed to me the right way to proceed in trying to adjudicate the question between ideological points of view.

To begin with, it was clear to me that socialists explicitly proposed an *ideology*, because when they began they had not a single existing example of it to point to. By contrast, liberals (those in favor of free markets) claimed to be practical, not ideological, arguing from the success of existing practice.

In reply, socialists countered that, even though capitalists may not think they have an ideology, they act from a false consciousness and in line with their own interests and out of kilter with reality. In fact, they said, capitalism is doomed to self-destruction, and will soon be swept into the dustbin of history. Inexorably the world is moving toward collectivization, they said, and the most rational and scientific organization of that world collective will be socialist. They called their viewpoint “scientific socialism,” and it pulled like a magnetic North Star on the minds of many of the most influential social thinkers and intellectuals of Europe and America. Even those who were not out-and-out Marxists adopted an anti-capitalist tendency, along with an economic outlook that went as far as their own pragmatism would allow in measuring progress from the socialist point of view: “More active state: good! Free private enterprise: corrupt!” Communists spoke glowingly of the “progressive forces” of the world, in which they included those who adopted more or less pinkish shades of the Marxist

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6. Peter Berger:

The world today is divided into ideological camps. The adherents of each tell us with great assurance where we're at and what we should do about it. We should not believe any of them. Capitalist ideology, as based on the myth of growth, must be debunked.

Socialist ideology, as based on the myth of revolution, must be debunked.

Peter Berger, *Pyramids of Sacrifice: Political Ethics and Social Change* xi-xii (Basic Books, Inc. 1974).

worldview: anti-capitalist, anti-bourgeois; a division of the world into the oppressors and the oppressed. That was about where I was, in those days.

A. *Beginning to fashion a philosophical point of view*

But I also knew I needed to step back a little, to gain a deeper point of view. Looking back on it, I can see now how much I relied upon scholars with far larger sets of empirical tools than I possessed for discovering what concepts, criteria, and methods to apply. I found most useful those scholars who had some serious commitment to socialist views themselves, for they had a knack of taking socialist claims seriously enough to reformulate them as empirical hypotheses. Although Sidney Hook's main interest lay in the area of political and civil freedoms rather than in economics, he was one of the first of the major American philosophers to move away from Marxism with clear practical reasons and a profound tragic sense.<sup>7</sup> To a lesser but still useful extent, Irving Howe and other writers in *Dissent* helped too, if only by spelling out their own version of socialism (famously described in its first number as "the name of our dreams").<sup>8</sup> In Britain, Stuart Hampshire edited a splendid volume of essays in which a variety of socialists addressed the question: "What Went Wrong?" That is, why wasn't socialism anywhere working out as described in its theories?<sup>9</sup> Michael Harrington in his earnestness and American love for concrete cases also provided much that was empirically testable.<sup>10</sup> I learned to admire the intelligence and, in a large sense, fairness (he could be quite polemical, but was willing to admit mistakes) of Robert Heilbroner.<sup>11</sup>

But without question, for me the single best aid was the sustained work of Peter Berger over many years, first in a set of two books he edited on empirical studies of equality around the world, and most conveniently of all in a masterly summary book, *The Capitalist Revolution*, in which he formulated fifty empirically testable propositions typically advanced to demonstrate the superiority of socialism over capitalism, and then supplied the evidence then available for assessing them.<sup>12</sup>

This is far from a complete inventory of the studies I eagerly sought out. Friedrich von Hayek's and Ludwig von Mises' books on socialism

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7. See Sidney Hook, *Pragmatism and the Tragic Sense of Life* (Basic Books, Inc. 1974).

8. Irving Howe, *Introduction*, in *Twenty-Five Years of Dissent: An American Tradition* ix, xiv (Irving Howe ed., Methuen 1979).

9. *The Socialist Idea* (Leszek Kolakowski & Stuart Hampshire eds., Basic Books, Inc. 1974).

10. See Michael Harrington, *Toward a Democratic Left: A Radical Program for a New Majority* ch. 3 (The MacMillan Co. 1968).

11. See Robert Heilbroner, *An Inquiry into the Human Prospect* (W. W. Norton & Co., Inc. 1974); Robert Heilbroner, *Marxism: For and Against* (W. W. Norton & Co. 1980).

12. Peter L. Berger, *The Capitalist Revolution: Fifty Propositions about Prosperity, Equality, & Liberty* (Basic Books, Inc. 1986).

opened my eyes to the epistemological deficits of socialism.<sup>13</sup> Without a price system, national commissars were simply blind to the strength and frequency of choices and desires, wholly without crucial information, limited to guesswork. Igor Shafarevich taught me the sources of the socialist passion for equality and uniformity, its dread of choice and difference.<sup>14</sup>

Socialism, I concluded—you can see the argument in *The Spirit of Democratic Capitalism*<sup>15</sup>—grows out of a great number of philosophical assumptions and radically erroneous ways of imagining the world, which go far beyond its mistaken economic theories. This is why many on the left, after the humiliating collapse of socialism in 1989-1991, did not give up being leftists. The chairman of the Socialist Party of Chile told me, after asking for permission to publish *The Spirit of Democratic Capitalism* in Spanish under the Socialist Party imprint, “I would like to demonstrate to Chileans that socialism is not exhausted by the mistaken economic theories of the nineteenth century.” In his hands in Chile, and in many other places, socialism mutated into a theory of culture and politics. It became a radical revolt against the Jewish and Christian view of the human body and human sexuality; it rebelled against Western culture’s hard-won realism, prudence, and sense of limits. The left is not bounded by economics: it has an appetite for the unlimited, the utopian, the dream.

In ethics today, therefore, the style of the left is undisciplined by economics. It prefers rebellion, relativism, and nihilism. The left today expresses itself in massive protests such as those of the anti-globalization protestors in Seattle, Genoa, and Johannesburg, whose style always includes angry lawlessness. Its preferred philosophy today is “post-modernism,” a radical reduction of human reason to questions of power and interest. This deconstruction issues in nihilism, whose lightly disguised im-

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13. F. A. Hayek, *The Intellectuals and Socialism* (Inst. for Humane Stud. 1990); Friedrich A. Hayek, *The Road to Serfdom* (The U. of Chicago Press 1944); Ludwig von Mises, *Socialism: An Economic and Sociological Analysis* (J. Kahane trans., Liberty Classics 1981).

14. Igor Shafarevich:

We can see that all elements of the socialist idea . . . could be regarded as a manifestation of one basic principle: the suppression of individuality. It is possible to demonstrate this graphically by listing the more typical features that keep appearing in socialist theory and practice over two and a half thousand years . . . and then constructing a model of an ‘ideal’ (albeit nonexistent) socialist society. People would wear the same clothing and even have similar faces; they would live in barracks. There would be compulsory labor followed by meals and leisure activities in the company of the same labor battalion. Passes would be required for going outside. Doctors and officials would supervise sexual relations, which would be subordinated to only two goals: the satisfaction of physiological needs and the production of healthy offspring. Children would be brought up from infancy in state nurseries and schools. Philosophy and art would be completely politicized and subordinated to the educational goals of the state. All this is inspired by one principle—the destruction of individuality or, at least, its suppression to the point where it would cease to be a social force. Dostoyevsky’s comparisons to the ant hill and the bee hive turn out to be particularly apt.

Igor Shafarevich, *The Socialist Phenomenon* 269 (William Tjalsma trans., Harper & Row 1980).

15. Michael Novak, *The Spirit of Democratic Capitalism* ch. 10-13, 15-17 (Simon & Schuster 1982).



plication is that only the will-to-power matters.<sup>16</sup> Mussolini defined totalitarianism quite simply as "*La feroce volontà!*"

All these post-1989 developments show that it would have been a grave mistake to understand socialism as merely a theory about economics. That was only a fraction of its appeal. One must approach questions such as capitalism and socialism on a plane deeper than economics. One must take care to attend *both to cultural and to political dimensions* usually beyond the ken of economics.

### B. *Capitalism and Socialism not symmetrical*

On this plane, it turns out that capitalism and socialism are not symmetrical systems. One can speak abstractly of capitalism in more or less purely economic terms, with relatively little reference to questions of culture and politics, and still make limited sense. (I do not believe that capitalism can be wholly captured or explained in this way; hence my own tripartite schema for talking about the *three* parts of the free society: economic, political, and moral/cultural.<sup>17</sup> Still, the thriving libertarian movement shows that mine is not the only alternative.<sup>18</sup>)

By contrast, socialism is a far more sweeping and unitary system than capitalism. Politics and culture are as much a part of its essence, under its single collective system of control, as economics. Not for nothing is the primordial socialist flag one single color, red, without division (recall Victor Hugo's rationale for its design in Paris in 1831).<sup>19</sup> Under socialism, all things are pulled into one. It constitutes a religion, an ethic, a cultural force all its own. It has its own distinctive mystique, scorning the self-imposed limits of classic Western politics. Socialist man is and intends to be a *new man*, and to understand socialism adequately, scholars have been forced to turn to philosophy and theology, beyond mere economics.<sup>20</sup>

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16. The origins of Paul DeMan's post-modernism, not surprisingly, have the same roots as Nazism and Stalinism.

17. Novak, *supra* n. 15, at ch. 9; Michael Novak, *Three in One* (Edward W. Younkins ed., Rowman & Littlefield 2001).

18. See e.g. Charles Murray, *What It Means to Be a Libertarian: A Personal Interpretation* (Broadway Books 1997); David Boaz, *Libertarianism: A Primer* (The Free Press 1997); Edmund A. Opitz, *The Libertarian Theology of Freedom* (Hallberg Publishing Corp. 1999).

19. James H. Billington, *Fire in the Minds of Men: Origins of the Revolutionary Faith* 159 (Basic Books 1980).

20. Leszek Kolakowski:

The influence that Marxism has achieved, far from being the result or proof of its scientific character, is almost entirely due to its prophetic, fantastic, and irrational elements. Marxism is a doctrine of blind confidence that a paradise of universal satisfaction is awaiting us just round the corner. Almost all the prophecies of Marx and his followers have already proved to be false, but this does not disturb the spiritual certainty of the faithful, any more than it did in the case of chiliastic sects: for it is a certainty not based on any empirical premises or supposed 'historical laws', but simply on the psychological need for certainty. In this sense Marxism performs the function of a religion, and its efficacy is of a religious character. But it is a caricature and a bogus form of religion,

By the same measure, economics alone turns out to be inadequate for understanding the success of capitalist economics, although for quite different reasons. Just twenty years ago (prior to 1989), on most of the broad surface of this planet, capitalist acts between consenting adults were treated as crimes against the state, punishable by death. Business corporations operated solely at the sufferance of the state, with no right to exist independently on their own. In this respect, too many economists and businessmen in the United States forgot in those days how much they *depend upon a political regime* of a certain type, respectful of rights of association, private property, and personal economic initiative. While one can make sense of a capitalist economy in its own terms, with relatively little intermixture of political control or interference, nonetheless, a capitalist economy is a fairly rare growth in world history. Few are the regimes that have allowed it the liberty to thrive; even fewer have nourished the specific cultural habits required for its flourishing. Until very recent centuries, there were none. Even where its fragile life seems to flourish, significant parties and interests within the state work relentlessly to submerge a free and creative capitalist economy under political domination.

More than that, large governmental systems and welfare agencies in modern states suffuse the thoughts, desires, and habits of entire peoples. Two debilitating features of democracy thus come into view, exactly as Tocqueville predicted a century and a half ago: the drift downwards toward materialism and mediocrity, on the one hand, and on the other hand, the taste for surrendering liberty to the paternal state, in exchange for a reduction in uncertainties, in the name of equality:

I am trying to imagine under what novel features despotism may appear in the world. In the first place, I see an innumerable multitude of men, alike and equal, constantly circling around in pursuit of the petty and banal pleasures with which they glut their souls. . . . Over this kind of men stands an immense, protective power which is alone responsible for securing their enjoyment and watching over their fate. That power is absolute, thoughtful of detail, orderly, provident, and gentle. It would resemble parental authority if, fatherlike, it tried to prepare its charges for a man's life, but on the contrary, it only tries to keep them in perpetual childhood.<sup>21</sup>

In Sweden, even Gunnar Myrdal eventually admitted that social democracy had, despite his earlier denials, made new generations of Swedes malingers and fibbers, calling in sick to their employers and lying to their

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since it presents its temporal eschatology as a scientific system, which religious mythologies do not purport to be.

Leszek Kolakowski, *Main Currents of Marxism: Its Origins, Growth and Dissolution* vol. 3, 525-26 (P. S. Falla trans., Clarendon Press 1978).

21. Alexis de Tocqueville, *Democracy in America* 691-92 (J. P. Mayer ed., Anchor Books 1969).

doctors in order to obtain from them written medical excuses. Further, the social democratic state better rewards the middle class custodians of welfare benefits than it does the unemployed and the very poor, whom it thrusts into psychological dependency, helplessness, and *ressentiment*. In a word, political regimes culturally affect economic systems.

In addition, the *culture* and *moral* habits of people also condition their economic behavior. That is why a capitalist economy fares far better in some *cultures* than others.<sup>22</sup> It heavily depends on work habits, family patterns, and metaphysical or religious energies of particular sorts. It will time and again fail to function in cultures that lack the necessary cultural habits, just as it will fail again and again—in Latin America, for instance—under moral systems of insufficient moral rigor. The range of political and cultural systems within which capitalist systems can grow and thrive is fairly narrow. Certain cultural and political preconditions must be met, or else the whole system seems to go awry. Culture and politics are prior to economics, and supply necessary preconditions for it.

For the philosopher and the theologian, to sort out the chief political, economic, and cultural prerequisites of capitalist and socialist systems is a fairly daunting task. But it is also a richly rewarding one, of considerable use to economists, to the extent that it throws new light from new perspectives upon perplexities they face everyday, especially those involved in dealing with questions of development in a global framework. A developed philosophy of economic life, moreover, illuminates the political, cultural, and economic terrain for practical men and women, who must try to determine which economic system, and in which form, they wish to throw their weight behind. To identify and to promote those economic systems (I am not supposing that there is only one) best suited to human flourishing, one needs all the philosophic and critical help one can get.

## II. THE SECOND LEVEL: SORTING OUT THE NECESSARY CONCEPTS

In *The Spirit of Democratic Capitalism*, I set forth three different disciplines of the new *theology* of economics for whose development I was calling. The same three are relevant for the new *philosophy* of economics, which in some ways is more urgent. The first level of discourse in a new

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22. Lawrence Harrison:

Skepticism about the link between cultural values and human progress is found particularly in two disciplines: economics and anthropology. For many economists, it is axiomatic that appropriate economic policy effectively implemented will produce the same results without reference to culture. The problem here is the case of multicultural countries in which some ethnic groups do better than others, although all operate with the same economic signals. Examples are the Chinese minorities in Thailand, Malaysia, Indonesia, the Philippines, and the United States; the Japanese minorities in Brazil and the United States; the Basques in Spain and Latin America; and the Jews wherever they have migrated.

Lawrence E. Harrison, *Introduction*, in *Culture Matters: How Values Shape Human Progress* xvii, xxiv (Lawrence E. Harrison & Samuel P. Huntington eds., Basic Books 2000).

philosophy of economics is the one in which we have so far been engaged, the comparison of alternative systems of economic organization (such as socialism and capitalism). As we have seen, that set of inquiries soon involves us in prior and more basic questions, having to do with economic and human questions that must be faced in any and all systems of economic life. That is the second level of discourse in a new philosophy of economics: inquiries into the basic concepts that cut across *all* economic systems, or help to shed light on the differences among them. (In conceptual depth and generality, and in the order of being, this level of discourse belongs first, although in my own inquiries—in the order of discovery—I came to it second.) The third discipline, which we will consider in the final section, has to do with special ethical dilemmas that arise *within* particular economic systems. For example, why are there firms (or corporations) in capitalist systems, and what is their nature and function? Should there be limits on the amount of compensation to chief executives of corporations? How were prices set by national planners in existing socialist systems, and with what results?

(1) The study of comparative economic systems, (2) the study of basic concepts, and (3) the study of particular problems within systems—these are the three basic disciplines of a philosophy of economics.

At its first stage, as we have seen, a helpful philosophy of economics offers empirically testable hypotheses concerning the claims of rival systems, such as American capitalism versus French and German social democracy, or versus socialism, such as that of Cuba, North Korea, and the pre-1989 Soviet Union. Each little boy and girl, Gilbert and Sullivan once sang to us, is born either a little liberal or a little conservative. When the hour strikes for these infants to begin to think critically, the choice of which economic system they intend consciously to support need no longer be based solely upon family upbringing and temperament. It can in principle be laid out in arguments amenable, one by one, to empirical falsifiability. One's initial beliefs, that is, can be submitted to systematic comparison with actual facts, so as to test their truth or falsehood.

To conduct such inquiries, a broad range of considerations forces the inquirer to stretch his mind to reach a high degree of philosophical clarity about as many as *thirty or forty concepts*, which may not at first be clear in his head. These concepts are of varying sweep and breadth, and draw upon many different disciplines for their clarification. Simply to set them forth in an outline is to suggest the breadth and depth that an adequate philosophy of economics must reach. In digging deeper into more fundamental questions, the inquirer will certainly need to be clear about what he means by such basic terms as these:

- Time, history, progress, development;<sup>23</sup>
- Family, association, organization, civil society, State;<sup>24</sup>
- Individual, person, liberty, action, habits, virtue;<sup>25</sup>
- Insight, reflection, judgment, practical wisdom, intention, choice;<sup>26</sup>
- Happiness, human flourishing, creativity and invention, common good, public interest, civility;<sup>27</sup>
- Equality of opportunity, equality under the law, equality of uniformity;<sup>28</sup>

23. On time, see Novak, *supra* n. 15, at ch. 5. On history and progress, see *id.* at ch. 2-3. On development, see Novak, *Business as a Calling: Work and the Examined Life*, *supra* n. 1, at ch. 4, 8-10; Michael Novak, *The Catholic Ethic and the Spirit of Capitalism* ch. 6 (The Free Press 1993); Michael Novak, *This Hemisphere of Liberty: A Philosophy of the Americas* ch. 6-7 (The AEI Press 1990); Michael Novak, *Catholic Social Thought & Liberal Institutions: Freedom with Justice* ch. 7, 9, 10 (2d ed., Transaction Publishers 1989); Michael Novak, *Will It Liberate? Questions about Liberation Theology* ch. 7 (Paulist Press 1986).

24. On family, see Novak, *supra* n. 15, at ch. 8. On association, organization, and civil society, see *id.* at ch. 2, 6; Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at ch. 7; Novak, *Business as a Calling*, *supra* n. 1, at ch. 6-7; Michael Novak, *On Cultivating Liberty: Reflections on Moral Ecology*, ch. 4 (Brian C. Anderson ed., Rowman & Littlefield Publishers, Inc. 1999); Novak, *Catholic Social Thought & Liberal Institutions: Freedom with Justice*, *supra* n. 23, at pt. III; Michael Novak, *The Fire of Invention* ch. 1 (Rowman & Littlefield Publishers, Inc. 1997). On the State, see Novak, *supra* n. 15, at pt. II; Novak, *On Cultivating Liberty: Reflections on Moral Ecology*, *supra* at ch. 5.

25. On the individual, see Novak, *supra* n. 15, at ch. 7. On person, see Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at epilogue; Novak, *This Hemisphere of Liberty: A Philosophy of the Americas*, *supra* n. 23, at ch. 4; Michael Novak, *Free Persons and the Common Good* ch. 1 (Madison Books 1989). On liberty, see Novak, *On Cultivating Liberty: Reflections on Moral Ecology*, *supra* n. 24; Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at ch. 4; Novak, *This Hemisphere of Liberty: A Philosophy of the Americas*, *supra* n. 23. On action, see Novak, *The Fire of Invention*, *supra* n. 24, at ch. 3. On habits and virtue, see Novak, *On Cultivating Liberty: Reflections on Moral Ecology*, *supra* n. 24, at ch. 6; Novak, *Business as a Calling: Work and the Examined Life*, *supra* n. 1, at ch. 5-7; Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at ch. 3; Novak, *This Hemisphere of Liberty: A Philosophy of the Americas*, *supra* n. 23, at ch. 4, 5; Novak, *Free Persons and the Common Good*, *supra* at 57-67, 103-07; Novak, *Catholic Social Thought & Liberal Institutions: Freedom with Justice*, *supra* n. 23, at pt. III.

26. On insight, reflection, judgment and practical wisdom, intention, and choice, see generally Novak, *Business as a Calling: Work and the Examined Life*, *supra* n. 1, at ch. 5; Novak, *supra* n. 15, at ch. 5; Novak, *On Cultivating Liberty: Reflections on Moral Ecology*, *supra* n. 24, at pt. I.

27. On happiness and human flourishing, see Novak, *Business as a Calling: Work and the Examined Life*, *supra* n. 1, at ch. 1, 4, 8-10; Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at ch. 6; Novak, *This Hemisphere of Liberty: A Philosophy of the Americas*, *supra* n. 23, at ch. 6-7; Novak, *Catholic Social Thought & Liberal Institutions: Freedom with Justice*, *supra* n. 23, at ch. 7, 9, 10; Novak, *Will It Liberate? Questions about Liberation Theology*, *supra* n. 23, at ch. 7. On creativity and invention, see Novak, *Business as a Calling: Work and the Examined Life*, *supra* n. 1, at ch. 6; Novak, *Will It Liberate? Questions about Liberation Theology*, *supra* n. 23, at ch. 5. On common good, see Novak, *Free Persons and the Common Good*, *supra* n. 25, at ch. 1. On public interest and civility, see Michael Novak, *The Universal Hunger for Liberty* ch. 2 (Basic Books 2004).

28. On equality of opportunity, equality under the law, and equality of uniformity, see Novak, *The Fire of Invention*, *supra* n. 24, at 108-13; Michael Novak, *Inequality and Ideology*. On the Issues: AEI Online (Jan. 1996), <http://www.aei.org/publication6067>; Novak, *supra* n. 15, at ch. 11.

- Political liberty, economic liberty, moral cultural liberty;<sup>29</sup>
- Objections against capitalism—political, economic, cultural, aesthetic;<sup>30</sup>
- Objections against socialism—political, economic, cultural, aesthetic;<sup>31</sup>
- Error, misinformation, evil, sin, and irrationality.<sup>32</sup>

One will note that these are, as it were, *background terms*, belonging more to philosophy than to economics, and do not yet include such fundamental terms of *economic* discourse as *scarcity, abundance, demand, supply, general welfare, self-interest, full employment, inevitable trade-offs, economic reason, markets, enterprise*, and many others. Many arguments that *seem* to be about economic realities arise when individuals use these fundamental terms in different ways. Some of these usages are less plausible than others, and some are flat-out ill-informed. Much would be gained, then, by putting together a small handbook defining the correct usages of such terms and their interrelations, and exemplifying them in helpful ways. Isolating where exactly disagreements actually lie is an enormous gain, since most disagreements never even get defined clearly, but thrive in impenetrable fog.

I sometimes entertain the hope that, when confronted with evidence that disconfirms their earlier held expectations, reasonable persons will be able to change their minds. On the other hand, after the fall of socialism few on the left admitted they had been wrong about socialist economics. Just the same, even when not everybody agrees, it is still good to have a reasonable method for clarifying *where* we do not agree. When that happens, fundamental political and economic disagreements are probably good for a free society.

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29. On political liberty, economic liberty, and moral cultural liberty, see Novak, *On Cultivating Liberty: Reflections on Moral Ecology*, *supra* n. 24; Novak, *This Hemisphere of Liberty: A Philosophy of the Americas*, *supra* n. 23, at ch. 8-9; Novak, *Will It Liberate? Questions about Liberation Theology*, *supra* n. 23, at ch. 10; Novak, *supra* n. 15, at ch. 9.

30. For objections against capitalism—political, economic, cultural, and aesthetic, see Novak, *Business as a Calling: Work and the Examined Life*, *supra* n. 1, at 1-15; Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at ch. 1; Novak, *Will It Liberate? Questions about Liberation Theology*, *supra* n. 23, at ch. 3; Novak, *supra* n. 15, at ch. 5.

31. For objections against socialism—political, economic, cultural, and aesthetic, see Novak, *Will It Liberate? Questions about Liberation Theology*, *supra* n. 23, at ch. 9; Novak, *The Catholic Ethic and the Spirit of Capitalism*, *supra* n. 23, at ch. 2; Novak, *Catholic Social Thought & Liberal Institutions: Freedom with Justice*, *supra* n. 23, at pt. II.

32. On error, misinformation, evil, sin, and irrationality, see Novak, *supra* n. 15, at ch. 4; Novak, *This Hemisphere of Liberty: A Philosophy of the Americas*, *supra* n. 23, at ch. 5; Novak, *Catholic Social Thought & Liberal Institutions: Freedom with Justice*, *supra* n. 23, at ch. 3.

### III. THE THIRD LEVEL: FACING PARTICULAR QUESTIONS WITHIN CAPITALISM

When I first began this paper, I thought that on this third level I would take up some particular problem within the capitalist system today, such as corporate compensation, the accounting scandals surrounding some six to ten major listed corporations (out of thousands of firms),<sup>33</sup> debates about the minimum wage, or the like. All these questions deserve discussion. But I have been so struck by the sheer hostility against corporations voiced by many politicians in Washington, some journalists and TV pundits, and many professors on university campuses, that it became unavoidably clear that a deeper issue must be dealt with.

Some years ago, when many intellectuals in the U.S. actually believed that some sort of socialism or social democracy was clearly the direction in which history was moving (and *should* move), their contempt for capitalism was at least understandable. Socialism was the horse they put their money on. But after the utter collapse of socialist economies, one might have expected these cheerleaders to emerge a little chastened, a little more realistic about what can be done and why, and in that way come to some peace with economic reality. Instead, their underlying ire against capitalism, after being submerged for about a decade, has burst into the open again, with a kind of hysterical passion and irrationality far less credible than before. Even commentators inclined to the left have found it hard to see much coherence in the anti-globalization demonstrators who fly all over the world in magnificent airliners to attack with violent rage big business, capitalism, and transnational corporations that make those airliners function. In a less violent way, even Democratic centrists seem unable to resist lashing out against “the rich” and “big oil” and “business interests.” The magnet placed beneath the grid of politics by Karl Marx still draws anti-business particles leftward with the same old potency.

Thus, in concluding these remarks I would like to draw attention to several current accusations against the capitalist systems by its university foes, particularly in departments of religion.

### IV. ACCUSATIONS AND REBUTTALS

In a long essay on theology and economics, Professor Joerg Rieger of the Perkins School of Theology at Southern Methodist University writes of the newly victorious capitalist system as though it were a *disease*, “expanding . . . into the farthest regions of the globe and into most private realms of our lives.”<sup>34</sup> He voices at least twelve accusations against capitalism. Rieger worries that this destructive disease invades our worship (as in “refreshment of tired bodies and minds on Sunday morning”), our concepts

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33. Paul Craig Roberts, *Criminalizing Business*, Wash. Times A16 (Oct. 23, 2002).

34. Rieger, *supra* n. 2, at 215.

of faith (as in “faith-based institutions”), hope (as in the American determination to prevail after the first shock of 9/11/2001), and charity (as in “compassionate conservatism”). Rieger is dismayed by the power of advertising, which is “geared towards reshaping our innermost desires and reaches levels of our humanity that we cannot control moralistically.” “We are bombarded with thousands of images each day, all designed to shape our desires and to make us more perfect participants in the so-called ‘free’ market economy,” he writes, and he rushes on in a panic verging on hysteria:

With every breath we take we are integrated into the market, be it through the workplace, the way we relax, the way we shop, the way we save money, the way we plan for our retirement, the way we address social need, not to mention the influence of media and entertainment. During most of our working hours we are, therefore, more or less directly hooked up with the market economy. . . . [We are in a world] where even our best intentions and heroic actions are constantly being pulled into the vortex of the market. . . . [T]heology and the church—even where they try to resist—may be unconsciously shaped by the capitalist market economy.<sup>35</sup>

Stop to think for a moment. It is not only under capitalism that economic concerns press on nearly everybody. Are not the gospels themselves redolent with the pastoral, rural economy of first-century Palestine? Are not the apostles and ordinary people preoccupied with plowing, seeding, harvesting, fishing, finding and preparing food, seeking places to sleep? In the Socialist countries under Communism, every minute of every day was shaped by standing in line, hardship, scarcity, sensory deprivation. Under social democracy, fights over subsidies and privileges, hand-outs and prerogatives, a constant series of strikes for higher benefits or new privileges, and fears of high unemployment and dwindling reserves for old-age assistance, as the median age of the shrinking population base rises ever higher, color every minute of every waking day.

Scarcity and want are the human condition. Moreover, there is no evidence whatever that inequalities within capitalist societies exceed those in feudal society or the distance between the *nomenklatura* in the Soviet Union and the impecunious peasants of the vast countryside outside Moscow.<sup>36</sup> On the contrary. The Hungarian counts who dwelt in the great Cas-

35. *Id.* at 218.

36. Voslensky’s sketch of the *nomenklatura* looks like the following:

Lenin the revolutionary created the organization of professional revolutionaries; Stalin the *apparatchik* created the *nomenklatura*. Lenin’s creation was the lever that enabled him to overturn Russia, and it was soon put in the museum of the revolution, as Shulgin had foreseen. Stalin’s invention was the apparatus that enabled him to rule Russia. It turned out to be infinitely more durable.

. . . .  
At the plenary meeting of the Central Committee in 1937, Stalin described the party in military terms: the “higher command” consisted of between 3,000 and 4,000 “generals”



tle of Spisska Podhradie in Central Slovakia inhabited realms of privilege far above the serfs who tilled their fields and cleaned their stables (such as my great-grandparents). Their rank was much farther removed from the common grasp than the currently successful sons and daughters of the American middle class, many of them born as poor as you and I, who during their lifetimes become CEOs of America's largest companies (and have a career in that post, on average, shorter than an NFL linebacker).

Let me word this rebuttal another way. If Rieger wants to argue that the condition of the world's poor is worse today than, say, in 800 A.D. or 1250, or 1650, or 1880, or 1933, or 1976, he will have to demonstrate that, not merely allude to it as a silent assumption. It can be shown without extraordinary effort that on practically every index of health—mortality, infant mortality, the elimination of certain destructive diseases and the discovery of cures for others, caloric intake, clean water, literacy, care for the eyes and teeth, and basic democratic freedoms and elementary rights—a huge expanding circle and growing proportion of the human population is better off under capitalist systems, on levels high beyond those even dreamed of in earlier systems. Before capitalism, even kings and presidents were bled to death by unknowing doctors, and their easiest mode of transport was by horse, not an SUV.

Consider the following:

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(top-grade leaders), followed by between 30,000 and 40,000 "officers" (middle-grade leaders) and between 100,000 and 150,000 "noncommissioned officers" (junior leaders). This military terminology clearly demonstrates the hierarchical ideas that presided over the creation of the *nomenklatura*.

A model illustrating the social structure of the *nomenklatura* would consist of a cone within a cone. On the outside surface, a number of concentric rings would represent the boundaries between the various *nomenklaturas*, with those of the district committees at the bottom, all the way up to that of the Central Committee at the top. Similar concentric rings on the inside cone would represent the committees that are the controlling agencies of the *nomenklatura*, from the district committees at the bottom to the Politburo at the top. The tip of the outer cone would stand for the Secretary-General of the Central Committee. The interior cone, the core of the *nomenklatura* class, would consist of a hard substance that differed from the relatively soft outer cone, which would be attached to the central nucleus as by a stalk. Thus it would not be by cutting through the whole structure (the committees and their *nomenklaturas*), but by separating the two cones, that one would obtain two different uniform substances.

Michael Voslensky, *Nomenklatura: The Soviet Ruling Class* 46, 51, 102-03 (Eric Mosbacher trans., Doubleday & Co., Inc. 1984).

Issue	Change	Source
Dustfall in Pittsburgh	declined from 60 tons/month/sq. mile in 1938 to 48.9 tons in 1955.	John H. Ludwig et al., <i>Trends in Urban Air Quality</i> , EOS, Issue No. 5 1970, 468, at 473.
Ambient levels of sulfur dioxide	declined by more than 50% in New York City from 1963-1970.	Herbert Schimmel & Thaddeus J. Murawski, <i>SO<sub>2</sub>—Harmful Pollutant or Air Quality Indicator?</i> , 25 J. of the Air Pollution Control Assn. 739, 739-40 (July 1975).
Average concentrations of CO <sub>2</sub> in London from 1850 to 2000	decreased from 900 to less than 50 microg/m <sup>3</sup> .	Peter Brimblecombe, <i>London Air Pollution, 1500-1900</i> 11 Atmospheric Env. 1157 (1977).

Rieger describes capitalism as generating “a full-blown *repression* and the powers that cause it. . . . The fate of people *on the underside* has to do with the *repressions* by which our so-called free market economy operates. Economic expansion is built, for instance, on the vast availability of cheap labor.”<sup>37</sup> But Rieger will have to show that there is more cheap labor today, under capitalist systems, than there was in Egypt for the building of the pyramids, or in feudal Europe for the building of the castles, or among rural populations generally, in those regions where the growing season was short. (Bishop Berkeley commended early capitalism in Ireland for bringing indolent peasants into productive labor.) Is there greater cheap labor today under capitalism than there was in Communist Eastern Europe and China? Is there a higher proportion of unemployed people in social democratic Europe than in the capitalist United States today? It is invention, not cheap labor, that fires economic expansion—the invention of products such as computers and cell phones never seen before.

It is possible that Professor Rieger has not noted the rapid rise in economic prosperity in the nations of East Asia, Chile, Southern Europe, Ireland, and increasingly since 1980 in China and India. Extreme poverty in such regions, vast only fifty years ago, has been tremendously reduced, thanks to the spread of capitalist methods and conceptions. The capitalist economy is not, as he puts it, “expanding” because it does not help people, but because it does. Those capable of comparing it to alternative systems have come to recognize that it works far better than their current systems. It is expanding by desire and by imitation.

Professor Rieger denies that capitalism “and the desires connected with it are ‘natural.’”<sup>38</sup> He alleges that the term “natural” points incorrectly to the vulgar desire of “keeping up with the Joneses,” and that all people everywhere “want more stuff . . . a bigger car, a bigger house, and more money *at the expense of everything else*.”<sup>39</sup> But this is surely wrong. What Adam Smith posited as the two natural desires, important for economic development but too humble to have been noted by earlier moral philoso-

37. Rieger, *supra* n. 2, at 219 (emphasis added).

38. *Id.* at 218.

39. *Id.* at 218-19 (emphasis added).

phers, are these: "the natural desire to improve one's condition" and "the natural desire to truck and barter."<sup>40</sup> In other words, self-improvement, including economic self-improvement, and a cooperative spirit of voluntary and fair exchange. There are many examples of both of these natural desires in the Bible, not to say throughout the history of *homo sapiens* in all times and places. Markets, too, have been virtually universal and in the Bible are ubiquitous.

Thus, Rieger seems to have a less-than-accurate idea of what is distinctive about capitalism. It is neither markets, nor private property, nor profits, all of which existed, even flourished, in pre-capitalist eras (such as the biblical era). What is distinctive to capitalism *qua* capitalism is the organization of an economic system around *the human mind*—around invention, discovery, and the sort of enterprise that creates new things that never existed before. In a capitalist economy, people do not need to get "more money *at the expense of everything else*," as Rieger falsely imagines. That was precisely the condition of the pre-capitalist, even pre-modern, mercantile economy, in which avarice was the besetting sin. In those days, wealth was limited, and anyone's acquisition of it necessarily deprived others of it, in a zero-sum game. In a capitalist economy, unprecedented amounts of new wealth are created that do not "take" from anybody else; on the contrary, new inventions increase the whole world's pool of wealth, and distribute it more roundly to larger proportions of others than at any previous period of world history. That is precisely why so many of the formerly poor, including many of America's anti-capitalists, are now middle class. From this highly favored position some can now rail against the system for not fulfilling their wishful dream of the way a society ought to be arranged.

Professor Rieger asserts more than once in his essay that criticism of the capitalist system is stifled and that "no critique of the system is permitted."<sup>41</sup> His whole career, and those of scores of thousands of other intellectuals, show that that claim is false. It is far more rare to meet a theologian who is in favor of capitalism, and for articulate, defensible reasons, than to meet dozens who are critical, even publicly disdainful, of it.<sup>42</sup>

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40. Adam Smith describes:

[A] certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.

The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers [sic] its operations; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security.

Adam Smith, *An Inquiry into the Nature and Causes of The Wealth of Nations* 13, 508 (The Modern Lib. 1937).

41. Rieger, *supra* n. 2, at 218.

42. In 1982, the IEA/Roper Center *Theology Faculty Survey* made clear that 37% of professors in theological schools want the U.S. to move in the direction of socialism; 36% thought

Without elaborating on it, Rieger quotes without critical comment the opinion of a feminist theologian: "We middle-class North American Christians are destroying nature, not because we do not love it, but because of the way we live."<sup>43</sup> *Destroying nature?* That is a highly improbable claim. Consider the ecology of North America itself. If we look at the ecology of North America in the year 1450, say, or 1650, or 1850, we would find large stretches of it were then composed of inhospitable deserts, virtually uninhabitable and untamed plains, eroding mountains, and frequently poisonous streams.<sup>44</sup> The ability of North America to sustain human life, and the average mortality of the people who inhabited North America, were by current standards very low.

As a matter of plain fact, modern North Americans have led the way to vastly improved health care and living conditions and expectations of mortality, not only in North America, but also—through the medicine, hygiene, and science that they have pioneered and eagerly shared with others—in other parts of the world. So what are we to make of the extreme claim that North Americans are responsible for "destroying" nature outside America's own national boundaries? That extreme claim is indefensible. Indeed, the opposite is closer to the truth. In some ways the ability of the earth to

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Marxism consistent with membership in their denomination; 92% thought democratic socialism consistent; 70% think that U.S. multinational corporations hurt the Third World; 70% think the U.S. treats the Third World unfairly; 18% find the U.S. a force for ill in the world, and 25% find it only neutral. IEA/Roper Center, *Theology Faculty Survey*, 2 This World 27, 32, 40, 48-49 (Summer 1982).

Karl Zinsmeister reports in *The American Enterprise* that in the following university departments, the ratio of Democrats to Republicans is: Cornell University Economics, 10/3, History 29/0, Political Science 16/1; Harvard Economics, 15/1, Political Science 20/1; Stanford University Economics 21/7, History 22/2, Political Science 26/4. Karl Zinsmeister, *The Shame of America's One-Party Campuses*, *The Am. Enter.* 19-21 (Sept. 2002).

43. Rieger, *supra* n. 2, at 215.

44. Paul Johnson has attacked the false logic whereby man is primarily responsible for natural disorder:

Let us turn, then, to the heart of the problem, which is a question of scale. Most Domesday predictions, such as (to cite two very characteristic examples) E. J. Mishan's *The Costs of Economic Growth* and the study sponsored by the Club of Rome, *The Limits of Growth* by Dennis and Donella Meadows, J. Randers and W. W. Behrens, leave out of account the magnitude of natural forces. Nature makes man's efforts seem puny. Thus, the Israeli scientists at the Desert Agriculture Station at Beersheba scoff at the theory that destructive Arab methods of cultivation were responsible for the spread of desert in North Africa and the Middle East: dessication on this scale would be beyond even modern technology, let alone the powers of the medieval Arabs. Deserts are usually created by relatively small change [sic] in climate. The fact is that nature itself is both a pollutant and a self-cleansing mechanism on a gigantic scale. An average-size hurricane releases the energy of 100,000 H-bombs. Dr. Mishan's estimate that there were (1967) 10 million tons of man-made pollutants in the atmosphere should be set against the 1,600 million tons of methane gas emitted by natural swamps every year. Even cattle produce several million tons of methane gas annually; forests and other vegetation discharge 170 million tons annually of various hydrocarbons. Where artificial pollutants do raise problems, there is a tendency in the ecolobby to confuse questions of local industrial hygiene, which can easily be answered, with the world environment, which is unaffected.

Paul Johnson, *Enemies of Society* 91-92 (Atheneum 1977).

sustain human life (at an ever higher standard of quality) has been lifted to a higher level than at any prior period in history. A higher proportion of people are alive, living longer, and living better, than ever before. Again, if crucially needed minerals and other “nonrenewable” resources were becoming scarcer, the laws of economics predict that they must be becoming more expensive. But the opposite is the case. In all but rare instances, precious resources are experiencing falling prices, compared with earlier years.<sup>45</sup>

Consider the following:

Issue	Change	Source
<b>World population</b> from 1750 to 2000	<i>increase:</i> about 1 billion to 6 billion.	United Nations Department of Economic and Social Affairs, Population Division, <i>World Population Projections to 2150</i> 14 (U.N. 1998).
The percentage of <b>urban population</b> from 1950 to 2000	<i>increase:</i> about 30% to almost 50%.	United Nations Department of Economic and Social Affairs, Population Division, <i>World Urbanization Prospects: The 2003 Revision</i> 5 (U.N. 2004).
<b>life expectancy</b> from 1950 to 2000	<i>increase:</i> about 47 years to 67 years.	United Nations Department of Economic and Social Affairs, Population Division, <i>World Population Prospects: The 1998 Revision. Volume I: Comprehensive Tables</i> 552-53 (U.N. 1999).
<b>infant mortality</b> from 1950 to 2000	<i>decrease:</i> about 155 to 52 per 1000 live births.	<i>Id.</i> at 580-81.
yield in tons per hectare of <b>rice, corn, and wheat</b> in <i>developing</i> countries from 1961 to 2003	<i>increase:</i> about 1.53 tons to 3.50 tons.	Food and Agriculture Organization of the United Nations Statistical Databases, <a href="http://faostat.fao.org/faostat/form?collection=production.Crops.Primary&amp;Domain=production&amp;servlet=1&amp;hasbulk=&amp;version=ext&amp;language">http://faostat.fao.org/faostat/form?collection=production.Crops.Primary&amp;Domain=production&amp;servlet=1&amp;hasbulk=&amp;version=ext&amp;language</a> (accessed Oct. 26, 2004).

If Professor Rieger is receiving the average professorial wage for a tenured university position, and if he earns a little additional money lecturing and writing, he stands no doubt in the top ten percent of all income earners in the United States,<sup>46</sup> and his standing may be even higher if he is married and his wife also receives income. But it is clearly true that he does not consider “making money” the highest end of his life. Actually, in fact, a large majority of Americans do not. About 62% of American adults

45. Nicholas Eberstadt: “Despite the tremendous expansion of the international grain trade over the past century, for example, the inflation-adjusted, dollar-denominated international price of each of the major cereals—corn, wheat, and rice—fell by over 70% between 1900 and 1998.” Nicholas Eberstadt, *Population Sense and Nonsense: Everything the Experts Think They Know about Overpopulation Is Wrong*, 8 Wkly. Stand. 1, ¶ 22 (Sept. 16, 2002).

46. The IRS reports that the top 10% of all income earners in the United States earned above \$92,144 per annum; the top 5% earned at least \$128,336 per annum. See IRS, *Individual Income Tax Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2000*, <http://www.house.gov/jec/press/2002/firs.pdf> (accessed Sept. 10, 2004).

are working for income; about 35% of able-bodied persons over the age of 16 are not working for income at all.<sup>47</sup> Among the 139 million civilians employed in the United States, 24 million work for the *Fortune* 500 companies, the largest industrial corporations,<sup>48</sup> about 50 million are employed by businesses with less than 100 employees, and almost 10 million people are primarily self-employed.<sup>49</sup> About twenty million work for government—federal, state, and local.<sup>50</sup> In my estimate, about as many, counting all the clergy, teachers, researchers, medical professionals, directors and staff, work for nonprofit organizations such as hospitals, clinics, libraries, museums, schools, universities, foundations, the Girl Scouts, the Sierra Club, and thousands of other nonprofit associations and activist groups.<sup>51</sup> Nearly one-third of Americans work in the not-for-profit sector; the other two-thirds pay the taxes and make the donations that support us.<sup>52</sup>

And most of these, like my father, prefer time with family and a lower level of job commitment over chances for advancement that entail longer hours and continuous travel. Most prefer the kind of work that makes them happy to a more demanding kind in which they could make more money. People really ambitious for great wealth, or even for great achievement, are few. Indeed, long experience with college students shows that most students are quite content just to get by.

Next, Professor Rieger also claims that Americans are peculiarly money-driven. But that claim must be set alongside Jacques Maritain's observation in *Reflections on America* "that the American people are the least materialist among the modern peoples which have attained the industrial stage."<sup>53</sup> What is the evidence, either way?

47. U.S. Department of Labor: Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, <http://www.bls.gov/data/home.htm>; *select Series Report, input LNS12300000* (accessed Nov. 4, 2004).

48. People's Daily Outline, *General Motors Driven from Top Spot of Fortune 500* ¶ 15, [http://english.people.com.cn/english/200104/02/eng20010402\\_66618.html](http://english.people.com.cn/english/200104/02/eng20010402_66618.html) (accessed Nov. 4, 2004).

49. U.S. Small Bus. Administration, *Small Business Economic Indicators 2000 A-3, A-12* (U.S. Small Bus. Administration 2001).

50. Bureau of Econ. Analysis, *National Income and Product Accounts Table: Table 6.8C. Persons Engaged in Production by Industry*, <http://www.bea.doc.gov/bea/dn/nipaweb/TableView.asp?SelectedTable=197&FirstYear=1999&LastYear=2000&Freq=Year> (accessed Nov. 4, 2004).

51. *See id.*

52. *See* John J. Heldrich Center for Workforce Development, *Works Trend Fall 1998 Survey: Americans' Attitude about Work, Employers, and the Government* fig. 7-2, [http://www.its.caltech.edu/~worklife/external/work\\_trends\\_survey.html](http://www.its.caltech.edu/~worklife/external/work_trends_survey.html) (accessed Nov. 4, 2004).

53. Maritain notes:

Well, I would like to ask the European critics of this country what are in their eyes the criteria of materialism. Are perhaps generosity and good will the signs of a materialistic cast of mind? Speaking not of such or such an individual, of course, but of the general cast of mind and the collective trends and customs of the people, what I know is that the basic characteristics of the American people are generosity, good will, the sense of human fellowship.

Jacques Maritain, *Reflections on America* 33 (Charles Scribner's Sons 1958).

Finally, it must be said that Rieger's description of Americans cringing under a deluge of seductive images (presumably from television) seems preposterous. Neither advertising gurus nor retailers feel anything like the omnipotence Rieger endows in them; they sometimes experience abject failure and most of the time barely enough success to keep going on. A great many highly touted products, like the Edsel, just die. True, some products are so good that they are smashing successes, but rarely is it the advertising alone that brought them their good fortune.

The bottom line is that many intellectuals are scaring themselves into extremist positions for which they must present empirical evidence, and they do not have such evidence. They are misled by an inner antipathy for an economic system they do not show evidence of understanding fairly, whether in itself or by just comparison with other systems. They seem to imagine some personal—or perhaps collective—vision of utopia, and compare capitalism and democracy to that, while neglecting the existing economic and political alternatives. They also fail to notice a significant clue: the long, long lines of immigrants from all over the world, at any one time millions of them waiting for their visa applications to be processed, straining to enter into the very few dynamic capitalist and democratic systems of the world, precisely because those who enter such systems poor have a very high probability of exiting out of poverty within a half-dozen or so years. Democratic and capitalist countries are good for the poor. They are, in fact, the last best hope of the poor of the world.

#### V. CONCLUSION

A valuable philosophy of economics is one that not only offers empirically testable hypotheses but, more importantly, yields workable solutions to economic problems, the most critical of which is the diffusion of economic prosperity. Many of these solutions involve promoting and supporting policies that foster invention, discovery, and enterprise.

Those who live in societies that promote such policies have a great chance to swell the numbers of people around the world now exiting from poverty, by means of the creative economic enterprises that will spring from their own imagination, discipline, sweat, intelligence, and hard work. Without taking money from anybody else, they are in a position to create new wealth never before seen, and to pay most of it out to workers, pensioners, shareholders, suppliers, transporters, and in good value to customers.

#### *Create and give!*

That is not a bad motto for what they are called to do. May they be worthy of it.