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## Capitalism, Socialism, and Biblical Ethics

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### Cover Page Footnote

The helpful comments of three reviewers are acknowledged gratefully.

## INTRODUCTION

Evaluating the benefits and costs of capitalism and socialism has re-emerged in a long-standing debate among Christians. The dispute has arisen against the background of Christians long divided on whether Christianity is compatible with capitalism. In the present argument, the likes of Richard Chewning, Stan DuPlessis, Austin Hill, Scott Rae, Jay Richards, John Schneider, and John Lunn hold the two to be compatible. Conversely, such as John Milbank, James Smith, Daniel Bell Jr., and the Radical Orthodoxy School generally (Stephen Long, Kathryn Tanner, William Cavanaugh etc.) are more inclined to socialism. In between, Craig Blomberg argues that the Bible favors neither system. Partly, the division arises because no uniform definition of capitalism exists to which the protagonists direct their arguments. The background to this debate is the speculation that ‘if classic socialism died in 1989, perhaps we are now witnessing the demise of classic capitalism since 2009, to be replaced by Capitalism 2.0’.<sup>1</sup>

An answer to this question depends on what is meant by capitalism and socialism, and what is compared with biblical understanding. Definitions of these systems are reviewed in the next section, but the main emphasis here is on capitalism because it is the system dominant in the developed world. The context for the analysis is the advanced economy. The paper concludes that, as far as Christian proponents of capitalism interpret biblical thought, it can be made compatible with a reformed Christian-influenced capitalism, in which Christians would exercise their biblical mandates more strongly than at present. This conclusion runs counter to the position held by U. S. conservative evangelicals, who favor capitalism as it is. It diverges also from the conclusions of the radical orthodoxy school that appears to advocate “pure” or “classic” socialism, and from the joint-rejection views of Blomberg. The revisions to capitalism outlined here can also accommodate some of what is termed socialism today, although not applying to extensive state ownership of the means of production (the classical model of socialism).

Little comment is made about classic socialism here for, despite name claiming of socialism by some countries, it is debatable to what extent it exists in a form applicable and acceptable to advanced, democratic societies. Although not an advanced economy, Cuba, for example, adheres to the ‘classic’ model of socialism, with the main means of production owned and run by the state, and employing most of the labor force, although private sector employment is increasing. However, its record on human rights is poor, according to Human

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<sup>1</sup> Kim Hawtrey and Rutherford Johnson, “On the Atrophy of Moral Reasoning in the Global Financial Crisis,” *Journal of Religion and Business Ethics* 1 (2010): 3.

Rights Watch. If socialism is to have any credence in the advanced capitalist economy, as Blomberg points out, ‘Christian and democratic socialism must be significantly differentiated from atheist and totalitarian socialism’.<sup>2</sup>

If socialism has proved difficult to operationalize, to what degree might advanced capitalism be adjusted or reformed to push it closer to Christian principles? The line taken here is that capitalism might be regarded as the system here to stay, but its characteristics need to be modified to allow greater practice of Christian values. The advocates of capitalism as it is believe that capitalism has ‘many failures, deprivations, and injustices’, that it exhibits ‘flaws, failures, and imperfections’.<sup>3</sup> If this is the case, how might some of these failures be tackled? Suggestions for mitigating just a few of them are discussed here, related to widening private property ownership, and increasing democratic control over private property. This being the direction of the paper, it is the arguments of Christian adherents to capitalism that receive most attention, for the opponents cited above are ready to dismiss capitalism as of no Christian worth.

Section one reviews definitions of capitalism against which the ideas of the pro and con proponents might be assessed. Section two considers the arguments of Christian defenders of capitalism, summarizing what they see as three major benefits of the capitalist system, relying on their interpretations of biblical ethics. This latter point is important, because we undertake no biblical exegesis to assess the adequacy of their biblical interpretations. Section three considers possibilities for modifying capitalism and socialism by its Christian discussants. In section four, an excursus examines how the Christian debaters assess the record of capitalism and socialism in assisting the poor. Section five investigates further modification in how greater practice of the three normative biblical guidelines might enhance the benefits of capitalism.

## DEFINING CAPITALISM AND SOCIALISM

‘The essential feature of capitalism’, according to Fulcher is ‘the investment of money in order to make a profit’.<sup>4</sup> Stanford defines it similarly: ‘most production of goods and services is undertaken by privately-owned companies, which produce and sell their output in hopes of making a profit’.<sup>5</sup> Although these are

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<sup>2</sup> Craig Blomberg, “Neither Capitalism nor Socialism: A Biblical Theology of Economics,” *Journal of Markets and Morality* 15 (2012): 207-225, at 211.

<sup>3</sup> Richard Chewning, “Capitalism: From its Genesis to its Eschatology: Its Compatibilities with Christianity, Its Insidious Challenges to Godliness,” *Journal of Biblical Integration in Business* 13 (2010): 30; Austin Hill and Scott Rae, *The Virtues of Capitalism* (Chicago: Northfield Publishing, 2010), 20.

<sup>4</sup> Fulcher, *Capitalism*, 14.

<sup>5</sup> Jim Stanford, *Economics for Everyone: A Short Guide to the Economics of Capitalism* (London: Pluto Press, 2008), 34.

characteristics of capitalism, a wider definition might be sought. For instance, investment is made with additional motives than just making profit. Investors spend to produce goods and services, that can be compatible with making profit. Probably, classic socialism when it did exist, both produced goods and services, and ensured that profits for reinvestment were made. If so, greater specificity is needed to define capitalism.

Definitions by Christians go a bit further. According to Chewning, capitalism is ‘an economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision rather than by state control, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market’.<sup>6</sup> Immediately, a problem emerges, expressed by another supporter of capitalism, DuPlessis, who holds that it is not competition that is the generating force of capitalism but cooperation. In his view, markets under capitalism facilitate cooperation ‘in a non-coercive, decentralized manner’. On the other hand, signals of price and quantities ‘are usually generated under the pressure of competition’, ‘a highly non-linear process’.<sup>7</sup> In DuPlessis’ view, cooperation and competition play an interdependent role. Different qualities of capitalism are stressed by Richards: ‘capitalism refers to an economic system with rule of law and private property, in which people can freely exchange goods and services’.<sup>8</sup> Again, theologian, Blomberg defines capitalism from the *Oxford Dictionary of Economics* as ‘the economic system based on private property and private enterprise... all, or a major proportion, of economic activity is undertaken by private profit-seeking individuals or organizations, and land and other material means of production are largely privately owned’.<sup>9</sup>

Other definitions by Christians emphasize further qualities of capitalism. For example, Paul Williams in *The Dictionary of Scripture and Ethics* defines capitalism as involving ‘the private ownership of the means of producing wealth and the exchange of goods and services, land, labor, and capital via markets’.<sup>10</sup> This definition stresses the market-based nature of capitalism, that Blomberg does not emphasize above. Robert Benne in *A New Dictionary of Christian Ethics* stresses the workings of the price mechanism in competitive markets, a feature also absent from Blomberg’s specification. In Benne’s view, the price mechanism ‘provides the dominant mode of making economic decisions’, with

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<sup>6</sup> Chewning, “Capitalism,” 7.

<sup>7</sup> Stan DuPlessis, “How Can You Be a Christian and an Economist? The Meaning of the Accra Declaration for Today,” *Faith & Economics* 56 (2010): 70, 72.

<sup>8</sup> Jay Richards, *Money, Greed and God* (New York: Harper One, 2009), 163.

<sup>9</sup> Blomberg, “Neither Capitalism”, 209. From John Black, Nigar Hashimzade, and Gareth Myles (eds.), *A Dictionary of Economics* 3<sup>rd</sup> ed. (Oxford: Oxford University Press, 2009), 52.

<sup>10</sup> Paul Williams, “Capitalism,” in *Dictionary of Scripture and Ethics* eds. Joel Green, Jacqueline Lapsley, Rebekah Miles, and Allen Verhey (Grand Rapids: Baker Academic, 2011), 115.

‘nongovernmental ownership of the means of production; economic freedom to enter and exit the market’. However, Benne maintains that after Marx ‘it has almost been impossible to agree on the description of what indeed capitalism is, let alone an analysis and evaluation of its effects’.<sup>11</sup> Capitalism is just too complicated a system to be defined. A further element that could be added to definitions of capitalism is the importance of state regulation and welfare provision. Welfare capitalism is a term used by Bottomore to describe the importance of state regulation of the economy, but it does not accord with definitions of socialism below.<sup>12</sup>

Socialism can be defined from the *Oxford Dictionary of Economics* as where the economy’s resources are used ‘in the interest of all its citizens, rather than allowing private owners of land and capital to use them as they see fit’.<sup>13</sup> How the ‘interest of all its citizens’ is to be gauged has plagued debate about socialism since the nineteenth century. This definition misses out on features of socialism specified by others. For Haslett, ‘the one feature common to all versions of socialism’ is ‘public ownership of the means of production’.<sup>14</sup> Forrester in *A New Dictionary of Christian Ethics* suggests that socialism is marked by ‘common control or ownership of the means of production, distribution, and exchange’, noting that socialism’s advocates disagree about how this would be structured.<sup>15</sup> However, that ‘economic activity is undertaken by private profit-seeking individuals’ (capitalism) is consistent with the economy’s resources being used ‘in the interest of all its citizens’ (socialism). With the collapse of communism, Bottomore notes that present disagreements about how socialism could be instituted are far from resolution.<sup>16</sup> Perhaps recognizing classic socialism’s present non-existence, the *Dictionary of Scripture and Ethics* does not contain a definition of socialism, unlike its treatment of capitalism.

Definitions of capitalism by non-Christians show a similar diversity, but share common features with the designations by Christians. Abercrombie et al. view capitalism as constituted by ‘(1) private control of the economic instruments of production, that is, capital; (2) the gearing of economic activity to making profits; (3) a market framework that regulates this activity; (4) the appropriation of profits by the owners of capital’, and ‘(5) the provision of labour by workers who are free

<sup>11</sup> Robert Benne, “Capitalism,” in *A New Dictionary of Christian Ethics*, ed. John Macquarrie and James Childress (London: SCM, 1986), 73, 74.

<sup>12</sup> Tom Bottomore, “Capitalism,” in *The Blackwell Dictionary of Twentieth-Century Social Thought*, eds. William Outhwaite and Tom Bottomore (Oxford Blackwell, 1993), 61-62.

<sup>13</sup> “Neither Capitalism,” 207-208. From *A Dictionary*, 418.

<sup>14</sup> David Haslett, *Capitalism with Morality* (Oxford: Clarendon Press, 1994), 88.

<sup>15</sup> Duncan Forrester, “Socialism,” in *A New Dictionary of Christian Ethics*, ed. John Macquarrie and James Childress (London: SCM, 1986), 595.

<sup>16</sup> Bottomore, “Socialism,” in *The Blackwell Dictionary*, 619.

agents'.<sup>17</sup> Usually, modern government is regarded as supportive of capitalism rather than interventionist, with capitalism associated with democratic political forms. This definition is close to Bottomore's that emphasizes all the five aforementioned features.<sup>18</sup>

One of the problems in defining capitalism is that it exhibits different characteristics between countries. For example, Fulcher isolates divergent qualities in the capitalisms of US, Sweden, and Japan.<sup>19</sup> This matter is probably more troubling for those who hold to the irreconcilability thesis. In rejecting capitalism in toto they put on themselves the obligation of presenting an alternative, superior socio-economic system. If the alternative were classic socialism, its practice to date does not arouse admiration. The task then becomes one of explaining why an alternative socialism to those known previously would work. Overall, the rejecters of capitalism have not done this.

All the definitions of capitalism and socialism above stress different aspects of each system. The language of capitalism and socialism is personal, particular or idiosyncratic, because the two terms are socially-constructed, not natural kinds, as might occur in the physical sciences. Definitions cannot help but differ between participants in the debate. For the purposes of the argument here, Abercrombie et al.'s above is accepted as that encompassing most of the qualities of capitalism enumerated. The next section briefly overviews the advantages of capitalism argued by its current Christian defenders, including assessing the compatibility of particular aspects of capitalism with Christian thought.

## POSITIVE CHRISTIAN ASSESSMENTS OF CAPITALISM

Christians who support capitalism recognize that fallen human beings constitute the system, meaning that all socio-economic systems face an insuperable obstacle. Whether it is capitalism or socialism, the endemic nature of sin distorts all human behavior. Advocate of capitalism, Chewing, puts the issue well:

Sin is ubiquitous. The sin nature of humans is present everywhere. Its perverting qualities are inescapable. It pollutes every economic arrangement. It is insidious in its worming capacity to undermine economic justice. Its influence is pervasive and unrelenting. And no human effort can assuage its effects. There is no human solution to the effects of sin.<sup>20</sup>

He continues by explaining that 'the great enemies of capitalism are: a) the

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<sup>17</sup> Nicholas Abercrombie, Stephen Hill, and Bryan Turner, *The Penguin Dictionary of Sociology* 5<sup>th</sup> ed. (London: Penguin Books, 2006), 41.

<sup>18</sup> Bottomore, "Capitalism," in eds. W. Outhwaite and T. Bottomore, 60-62.

<sup>19</sup> James Fulcher, *Capitalism: A Very Short Introduction* (Oxford: Oxford University Press, 2004).

<sup>20</sup> Chewing, "Capitalism," 6-7.

ubiquitous nature of sin; b) the human's alienation from God and refusal to seek reconciliation with Him; and c) the human's general refusal to love his neighbor as himself. These three enemies pervert all economic systems'.<sup>21</sup>

With these qualifications in mind, positive Christian assessments of capitalism take various paths. DuPlessis views 'modern market economies [capitalism] (with all their faults) as progressive institutions that not only yield improved material welfare, but also support civic liberties and personal virtues'. Capitalism is 'a highly progressive system and the just-more-than 200 years of its existence has seen the greatest material advance in the history of humankind'. He concludes that 'market economies' 'do not conflict in any fundamental way with the perspectives of Christian ethics'.<sup>22</sup> Chewning presents this same problem in analogous terms, that supporters of capitalism 'are prone to perceive capitalism as a God favored economic system because it has done more to promote the economic/material/ physical wellbeing of those living within its sphere of influence than any other economic system that has heretofore existed, not withstanding its many failures, deprivations, and injustices'.<sup>23</sup> Finally, Hill and Rae believe that 'despite its flaws, failures, and imperfections, capitalism remains the most moral choice among the world's economic systems', it is 'most consistent with a Judeo-Christian view of the world'.<sup>24</sup>

Chewning makes his assessment by looking at Biblical values compatible with the system. First, he lists the importance of freedom, a quality given by God to humans. In his view, human expression of freedom in the marketplace manifests as competition involving free choices and decisions concerning the creation and distribution of goods and services, with an 'absence of any inequitable and unagreed upon artificial restrictions or limitations to the entrance and exit from open/free markets'. Freedom has to be disciplined, however, for 'misappropriated freedom led to the fall of our first parents, unbridled freedom in any environment is contrary to God's revealed will'.<sup>25</sup> Hill and Rae express a similar idea that capitalism 'requires that we all choose to behave virtuously in order for it to be sustained'.<sup>26</sup>

Chewning proceeds 'that capitalism finds its strength and resilience in the union and appropriation of three God-preferred particularities'. These are 'a) freedom from ungodly external restraints; b) the general practice of self-control throughout a particular society; and c) the embodiment of a set of God honoring values that reflect and promote His pre/post-fall creation mandate regarding work'. The degree of 'freedom from ungodly external restraints' in capitalism (or any system) depends on the influence of sin in the world, presumably an 'external

<sup>21</sup> Chewning, "Capitalism," 30.

<sup>22</sup> DuPlessis, "How Can," 66, 73, 74.

<sup>23</sup> Chewning, "Capitalism," 30.

<sup>24</sup> Hill and Rae, *The Virtues*, 20.

<sup>25</sup> Chewning, "Capitalism," 11, 10, 29.

<sup>26</sup> Hill and Rae, *The Virtues*, 20.

restraint', in Chewning's terminology.<sup>27</sup> Evil can be thought of as any behavior that contradicts God's will, alienating the person from God, and people from each other. It would be difficult to gauge the degree to which evil constrains the freedom capitalism needs for its operation.

It is not difficult to pose situations in capitalism where Chewning's sought particularities are curtailed, and where people do not 'behave virtuously', as Hill and Rae put it. Concerning freedom, the 46 million Americans who do not have health insurance are not free to choose doctors or hospitals for their medical aid. Given that the proportion of the US population with health insurance is declining, more people are being forced into situations where they do not have the freedom to obtain the health care they need. One consequence of this hiatus is that the uninsured have a 40% higher chance of death in any year compared with the insured. Another instance affects the millions of Americans who cannot obtain a secure well-paid job, restricting their freedom to develop the gifts God has given them. Two Christian commentators point out that up to 2010 'long term unemployment remained at record levels in the United States, with some 1.4 million out of work for 99 weeks or more, their unemployment insurance benefits expired'.<sup>28</sup> Others having their freedom restricted are homeless people, those incarcerated, some in particular ethnic groups (African-Americans, Hispanics), those who have got themselves onto disability pensions without merit. The issue is whether capitalism could be reformed in the direction of Christian values to give more people freedom of choice.

Even those Christians who support capitalism might disagree among themselves concerning the extent to which evil distorts both personal and socio-economic behavior from what God intends. For instance, Chewning poses the question: 'can free capitalism survive in a society where freedom has lost the moral restraints that are associated with both self control (a fruit of the Spirit) and the restraints of society's laws?'<sup>29</sup> He is pessimistic that it can. Nevertheless, Chewning poses further biblical values as compatible with capitalism; first, the gift of work to humankind by God. Then comes personal initiative and responsibility, creativity, and stewardship and accountability for what one does. All these biblical values are susceptible to distortion by evil.

Only the third of Chewning's particularities above — 'the embodiment of a set of God honoring values that reflect and promote His pre/post-fall creation mandate regarding work' — seems decisive in clarifying guidelines for modifying capitalism. The task then becomes one of exposing the 'God honoring values' that might be applied to work. There seems no reason why this exercise should stop with work. Domestic life and recreation are important components of capitalism,

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<sup>27</sup> Chewning, "Capitalism," 30, 31.

<sup>28</sup> Hawtrey and Johnson, 1.

<sup>29</sup> Chewning, "Capitalism," 11.

that also should be subject to ‘God honoring values’.

A first step in formulating ideas for refashioning capitalism to conform more to Christian guidelines requires that these guiding principles be isolated. For the purpose of this exercise, those posed by Christian believers in capitalism are taken as given. Often (but not always), they derive normative principles for socio-economic activity from the Bible (such as Hill and Rae), in which project they utilize support from a major earlier Christian advocate of capitalism, Griffiths, who employed the same methodology. There is no discussion here of the hermeneutical issues involved in this biblical derivation exercise, or whether the particular principles exposed might be taken as valid depictions of normative biblical thought. Suffice to note that capitalism’s Christian supporters are cognizant of these matters.

Three guiding principles (among others) emerge from Christian proponents of capitalism, that allegedly flow from normative biblical thinking. One is that private property ownership should be widespread, and available to all people. A second is that governments need to provide the institutional framework by which this can happen. In pre-monarchical Israel, for example, government would compose the elders at the gate, and judges, who would adjudicate on application of the Mosaic Law. Richards asserts that private property ownership ‘is well grounded in the Bible... the right to private property is nowhere stated but everywhere assumed’. He notes the policy action taken on the basis of these principles, with the advantages of wide property ownership in the reformation of land division in the Plymouth Colony in Massachusetts in 1620.<sup>30</sup> We are not debating the biblical validity of conclusions such as these. But they have to be qualified insofar as the Mosaic Law made it clear that people were holding/owning their landed property in trust from God who was the rightful owner of them. With the Jubilee, land held/owned in excess of that given to each Israelite family on the basis of permanent usufructs from God, was to be returned free of charge to its original owner every forty-nine years. How this might work in capitalism today is beyond the scope of this paper, and to our knowledge, has not been explored. A third principle, intended to be practiced in the Mosaic Law (and by the Plymouth Fathers), was that subject to the laws, each extended Israelite family was given freedom to engage in economic and political activity. This is another claimed benefit of capitalism that allegedly accords with normative biblical thought. We will term this principle the democratic ethos allegedly pervading capitalism.

On the first principle, Hill and Rae advocate that private property ownership be extended in capitalist society, as far as is practicable. They reach this conclusion from examining the Old Testament Law in which those who were given land as God’s perpetual tenants could act as ‘private owners... or tenants of His creation’. In this way, poverty was to be avoided, with each Israelite family providing for its

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<sup>30</sup> Richards, *Money*, 72, 24.

own sustenance from its self-employed farm labors. From this biblical scenario, Hill and Rae extrapolate to the modern capitalist economy, that ‘in the free-market economy, all individuals are permitted to own economic resources’. They advocate ‘an ownership society, for ‘in principle, the concept of an ‘ownership society’ is a good one. It encompasses the values of personal responsibility, economic liberty, as well as the private ownership of property. ‘Ownership’ is completely consistent with the healthy functioning of a capitalist system’. Principle two, as Hill and Rae see it, flows from the Mosaic Law’s objective for its political system to ‘provide *protection for private property*’.<sup>31</sup> The third principle, also from the Mosaic Law, is that no obstacles were to be put in the way of Israelites participating in the economic and social life of their communities. Indeed, they were encouraged to do so. Wright puts it that ‘theocracy and socio-political equality’ went together.<sup>32</sup>

From the discussion above, three characteristics of capitalism are singled out, represented by Christian adherents to capitalism as conforming to biblical ethics. The question in the next section is whether these particular features of capitalism could be adjusted to accord more with the guidelines Christian followers of capitalism posit as reflecting normative biblical thought. The features presented as strengths or benefits of capitalism, allegedly conforming to normative biblical thought, are:

1. Private property ownership is to be widespread.
2. Initiatives to extend private property ownership are to be pursued more through private than government action, even though government has to provide the institutional structure for this to be practiced, such as enshrining the rule of law.
3. Democratic procedures are intended to govern the acquisition and use of private property.

## MODIFYING CAPITALISM AND SOCIALISM

One skeptical view of these arguments is that the entire ‘sweep of the biblical material’ does ‘not lead to a clear winner’.<sup>33</sup> However, the idea of a clear winner is not terribly meaningful given that classic socialism does not exist today. Consider, instead, how the biblical themes explored above relate to capitalism. That material possessions can be intrinsically good comports with capitalism. The qualification is that not all possessions are good. Goods that are evil will be produced and promoted by sinful people. Possessions can lead to temptation to engage in evil. This can involve sinful possessions, but also an excess of

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<sup>31</sup> Hill and Rae, *The Virtues*, 105, 86, 142.

<sup>32</sup> Christopher Wright, *Old Testament Ethics for the People of God* (Leicester: Inter-Varsity Press, 2004), 225.

<sup>33</sup> “Neither Capitalism,” 215.

possessions beyond need that inherently might not appear sinful. For Christians, where and how these situations arise is a matter of judgment guided by God. Examples of necessary redeemed processes may concern the need to help the poor, but stewardship transformation applies to diverse areas, such as how to live without an excess of riches, how to care for the environment, how to organize business firms etc.

A further situation proposed by Blomberg as incompatible with biblical ethics is that ‘there are certain extremes of wealth and poverty which are in and of themselves intolerable’.<sup>34</sup> This is called the principle of moderation, involving ‘reduction of disparity between “haves” and “have-nots”’. While ‘these extremes cannot be quantified’, capitalism as it exists today does not come out too well on this criterion. On an intra-national basis, disparity is acute and increasing. For example, Wolff showed that for the US, the richest 20% of households owned 93% of nonhome wealth in 2007, up from 91% in 1983.<sup>35</sup> Whether capitalism could be modified toward a reduction of extreme inequality can be debated, but it may be a biblical principle that this should occur. Another theme is that the Bible’s teaching about material possessions is inextricably intertwined with more ‘spiritual’ matters. To the extent that people living in capitalist societies undervalue their relationship with God that He desires, capitalism probably underplays this requirement.

We seem to have a capitalist socio-economic system, therefore, that bypasses various biblical themes concerning wealth. While none of the ethical guidelines unequivocally support unfettered capitalism, they do hold out hope that Christians could modify them toward biblically-based principles inside capitalism. Material possessions are good, but only to the extent that they do not have evil components within them, and are not used for evil purposes. Stewardship transformation is not to the fore within capitalism, while extremes of wealth and poverty within countries are typically produced by capitalism. Partly, this is because decision makers give no credence to the intrinsic interrelationship between material and spiritual or God-desired considerations. These do not seem adequate reasons for dumping capitalism, but for reforming it. It can be argued that redeemed people are the key to this transformation, not what government can do.

Today, definitions of socialism have become so elastic that reforms to capitalism, such as worker cooperatives, may be bundled into scholarly taxonomies of socialism, encompassing market, planned, and participatory socialisms. There are few justifications on why these should be called ‘socialist’, since they all occur in capitalist economies. If the taxonomy of the socialisms is

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<sup>34</sup> *Neither Poverty*, 245.

<sup>35</sup> Edward Wolff, “Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze: An Update to 2007,” *Working Paper No. 589* (Levy Economics Institute: Annandale-on-Hudson, NY, 2010), 44.

persisted with, few operational examples of why they should be called socialist exist. For example, Lo and Smyth give no working examples of the three types of socialisms above.<sup>36</sup> They remain at the hypothetical level. Consequently, the categories only confuse the ability of capitalism to handle reforms within its own system. Few of these varieties of so-called socialism, such as worker cooperatives, propose replacing the existing economic system based on ‘private property and private enterprise’. They presume the continuation of economic activity undertaken by private profit-seeking individuals or organizations, with land and other material means of production largely privately owned.

Diversity in capitalist systems exists, but, once again, little empirical detail has been codified on how this diversity manifests among capitalist countries. The only real-world reference in Lane and Wood, for example, concerns the emphasis on regionalization in Italy, although not to the firm types that occur within regions (such as a stress on cooperatives in Italy’s north).<sup>37</sup> If biblical ethics does not favour classic socialism, Christians can envisage and operationalize reforms to capitalism that do accord with this ethic. Take the example of worker cooperatives cited by Blomberg as a promising reform. Christians have long supported this form of firm organization, and its effects are most noticeable in Spain and Italy, two strongly Catholic-influenced countries<sup>38</sup>. Of course, secular socialists have also worked for the development of worker cooperatives in these and other countries. Unlike the corporation, those who work in the coop are owners, managers, and workers. This state of affairs approaches more than the corporation the objective sought by Hill and Rae (2010, 112) that “when an individual truly owns a particular item... then that person has an incentive to treat the item well and to manage it effectively.” This situation “empower[s] individuals to act responsibly with resources.”

Worker cooperatives are not numerous in the US, with the US Federation of Worker Cooperatives estimating 300 coops, over 3,500 worker-owners, and \$400 million annual revenues. Thirty of these coops trade as the San Francisco Bay Area Network, such as the Arizmendi Bakeries with their own organizational connection, employing around 15 worker-owners per store. Another example of a US worker coop is the Union Cab of Madison Cooperative, Wisconsin, operating since 1979, with over two hundred worker-owners. The potential for institutional

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<sup>36</sup> “Neither Capitalism,” 208; Dic Lo and Russell Smyth. “Towards a Re-interpretation of the Economics of Feasible Socialism,” *Cambridge Journal of Economics* 28 (2004): 791-808.

<sup>37</sup> “Neither Capitalism,” 208; Christel Lane and Geoffrey Wood, “Capitalist Diversity and Diversity within Capitalism,” *Economy and Society* 28 (2009): 531-51.

<sup>38</sup> Clive Beed and Cara Beed, “Work Ownership Implications of Recent Papal Social Thought,” *Review of Social Economy* 60 (2002): 47-69; “Applying Judeo-Christian Principles to Cotemporary Economic Issues,” *Journal of Markets and Morality* 8 (2005): 53-79.

encouragement of worker cooperatives is illustrated by the Ohio Employment Ownership Center at Kent State University. Since its inception in 2009, the Centre has facilitated the creation of three coops, including the Evergreen Cooperative Laundry, specializing in health care laundering. A coordinating body for all US cooperatives is the National Cooperative Business Association, encompassing consumer coops, credit unions, and other types of coops not discussed here. Interestingly, the Ohio Employment Ownership Center, the US United Steelworkers Union (USW), and the Mondragon Cooperative Corporation (Spain), signed an agreement in 2012 to encourage the development of worker cooperatives in the manufacturing sectors of US and Canada.

Examples outside the US suggest that Christian aid can assist in the creation and operation of worker cooperatives. Historically, the Roman Catholic Church has played a leading role in this enterprise. Most well-known is the work of the Catholic priest, Father Jose Arizmendi, who from 1943-1976 was the pivotal figure in the development of the now-thriving Mondragon network of worker cooperatives in Spain. In the northern province of Italy, Emilia-Romagna, 8,000 worker cooperatives exist, started by a mixture of Catholic and socialist supporters who now cooperate readily. In Italy overall, 43,000 cooperative businesses operate, employing over 1 million people.

Consider the rationale for all this in biblical ethics. We assume that Jesus upheld the principles of the Mosaic Law as distinct from its minutiae. In the Law, every family was provided with sufficient land (capital) to enable it to remain self-sufficient. It is a short step from this conclusion to workers retaining self-ownership and self-control over the capital with which they work. Private ownership of property is maintained, but there is no distinction between those who provide the capital (shareholders) and those who do the work (workers). Workers in cooperatives usually have a flatter wage structure than in conventional companies, that also contributes to mitigating extremes of income and wealth in the society at large. In so far as the Mosaic Law and Jesus advocated reduction in extreme material inequality between families, here is a second way in which worker cooperatives accord with biblical ethics.

Blomberg also points to the practices of contemporary conservative Christian groups in capitalist economies, aimed at 'helping the neediest in their midst',<sup>39</sup> such as the Amish, and like Christian religious groups. Whether these can be bracketed with worker cooperatives as suggesting 'socialist'-oriented reforms to capitalism is problematic. Most of the examples date back to earlier than the nineteenth century, and could not be said to represent Christian efforts to transform capitalism this century. The Amish, for example, seek to preserve nineteenth century rural culture, practicing various limitations on the use of externally provided electricity, phones, computers, cars, tractors, dress,

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<sup>39</sup> "Neither Capitalism," 216.

educational attainment, marriage, and a disinclination to restrict family size. Male domination of family and work life is prevalent, with work predominantly farming-based.

It is doubtful that these practices can be held up as standards to which a reformed capitalism might trend. This is because their derivation from biblical ethical guidelines is problematic. Take just two features of some of these groups. Paul in his exhortations of not being partnered with unbelievers (1 Cor 6:14) can scarcely be used as justification for restricting marriage to within one's preferred Christian group. Perhaps unbelievers might be proscribed, but believers today come in a diversity of affiliation. Paul's admonition seems consistent with marriage between members of different Christian denominations. Second, no precedent emerges in the Bible for restricting clothing type: Jesus, for example, wore the ordinary street clothes of His time. Associated with this might be the lack of biblical instruction about men's facial hair. Further, the idea of Christian groups separating themselves from the world, and not participating in it also has dubious biblical warrant. Certainly, Jesus directed His teaching to both His disciples and the wider world. Other current Christian groups practice some of the features above, such as the Koinonia Farm and the Bruderhof with their emphasis on common ownership, also applying to the Hutterite communities. Yet, neither God in the Mosaic Law, Jesus or Paul advocated communal ownership of possessions, despite the example of Acts 2: 44-47; 4: 32-37. How the practices of the cited groups relate to biblical ethics requires academic exploration outside the bounds of group members' contributions. Since unresolved questions arise on the relation of the groups' activities to biblical teaching, there is also uncertainty about how and whether they can serve as models or paradigms to Christians for the reform of capitalism.

More promising than intentional Christian communities as models for non-capitalist development in the US are worker cooperatives, and the multifarious Christian social activist organizations, aiming to increase property ownership among the poor in both housing and employment. Blomberg cites the Christian Community Development Association, to which can be added for housing specifically, Habitat for Humanity, the Nehemiah Corporation, Esperanza USA, St Joseph's Carpenter Society, Camden Churches Organized for People, Christian Church Homes, Housing Justice, and others.

Perhaps government-run ameliorations to the excesses of capitalism could occur only in a capitalist society that had become sufficiently wealthy to be able to sustain them. That the 'stunning economic growth' achieved in 'East Asian countries' depended on 'even more regulations and interventionist measures from the state than their Western counterparts'<sup>40</sup> does not take away from the fact that

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these were and are capitalist economies, even though Christian influence might not be great. Capitalist economies in the West and elsewhere seem capable of spawning all manner of readjustments affecting the economy, including those aiming to help the poor. Whether they do pursue the latter effectively is something to which Christian debate can be directed.

The issue of the ‘mitigating effects of Christian values’ on capitalist economic development is a matter of contention. Perhaps in the West, Christian values did alleviate the worst excesses of capitalism. But they did not overthrow the capitalist system, nor did they seek to. On the other hand, Christian values might have pushed in the direction of encouraging beneficial change for the poor beyond that to which the capitalist system could accommodate voluntarily. Understanding these issues underlies how Christians today could respond to the capitalist system. If ‘capitalism simply promotes self-absorption and the illusory quest for self-sufficiency’,<sup>41</sup> the quest for Christians is to avoid such practices, and to promote an economy that devalues them.

#### CAPITALISM AND SOCIALISM IN ASSISTING THE POOR

An excursus on how capitalism and socialism might assist the alleviation of the poor provides an illustration of the merits of the two systems. Blomberg contended that ‘the plight of the poor was alleviated even more... in democracies with mixed economies’, compared with the Soviet bloc countries.<sup>42</sup> The mixed economies include Europe, Canada, Australia and New Zealand. They are said to have assisted the poor more than the communist countries because they ‘implemented more socialist mechanisms than in the United States’. Yet, by Blomberg’s definition, Europe etc. are capitalist countries. This is a system ‘based on private property and private enterprise... all, or a major proportion, of economic activity is undertaken by private profit-seeking individuals or organizations, and land and other material means of production are largely privately owned’.<sup>43</sup> None of the four regions cited as ‘mixed economies’ fall outside this definition of capitalism.

‘Socialist mechanisms’ is not a term contained in any of the other definitions of capitalism and socialism cited above. Blomberg had defined socialism from the Oxford Dictionary of Economics as ‘the idea that the economy’s resources should be used in the interest of all its citizens, rather than allowing private owners of land and capital to use them as they see fit’.<sup>44</sup> He acknowledges that other

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<sup>40</sup> “Neither Capitalism,” 213

<sup>41</sup> “Neither Capitalism,” 214.

<sup>42</sup> “Neither Capitalism,” 211.

<sup>43</sup> “Neither Capitalism,” 211, 209.

<sup>44</sup> “Neither Capitalism,” 207-08.

taxonomies of socialism exist, such as market socialism, planned socialism, and participatory socialism, but the mechanisms by which these variations might be attained are not discussed. Nor are the experiences discussed of countries today describing themselves as socialist, such as Cuba. Some commentators think it was a misnomer where the term, ‘market socialism’ was used in the past to describe the experience of Eastern European countries immediately before the collapse of communism. In Brus’ view, the experiences implied ‘the abandonment of the concept of socialism as a grand design’.<sup>45</sup> Similarly, Blomberg admits diversity in capitalist systems. But the blanket claim of ‘more socialist mechanisms’ in the favoured capitalist countries,<sup>46</sup> needs explication. For instance, how these mechanisms relate to the idea of using the economy’s resources ‘in the interest of all its citizens, rather than allowing private owners of land and capital to use them as they see fit’, as Blomberg puts it, needs further explanation. Welfare and state-regulated capitalism may be the norm in advanced capitalist countries today, but it is moot whether they have adopted ‘more socialist mechanisms’.

Christians can debate the efficacy of public mechanisms to help the poor in capitalist economies, but the fact is mechanisms do exist. Capitalism does seem capable of generating programs to alleviate poverty even if these are sometimes misdirected. The history of poor relief in, say, the U. S., suggests that measures were instituted gradually over time, even if they did not flow automatically or necessarily from the capitalist system itself. However, it is arguable that the capitalist system was a pre-requisite for measures to help the poor. Assistance measures were usually hard-won by advocates of the poor. Even so, private profit-seeking individuals and organizations, owning the material means of production, and utilizing the input of labor, generated the wealth with labor to siphon measures into the public sector for poverty assistance. The history of welfare provision in the US demonstrates this tendency. Poverty relief before the 1930s was unsystematized, with major steps taken in the New Deal to change this situation. Although these measures were by the public sector, they did utilize private sector wealth.

Despite the historical record of capitalist states assisting the poor, one view is that ‘capitalist economies have no inherent mechanisms for helping the disenfranchised at all’. Wuthnow is Blomberg’s justification for this statement, but one looks in vain in Wuthnow to see this contention argued. Neither capitalism nor the poor are analyzed in Wuthnow, in contrast to his emphasis on materialism.<sup>47</sup> Yet, Blomberg does observe the connection of capitalism with poor

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<sup>45</sup> Wlodzimierz Brus, “Market Socialism,” in *The Blackwell Dictionary*, 363.

<sup>46</sup> “Neither Capitalism,” 211.

<sup>47</sup> “Neither Capitalism,” 212; Robert Wuthnow ed., *Rethinking Materialism* (Grand Rapids: Eerdmans, 1995).

relief. He claims that the Protestant work ethic, so closely associated with ‘the growth of capitalism’ produced ‘successful businesspersons... who often cared deeply about the poor’. Moreover, as capitalism ‘spread around the globe’, ‘compassion for the poor’ remained influential in some economies.<sup>48</sup> This compassion was most noticeable in capitalist societies where certain religious traditions, such as Christianity, were dominant. What are ‘necessarily’ ‘inherent mechanisms’ to these processes can be debated, but the fact is that alleviation of the lot of the poor still occurred in capitalist economies.

### FURTHER MODIFICATIONS TO CAPITALISM

Jesus’ advocacy of assisting the poor is meant to be practice in all times and places. It is arguable that the normative biblical ethic that should characterize all economies is that the poor are to be helped to a lifestyle not vastly inferior to some norm prevailing in the society in question. Rectification of the lot of the poor is the sought normative biblical principle. Economic independence was to be earned through self-directed work, or, what we would describe nowadays as remunerated employment. Forrester puts it that ‘our option for God and Christ is inseparable from an option for the poor and needy, and both rest on God’s prior choice of us and of the poor.’<sup>49</sup> A complementary biblically derived norm might be that all able-bodied people who so wish should be able to achieve paid work sufficient to support themselves and their families. Christians can discuss among themselves how these objectives might be pursued in contemporary society.

US capitalism could be adjusted to assist more people into private employment, thereby enhancing property ownership, and mitigating poverty. Behavioral changes would be required to pursue this end, for no precedent occurs in the Bible for governments to increase private property ownership via compulsory wealth or income redistribution. Richards expresses it that ‘using the state to redistribute wealth from one citizen to another’ is ‘morally dubious’ and ‘degrading to recipients’.<sup>50</sup> Although Christian efforts in these domains use favorable government supports, this is probably not the major reason for the success of the employment ventures. The schemes, instead, conform more to the biblical guideline advocating voluntary redistribution, by which the rich engage in philanthropic giving. This is not necessarily the answer to increasing property ownership for those low on the scale, however, for charity (and welfare) can be toxic.<sup>51</sup> It may do little to encourage the poor into employment or entrepreneurial

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<sup>48</sup> “Neither Capitalism,” 213.

<sup>49</sup> Duncan Forrester, *On Human Worth* (London: SCM, 2001), 162.

<sup>50</sup> Richards, *Money*, 53, 54.

<sup>51</sup> Robert Lupton, *Toxic Charity* (New York: Harper Collins, 2011).

effort, by which property ownership patterns stand a chance of being improved. However, just assisting the poor into jobs as employees may not make much of a dent in patterns of private property ownership. Their wages are likely to be so low that they may not be able to afford property. More effective would be greater encouragement to forms of business in which recipients of aid retain ownership of assets to facilitate their own employment.

For fostering greater property ownership among the poor, the corporation or joint stock company is probably not as effective a vehicle as the firm types in which employees retain greater ownership rights of their work. Corporations are not as amenable to adjustment inside their employment structures to increase property ownership. In corporations, stock options or profit-sharing plans may not be realistic routes to increasing property ownership for those owning little property. Where they occur in corporations, low-waged workers are not usually offered stock options. However, forms of 'shared capitalism' in total play an important role in the US economy, with the US National Bureau of Economic Research finding between one-third and one-half workers so engaged. Although corporations provide most jobs, wealth generated by the company probably flows more to those at the higher end of the ownership spectrum than to those at the lower. One symptom of this pattern is the very high remunerations CEOs attract, up to hundreds of times greater than those for most workers in the company.

Defenses of high CEO remuneration occur. Chewning expresses the justification that 'those who put out the most effort, make the greatest contribution, or merit recognition for their superior performance are due the rewards that are accorded their superior inequality'.<sup>52</sup> However, a Christian assessment of the worth of different human activities cannot be made without reference to the values God has given humans to live by. There is no reason to suppose that CEOs, or celebrity actors, singers and musicians, and sportspeople put in 'the most effort', 'make the greatest contribution', or exhibit 'superior performance' to earn their extreme rewards, even judged purely in secular terms. There is even less evidence that these people work more in conformity to God's values than the rest of us. Indeed, a case could be made, but is not here, that much celebrity action undermines God's values. Few celebrities demonstrate the connection of their activities to Christianity.

In another way, corporations act to consolidate the relative greater accumulation of wealth by those high on the property ladder. High wealth people are in a much better position to buy shares than are those on the low side. Accordingly, they own the preponderant share of the value of shares and stocks, similar to the proportion of net worth above. This is so even though half of US households owned stock in 2007. The imbalance in property ownership is thereby

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<sup>52</sup> Chewning, "Capitalism," 28.

consolidated, restricted ownership is maintained.<sup>53</sup>

Not only do the forms of business specified above meet the Biblical criterion of encouraging greater property ownership. They meet the third Biblical guideline above, expressed by Christian supporters of capitalism — that democratic procedures should characterize market processes. In the case of the self-employment firm types specified above, those who do the work own the assets, and therefore make decisions concerning the operation of the business. This guideline is derived from the forms of organization advocated by Jesus, regarded as intended for application to the wider world. Jesus' promoted organization that contained a low degree of hierarchy, in which each participant was to behave to the other as if each was a servant to the other. Control, domination and authoritarian behavior were proscribed, trying to get ahead of the other at the other's expense was prohibited.<sup>54</sup> The forms of self-ownership/management specified above meet these criteria more than employment structures (e.g., corporations) in which hierarchical arrangements exist, allowing some to exercise power over others, usually few over many. Churning expresses the disadvantage of the corporation in, 'the separation of the control of the corporation from its owners... saw it transferred into the hands of the professional managers. This created power with a greatly reduced sense of accountability'.<sup>55</sup>

## CONCLUSION

Three norms cited as partial justification for capitalism have been discussed. The first was that capitalism is the only socio-economic system known to humankind that encourages and depends on widespread private ownership. The second was that private initiative is in the forefront of encouraging private ownership, even though government is required to provide the institutional framework for this to happen. The third was that democratic processes should characterize the operation of the capitalist system, in both its political and economic dimensions. All three are taken by Christian capitalist advocates to be encased in the Mosaic Law and reinterpreted by Jesus, but how that derivation is made has not been analyzed here.

Ways were reviewed by which Christians could promote change inside US capitalism to more completely attain the three biblical stratagems above. Some of these are already underway, involving both Christians and non-Christians. For the

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<sup>53</sup> The relation of the corporation to Biblical thought is dealt with in Clive Beed and Cara Beed, "A Christian Perspective on the Joint Stock Company," *Journal of Markets and Morality* 13 (2010): 101-122.

<sup>54</sup> Jesus' teachings on organizational governance are examined in Clive Beed and Cara Beed, "Jesus' Teachings on Governance and Their Implications for Modern Business," *Faith in Business Quarterly* 14 (2011): 13-20.

<sup>55</sup> Churning, "Capitalism," 24.

first guideline, for example, effort is being directed to increasing home ownership among those not enjoying this benefit. Initiatives are also being taken to increase property ownership in the employment domain, especially toward self-employment. Forms of ‘shared capitalism’ directed to larger firms than self-proprietary are also in train, particularly toward encouraging employee share ownership plans (ESOPs). If the evidence of other countries is any guide, scope also exists for private initiative to foster private ownership firms where all those involved have total ownership and control of the property with which they work — the epitome of democratic process in the sphere of employment.

A path for achieving this guideline is to provide ‘access to the means of production for all who can work’.<sup>56</sup> One procedure can be to encourage micro-finance within neighborhoods that can help mutually reinforce each other.<sup>57</sup> Calling this ‘a socialist’ concept is somewhat exaggerated, for the idea has been blooming in practice inside capitalist economies, especially in the less developed world. Even so, microfinance use currently does have problems. As Jo et al.<sup>58</sup> point out, microfinance interest rates are often excessive, and need biblical safeguards to avoid this.

The examples cited of all these processes described throughout the paper have depended on private initiative for their inception and operation. This conforms to the second guideline Christian supporters of capitalism claim derives from normative biblical instruction. They recognize, of course, that government needs to construct the institutional framework facilitating these processes — the elders at the gate, as it were. In our times, the rule of law is essential to allow Christian and non-Christian ventures into promoting private property ownership.

The third principle Christian supporters of capitalism advance as conforming to normative biblical teaching is that democratic process is a key element of capitalism. Analogously, all the residents of Israel were to be involved in interpreting and practicing the Mosaic Law. To the extent that democratic procedures are facilitated by private property ownership, this guideline fits in with the two ideals above. The more people have sufficient private property, the more they are able to exercise their democratic rights. Some ideas have been given for how this end might be achieved more readily than it is in the sphere of employment.

Blomberg favors a system that ‘lies somewhere between pure capitalism and pure socialism’. If advanced economies are the models, it is doubtful that ‘pure capitalism’ has existed in the last eighty years. All manner of government

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<sup>56</sup> “Neither Capitalism,” 217.

<sup>57</sup> “Neither Capitalism,” 217.

<sup>58</sup> Haesue Jo, Hoje Jo, and Manish Pathak, “Microfinancing, Interest Rate, and Biblical Safeguards,” *Review of Business Research* 11 (2011): 59-67.

regulation puts the bridle on ‘pure capitalism’, which is not to say that existing regulation is the best way of heading toward a more ‘balanced, responsible and compassionate system’.<sup>59</sup> Reforms that can be instituted inside present capitalism, such as heightened private and government action to encourage self-employment, partnerships and worker cooperatives for the poor, are more useful in improving their lot than are welfare handouts.

The reforms advocated here stem from biblical guidelines, consistent with the desire to place the Bible at the heart of Christian ethical development. It is interesting also to note the prevalence of secular proposals nowadays to modify capitalism. A few relevant recent titles are *Capitalism with Morality*, *Workers’ Control in Theory and Practice*, *Economics for Everyone*, *The Predator State*, *Decent Capitalism*, *America The Possible*, *Democracy at Work*, *America Beyond Capitalism*, *What Then Must We Do?*, and *Plentitude*.<sup>60</sup> They have affinity with the Christian advocacy of reforming capitalism outlined here, even though these secular authors never acknowledge the resemblance. Like the Christian proposals, they can be regarded as endeavoring to build a new society within the shell of the old.

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<sup>59</sup> “Neither Capitalism,” 217.

<sup>60</sup> Haslett, *Capitalism*; Gregory Dow, *Governing the Firm* (Cambridge: Cambridge University Press, 2003); Gar Alperovitz, *America Beyond Capitalism* (Hokoben: John Wiley, 2005); Stanford, *Economics*; James Galbraith, *The Predator State* (New York: The Free Press, 2008); Sebastian Dullen, Hansjorg Herr, and Christian Kellerman, *Decent Capitalism* (London: Pluto Press, 2011); James Gustave Speth, *America the Possible: Manifesto for a New Economy* (New Haven: Yale University Press, 2012); Richard D. Wolff, *Democracy at Work: A Cure for Capitalism* (Chicago: Haymarket Books, 2012); Gar Alperovitz, *What Then Must We Do?* (White River Junction: Chelsea Green Publishing, 2013); Juliet Schor, *Plentitude* (London: Penguin, 2010).