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INTRODUCTION: CAPITALISM, SOCIALISM, AND RELIGION AN INQUIRY INTO THE SPIRITUAL WEALTH OF NATIONS

Of all the systems of political economy which have shaped our history, none has so revolutionized ordinary expectations of human life—lengthened the life span, made the elimination of poverty and famine thinkable, enlarged the range of human choice—as democratic capitalism. Recall the societies of the Roman Empire and Carolingian period. Contemplate the Catholic and Protestant powers of the seventeenth century, colonial and mercantilist. Examine the many forms of socialism in the present day. Each of these systems of political economy has had its theological admirers. Yet no theologian, Christian or Jewish, has yet assessed the theological significance of democratic capitalism. Consider, by contrast, the importance Marx and Engels attached to the capitalist revolution:

The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground—what earlier century had even a presentiment that such productive forces slumbered in the lap of social labor?¹

This book, then, is about the life of the spirit which makes democratic capitalism possible. It is about its theological presuppositions, values, and systemic intentions.

What do I mean by "democratic capitalism"? I mean three systems in one: a predominantly market economy; a polity respectful of the rights of the individual to life, liberty, and the pursuit of happiness; and a system of cultural institutions moved by ideals of liberty and justice for all. In short, three dynamic and converging systems functioning as one: a democratic polity, an economy based on markets and incentives, and a moral-cultural system which is pluralistic and, in the largest sense, liberal. Social systems like those of the United States, West Germany, and Japan (with perhaps a score of others among the world's nations) illustrate the type.

The premise of this book may startle some. In the conventional view, the link between a democratic political system and a market economy is merely an accident of history. My argument is that the link is stronger: political democracy is compatible in practice only with a market economy. In turn, both systems nourish and are best nourished by a pluralistic liberal culture. It is important to give attention to all three systems. The full implications of a system which is threefold, rather than unitary, are developed through all the pages of this book.

To begin with, modern democracy and modern capitalism proceed from identical historical impulses. These impulses had moral form before institutions were invented to realize them; they aimed (1) to limit the power of the state, in defense against tyranny and stagnation; and (2) to liberate the energies of individuals and independently organized communities. Such impulses gave birth to modern European cities, whose first citizens took as their battle cry "City air makes men free."² Such citizens sought liberation from the crippling taxation, heavy bureaucracy, and dreary regulations of state and church. The moral vision of such citizens demanded forms of self-government in "city republics" and "free cities." It led them to cherish economies based upon free markets, incentives, and contracts. Gradually, such citizens developed politics based upon covenants, suffrage, the separation of powers, and the declaration of individual rights. The two revolutions—political and economic—in practice, but also in theory, nourished each other.³ Karl Marx recognized this link in his term of contempt: "bourgeois democracy," he called it. Both spring from the same logic, the same moral principles, the same nest of cultural values, institutions, and presuppositions.

While bastard forms of capitalism do seem able for a time to endure without democracy, the natural logic of capitalism leads to democracy.⁴ For economic liberties without political liberties are inherently unstable. Citizens economically free soon demand political freedoms. Thus dictatorships or monarchies which permit some freedoms to the market have a tendency to evolve into political democracies, as has happened in recent years in Greece, Portugal, Spain, and other nations. On the other side, the state which does not recognize limits to its power in the economic sphere inevitably destroys liberties in the political sphere. There are, as yet, no instances of dictatorial socialist states becoming democratic (although in 1981 one watched Poland with fascination). Democratic states which are sometimes described as socialist (Sweden, Israel, West Germany) invariably retain large components of private property, markets, and incentives.

Another point must be noted. Democratic polities depend upon the reality of economic growth. No traditional society, no socialist society—indeed, no society in history—has ever produced strict equality among individuals or classes. Real differences in talent, aspiration, and application inexorably individuate humans. Given the diversity and liberty of human life, no fair and free system can possibly guarantee equal outcomes. A democratic system depends for its legitimacy, therefore, not upon equal results but upon a sense of equal opportunity. Such legitimacy flows from the belief of all individuals that they can better their condition. This belief can be realized only under conditions of economic growth. Liberty requires expanse and openness.

In addition, liberty also requires social mobility. While statistical differences between strata necessarily remain, *individuals* must be free to rise from one level to another. Many move from poverty to reasonable economic sufficiency; some move to wealth. Others move up and down in many ways over a lifetime. A graduate student may be classified as "poor" on a graduate student's income, and again after retirement, yet in between may have high status and high income.

The reality of economic growth breaks one vicious circle; social mobility for individuals breaks another. The same democracy which without growth manifests self-destructive tendencies, leads to "balkanization," and inspires factional struggle acquires under conditions of growth a peaceable, generous character and is buoyant and expectant in each of its parts. It yields freedom to dream and realistic fulfillment of dreams. In the trap of a zero-sum economy, the Hobbesian "war of all against all" makes democracy come to seem unworkable. Liberated by economic growth, democracy wins common consent.

Not only do the logic of democracy and the logic of the market economy strengthen one another. Both also require a special moral-cultural base. Without certain moral and cultural presuppositions about the nature of individuals and their communities, about liberty and sin, about the changeability of history, about work and savings, about self-restraint and mutual cooperation, neither democracy nor capitalism can be made to work. Under some moral-cultural conditions, they are simply unachievable.

"Democratic capitalism" is a complex concept, depending in theory and in practice upon a threefold system. In its complexity, democratic capitalism is unlike both the historical societies which preceded it and the collectivized planned society that some wish to build in the future. Many who cherish it sense but cannot state the source of its originality.

1 The Historical Achievements of Democratic Capitalism

Consider the world at the beginning of the democratic capitalist era. The watershed year was 1776. Almost simultaneously, Adam Smith published *An Inquiry into the Nature and Causes of the Wealth of Nations* and the first democratic capitalist republic came into existence in the United States. Until that time, the classical pattern of political economy was mercantilist. Famines ravaged the civilized world on the average once a generation.⁵ Plagues seized scores of thousands. In the 1780s, four-fifths of French families devoted 90 percent of their incomes simply to buying bread—only bread—to stay alive. Life expectancy in 1795 in France was 27.3 years for women and 23.4 for men. In the year 1800, in the whole of Germany fewer than a thousand people had incomes as high as \$1,000.⁶

"The poor you will always have with you," Christ tells us. At the beginning of the nineteenth century who could doubt it? Travelers from Europe, inured to homegrown poverty, were appalled by the still more unspeakable conditions they found in Africa and Asia. In most places, elementary hygiene seemed unknown. In Africa, the wheel had never been invented. Medical practice in vast stretches of the world was incantatory. Illiteracy was virtually universal. Most of the planet was unmapped. Hardly any of the world's cities had plumbing systems. Potable water was mostly unavailable. Ignorance was so extreme that most humans did not know that unclean water spreads disease. Except in Adam Smith's book, the concept of development did not exist. In 1800, a judgment like that of Ecclesiastes, "There is nothing new under the sun," blanketed a mostly torpid world.

In 1800, popular self-government was uncommon. Democracies (notably Great Britain and the United States) were few. Nearly all states were authoritarian. In most regions, economic enterprises stagnated. In 1800, there were more private business corporations in the infant United States (population: four million) than in all of Europe combined.⁷ Liberty of religion and speech was rare. In most cultures, absolute rulers reigned simultaneously over political, economic, and moral-cultural matters. In such a world, in most places, traditional Christianity and Judaism lived under severe constraints.

The invention of the market economy in Great Britain and the United States more profoundly revolutionized the world between 1800 and the present than any other single force. After five millennia of blundering, human beings finally figured out how wealth may be produced in a sustained, systematic way. In Great Britain, real wages doubled between 1800 and 1850, and doubled again between 1850 and 1900. Since the population of Great Britain quadrupled in size, this represented a 1600 percent increase within one century.⁸ The gains in liberty of personal choice—in a more varied diet, new beverages, new skills, new vocations—increased accordingly.⁹

The churches did not understand the new economics. Officially and through the theologians, they often regarded "the new spirit of capitalism" as materialistic, secular, and dangerous to religion, as in many

respects—being in and of the world—it was. They often protested the rising spirit of individualism. They seldom grasped the new forms of cooperation indispensable to the new economics. They tried to douse the new fire.

Pope Pius XI said that the tragedy of the nineteenth century was the loss of the working classes to the church.¹⁰ An even deeper tragedy lay in the failure of the church to understand the moral-cultural roots of the new economics. Standing outside, it did not infuse. Attached to the past, the church did not leaven the new order with the same combination of critical distance and sympathetic hope with which it had inspired the feudal order, the guilds, and the civic life of medieval Europe.

Yet the possibilities of the new order are manifold. Theology is sustained reflection upon God and his dealings with the human race: *logos* and *theos*, systematic inquiry about God. Judaism and Christianity are distinctive among the world religions because they understand salvation as a vocation in history. It is the religious task of Jews and Christians to change the world as well as to purify their own souls; to build up "the Kingdom of God" in their own hearts and through the work of their hands. At several points, Old and New Testaments alike name Jahweh "Providence," the Provider, and speak in metaphor of "the economy of salvation." Both Jews and Christians are pilgrim peoples. Both in their long history have experienced many different forms of political economy. Both see their religious task as working in and through the institutions of this world. It is the vocation of laypersons, in particular, to fire the iron of politics, economics, and culture to Jahweh's vision.

The Lord of History is purposive. Through his word, human existence aspires upward. Robert Nisbet in his brilliant *History of the Idea of Progress* (1980) shows, against J. B. Bury, that the sense of a future different from the past was crucial to Judaic and Christian theology.¹¹ Religions like Judaism and Christianity require "historical consciousness," for they are going somewhere, being narrative religions which live by memory and hope. The tentative efforts of the last fifteen years to bring theology to "political consciousness" may yield too much to Marx but do, at least, show concern for shaping history. St. Augustine wrestled to make the City of God discernible in the City of Man. Aquinas attended carefully to the rule of princes, natural law, and civic virtue. Sophistication about history and politics avails little today, however, without sophistication about economics. Yet in no major sphere of life have the traditions of theology fallen further behind. For many centuries, of course, there was no science of economics and no sustained economic growth. So the lack was hardly felt. Today it is a scandal.

2 From Practice to Theory

For two centuries, democratic capitalism has been more a matter of practice than of theory. This practicality has been deliberate. After the divisiveness and bitterness of the religious wars of the seventeenth century, writers like Montesquieu, Smith, and Madison wished to avoid theological disputes. They were eager to describe methods of collaboration which would not entail prior metaphysical agreement. They wished to construct a pluralistic system open to persons of all faiths and visions. Furthermore, their specific genius lay in the practical order. They sought as much as possible to invent methods of compromise and adjustment. They wanted the "new order" they envisaged to grow by experience, by concrete collaboration, and by trial and error. They wrote constantly of their project as "an experiment." Eagerly they referred one another to obscure accounts of practical experiments which one or another came upon in dusty libraries. They were a new breed: philosophers of practice. The system they championed quite naturally rewarded practitioners more than theoreticians. Two centuries later, Jacques Maritain could still write:

You are advancing in the night, bearing torches toward which mankind would be glad to turn; but you leave them enveloped in the fog of a merely experiential approach and mere practical conceptualization, with no universal ideas to communicate. For lack of an adequate ideology, your lights cannot be seen.¹²

For many generations, the practical superiority of democratic capitalism was as evident as the commercial proverb "Build a better mousetrap and the world will beat a path to your door." The superiority of practical men to theoretical men seemed verified by history. But there is another proverb, equally potent: "Without vision, the people perish." Furthermore, in a world of instantaneous, universal mass communications, the balance of power has now shifted. Ideas, always a part of reality, have today acquired power greater than that of reality. One of the most astonishing characteristics of our age is that ideas, even false and unworkable ideas, even ideas which are no longer believed in by their official guardians, rule the affairs of men and run roughshod over stubborn facts. Ideas of enormous destructiveness, cruelty, and impracticality retain the allegiance of elites that benefit from them. The empirical record seems not to jut through into consciousness to break their spell. The class of persons who earn their livelihood from the making of ideas and symbols seems both unusually bewitched by falsehoods and absurdities and uniquely empowered to impose them upon hapless individuals. (Cf. Chapter IX.)

In previous generations, taking its spiritual inheritance for granted, democratic capitalism felt no acute need for a theory about itself. It did not seem to need a moral theory, a theory about the life of the spirit, since it—erroneously—relied upon its own moral-cultural leaders to maintain one. The age of such innocence has long since passed. The glaring inadequacies of actual socialist societies do not seem to discourage newborn socialists. Entire nations, like Gadarene herds, cast themselves over the precipice. Within democratic capitalist societies as well, humans do not live by bread alone. Inattention to theory weakens the life of the spirit and injures the capacity of the young to dream of noble purposes. Irving Kristol in *Two Cheers for Capitalism* describes a moral vision "desperately needed by the spiritually impoverished civilization that we have constructed on what once seemed to be sturdy bourgeois foundations." He discerns the loss suffered by "a capitalist, republican community, with shared values and a quite unambiguous claim to the title of a just order" when it does not rethink its spiritual foundations and is thoughtlessly "severed from its moral moorings."¹³

The first of all moral obligations is to think clearly. Societies are not like the weather, merely given, since human beings are responsible for their form. Social forms are constructs of the human spirit.

Is there, then, a form for political economy most consonant with Judaic tradition and the Christian gospels? In *Integral Humanism* (1936), Jacques Maritain tried to express such a "proximate ideal," not yet realized by any human society and yet within the reach of human achievement. In other books, he tried to elucidate its presuppositions and its principles. Most astonishingly of all, in *Reflections on America* (1958), written after his first-hand experience of the United States, he admitted, to his own surprise, that the actual form of American society closely resembled the proximate ideal he had sketched in *Integral Humanism*, far more so than he had anticipated.¹⁴ His chapter on the American economic system is especially important. Maritain saw the need for a new theory about the American system, but never gave sustained reflection to it himself. Neither has any other philosopher or theologian. John Courtney Murray, S.J., assayed the political system in *We Hold These Truths* (1960). Walter Lippmann tried to fill the gap with *The Public Philosophy* (1955). Reinhold Niebuhr in *The Irony of American History* (1952) and in other books also blazed a trail across deserts and mountains, but stopped short of the vision.¹⁵

Such books give me confidence that my own intuitions have not been eccentric. No society in the long history of the Jewish and Christian people owes more than our own to the inspiration of Jewish, Christian, and humanistic traditions. By no means is the political economy of the United States to be identified with the Kingdom of God, which transcends any historical political economy. It is not the "City of God." The transcendent religious commitments of Jews and Christians call us beyond the status quo, are always a source of judgment upon the status quo, and demand ever more profound reforms. Indeed, they transcend any conceivable achievement of reform and place all of history, even the most perfect form of human life, under the judgment of God.

Still, it is surprising that the authoritative documents of the Roman Catholic church, including the encyclicals of recent popes, proceed as if democratic capitalism did not exist. Few references to societies of the American type occur in papal documents; for the most part, these are terse, pejorative, and inaccurate. As Father Joseph Gremillion points out in *The Gospel of Peace and Justice*, a compendium of recent papal teaching on political economy, the horizon of Catholic teaching on the subject seems to have been bounded by a geographical quadrangle enclosed by Paris, Brussels, Munich, and Milan.¹⁶ It is altogether surprising, moreover, that American theological scholars have given so little sustained reflection to the American experience. Father Arthur McGovern, S.J., has lavished more systematic attention on Marxism, in *Marxism: An American Christian Perspective*, than any Jesuit (or any other American Catholic) has yet given to the distinctive theory and practice of the American form of political economy. The record of Protestant theology—notably in official statements on political economy by the World Council of Churches and the National Council of Churches—is not better and in some ways worse.¹⁷

Not long ago, the United States was a colony of Europe's greatest power. Not long ago, it was trapped in the same immemorial poverty and underdevelopment as other nations. At its founding, it was at least as poor as the colonies of Spain in Latin America. These two Americas, North and South, equally colonies and equally underdeveloped, were founded upon two radically different *ideas* of political economy. The one attempted to recreate the political-economic structure of feudal and mercantilist Spain. The other attempted to establish a *novus ordo seclorum*, a new order, around ideas never before realized in human history. One would expect Christian theologians to have had a special interest in the outcome of these two experiments in the New World, since both were attempting to realize contrasting Christian ideas. It is astonishing to find, instead, theological silence.¹⁸ My aim is to break that silence.

It seems important to state clearly why I have broken with the tradition of Christian socialism in which I was reared. For many of my adult years I thought of myself as a democratic socialist and allied myself with democratic socialist writers. What happened to make me break from this tradition? Nothing spectacular happened, but observation of human affairs and more intense reflection on economic matters gradually persuaded me that I could not, despite the will to do so, remain a socialist, even a "democratic socialist." On the other hand, one of my recent books involved me in a study of the beginnings of the United Mine Workers during the massacre of strikers in Lattimer, Pennsylvania, in 1897.¹⁹ How could I think kindly of capitalism and corporations? A few words of autobiography—typical, I think, for many religious persons—may be in order.

For many years, I studied to become a Catholic priest, and later, as I continued my studies in the history and philosophy of religion as a layman, the specialty I loved most and paid most attention to was "the social teachings of the churches." The general scheme under which I learned to think of the modern era was "secularization." Many of the architects of democracy, capitalism, and moral-cultural pluralism considered organized religion—especially the Roman Catholic Church and the Church of England—as central pillars of the ancient establishment whose yoke they must throw off. On the Continent, both

anti-clericalism and hostility to traditional religion were common. In Anglo-Saxon lands, the assault on religion tended, by contrast, to be against its "establishment" but not against religion in itself. Reading this history, no one can fail to note the conflict between traditional Catholicism and modernity. From very early days, it seemed to me that this conflict had been unnecessary and was based on serious misunderstandings. I took delight in the efforts of many to show how democracy and respect for natural human rights belonged to the authentic Catholic tradition. I welcomed the attempts of the Catholic church to "modernize" itself. I wrote one book about the need of the Catholic church to come to terms with the specifically American Catholic experience, and another, *The Open Church*, about the *aggiornamento* then taking place within the Catholic church during the Second Vatican Council (1961-65).²⁰

Nonetheless, welcoming democracy and pluralism, I still judged capitalism harshly. For me as for the younger Maritain, capitalism remained something of a dirty word. The ancient and medieval tradition had not known capitalism. Unlike democracy and pluralism, it seemed less than spiritual, less than communal, and—more strongly—disruptive of community and tradition. My family heritage sprang from tiny farms on the hilltops of eastern Slovakia and, in America, in the smaller industrial towns of Pennsylvania and Connecticut. I identified with the sense of community of the European villages and the familial neighborhoods of my youth, and with "labor" rather than with "capital." In those days, capital had an ethnic and religious connotation as well as an economic one. Capitalists seemed almost always to be Protestants, either Calvinist or Episcopalian.

As I read the European Catholic intellectuals of the last two centuries—Lamennais, de Maistre, Chesterton, Belloc, Scheler, Marcel, and many others—I was won over by the contrast they drew between British (Protestant) philosophy and Catholic philosophy. On the one side, they and I lined up individualism, utilitarianism, pragmatism; on the other side, personalism, community, "solidarism." The underlying images in this literature contrasted the machines, slums, alienation, competition, and loneliness of modern secular man with the orderly, communal, holistic life of the Catholic past and (romantic) future. The thinkers of "the Catholic Renaissance"²¹ were not, however, solely nostalgic; many of them tried to imagine a new "third way" between capitalism and socialism. To "Protestant" conceptions of individualism they contrasted Catholic "personalism." To the pervasive materialism of modern life they contrasted a liturgical life of poverty of spirit and social action. Reinhold Niebuhr once wrote that what he most admired about the Catholic intellectual tradition was its constant emphasis upon the social nature of humans.²² On the other hand, the popes from Leo XIII through Pius XII had also strenuously condemned the false beliefs of socialism and state tyranny.

In analyzing my own imagination at that time, I see how it was formed by a large component of nostalgia for the medieval village. This was the ground both of its ideal of community and of its revulsion against the democratic capitalist "lack" of community. Further, there was a Platonic or mildly Hegelian layer in my imagination, by which I tried to think of humanity as a "Mystical Body," somehow organically united as the human body is united. Writers who stressed "corporatism," "solidarism," or even non-atheistic forms of "socialism," therefore, struck my imagination as more in tune with the reality of life. When in college I first began to read English writers like Hobbes, Locke, and Mill, and American writers like James, Peirce, and Dewey, I experienced their underlying images as alien and offensive. Their talk of (as it seemed to me) atomic individuals forming "contracts" and "compacts," and their way of thinking in a narrowly empirical, pragmatic way, seemed to me not only foreign but spiritually *wrong*. My own sense of myself was familial, a member of a people whose history was hundreds of years old and stretching out into the unseen future. I did not experience myself as a lonely individual looking for a social contract. I had been born into several overlapping communities.

In these respects, I found the European critique of British individualism and contract theory quite attractive. The writings of the Continental phenomenologists and existentialists—not only Emmanuel Mounier, who had most influence upon Catholics of my generation, but even Scheler, Sartre, Camus, and Merleau-Ponty—seemed far closer to the inner reality of freedom and spiritual risk. Furthermore, I read most deeply of all in the writings of St. Thomas Aquinas and his modern interpreters like Gilson and Maritain. My favorite book was Aristotle's *Nicomachean Ethics* and the *Commentary* of St. Thomas Aquinas on it. They wrote of "distributive justice." They had little to say about the justice of producing wealth and creating economic development (possibilities which simply did not arise during their eras). The center of gravity of my education was Catholic Europe. Democratic capitalism lay largely outside this circle, as did the Anglo-American tradition. It may seem odd to say so, but as an American Catholic I was to discover Anglo-American intellectual life as an outsider.

There are three specific reasons why this is so. In the long Catholic ages, Catholic thought was fashioned to deal with a static world. It was, properly, fascinated by distributive ethics; it ignored questions of production. Secondly, its attitudes toward money were based on pre-modern realities. It did not understand the creativity and productivity of wisely invested capital. Thirdly, it took justifiable pride in the sense of community it succeeded in inspiring even within the rather inhospitable world of feudalism. Its satisfaction with the organic sensibility of medieval society and with its sense of the order of being and the hierarchical society allowed it to overlook the structures of domination inherent in feudal relations. It has ever since tended to idealize the corporate community of the medieval guilds, villages, estates, and courts, while discounting their grievous human costs. It had been, at times, so identified with the *ancien regime* that it came to resist the social revolutions of modernity, and perhaps particularly the liberal revolution effected in Great Britain, the United States, and a few other places. It has tended, particularly because of the Vatican's location within Italy, and also because of the great strength of still largely feudal societies in the Latin world, the Austro-Hungarian Empire, and Ireland, to rest uncomfortably in the past with only a tenuous connection to liberal societies. In a word, it has stood outside of and has, I think, misread the liberal democratic capitalist revolution.

Maritain once wrote, citing Aristotle, that a man cannot write well about ethics until he is at least fifty. Reading that at twenty-two, I faced a problem: What to do till age fifty? I decided to do what Maritain and Aristotle had done in their youth: to learn about one sphere of human action after another. In my case, this meant exercises in fiction, writing for television, and journalism but, above all, studies of the church, politics, ethnicity, the United States presidency, sports, and labor unions. I saved economics, the most complex, until last. The more I learned, the more I had to change my earlier views. If a neo-conservative is a liberal who has been mugged by reality, I do not quite qualify. The ideals of socialism began to fail me, it is true. More significant, I discovered spiritual resources in democratic capitalism I had long repressed in myself. To praise capitalism violates taboos. Well, intellectuals are supposed to question everything. The more I questioned, the more original the structure of democratic capitalism seemed to me, and the more I came to value it for what it is. Meanwhile, many of my Catholic friends were moving in exactly the opposite direction. Radicalized by the Vietnam War, they were drawn to Marxian analysis and to socialist ideals.

Father Arthur McGovern, S.J., accounts for the recent upsurge in the attraction of Marxism among American Catholic intellectuals in this way:

... many Christians are deeply troubled by conditions in the world, by the vast gap between wealthy, affluent peoples and desperately poor ones, by vast expenditures on military weapons and luxury goods while basic human needs go unmet, by the growing power of giant corporations, and by a culture that undermines Christian values and true human needs.²³

These sentiments move me as well. Yet if one keeps uppermost in mind the material needs of the poor, the hungry, and the oppressed, rather than one's own state of feelings, one asks: What is the most effective, practical way of raising the wealth of nations? What causes wealth? I have come to think that the dream of democratic socialism is inferior to the dream of democratic capitalism, and that the latter's superiority in actual practice is undeniable.

Democratic socialism now seems to me incoherent. It is consistent with democracy only where large components or democratic capitalism remain. The issue of planning, as such, no longer divides democratic socialists from democratic capitalists. To plan ahead is human, and political agents as well as economic agents must do so. The debate is, first, about the nature of the state (the limits of politics) and, second, about the degree of independence left to economic agents. Many democratic socialists have joined democratic capitalists in criticism of centralized, bureaucratic state planning. What, then, is the new democratic socialist theory of the state? If an economy is planned—coercively—it cannot be democratic. If it is democratic, fashioned by local communities, it cannot be centrally planned. It will look a lot like a democratic capitalist economy.

Democratic socialists are eloquent about visions of virtue. Yet they seem to me nostalgic and wistful about political and economic institutions. As mine once were, their images of the participatory future are drawn from the town meetings of the eighteenth century, and their images of community are based on early village life. They are hostile to capitalism, but vague about future economic growth. Their strength lies in the moral-cultural system, their weakness in political and especially in economic analysis. Moreover, this weakness no longer seems to be merely innocent; it seems to be an unwitting precursor of tyranny. Their measures invariably enlarge state power. To regard the future as a warm, mothering presence up ahead, and to regard a dreamy socialism as beneficial and humane, is to ignore dozens of historical examples. The record of existing socialisms is plain, and so is the prognosis of future socialisms. Whatever the high intentions of its partisans, the structures they build by their actions promise to increase poverty and to legitimate tyranny.

One point remains to be stressed. Democratic capitalism, young as it is, has changed often. In trying to understand our present system, I have not tried to revise the entire tradition of historians of capitalism, nearly all of whom have been at least mildly anti-capitalist. A critical look at this tradition is badly needed.²⁴ The informing prejudices most of us inherit with our education are transparent. John Locke once wrote that the inventors of new economic processes and products—quinine, for example—were greater benefactors of humankind than earlier givers of charity.²⁵ There is a crying need for a more just inspection of those the humanists have, with barely concealed venom, attacked as "robber barons." Even the mine owners who played such an unsavory role at Lattimer Mines must, in all justice, be given credit for the inventive genius which opened new worlds to those they "exploited." No elite on earth has been without its victims, but not all have equally liberated and enriched the many. Fair and exact judgment has scarcely been rendered.

My own aim, however, has been to leave such questions aside, I am not trying to reinterpret the past but to understand the present. More precisely, I am trying to understand within the present those institutional ideals and systemic sources by which a better future may be shaped. If it suits the reader to suppose that the conventional picture of the exploitation of the poor by the captains of industry is a fair picture, about which they have no nagging questions, so be it. I keep my skepticism about conventional historical accounts to myself. My own attention is directed to the future.

This book, like its subject, is divided into three parts. In Part One, I try to put into words the structural dynamic beliefs which suffuse democratic capitalism: its *Geist*, its living spirit. In Part Two, I examine briefly what is left of the socialist idea today, so as to glimpse, as if in a mirror, a view of democratic capitalism by contrast. In Part Three, I try to supply at least the beginnings of a religious perspective on democratic capitalism. In large measure, I must here deal with rival theological approaches, again for the sake of contrast. I would like to persuade many religious persons, of my own faith and others, that a fair examination of the American system of political economy provides wisdom of great value to the future of the Jewish, Christian, and perhaps other religious peoples.

Democratic capitalism is neither the Kingdom of God nor without sin. Yet all other known systems of political economy are worse. Such hope as we have for alleviating poverty and for removing oppressive tyranny—perhaps our last, best hope—lies in this much despised system. A never-ending stream of immigrants and refugees seeks out this system. Peoples who imitate this system in faraway places seem to do better than peoples who don't. Why can't we put into words what attracts and what works?

Through the lonely pioneering work of John Courtney Murray, S.J., the experience of religious liberty under democratic capitalism finally, after so much resistance, enriched the patrimony of the Catholic Church. So also, I hope, arguments in favor of "the natural system of liberty" will one day enrich the church's conception of political economy.

The world as Adam faced it after the Garden of Eden left humankind in misery and hunger for millennia. Now that the secrets of sustained material progress have been decoded, the responsibility for reducing misery and hunger is no longer God's but ours.

Notes

1 Karl Marx and Frederick Engels, *The Communist Manifesto* (New York: International Publishers, 1948), pp. 13-14.

2 See Max Weber, *The City*, trans. D. Martindale and G. Neuwirth (New York: The Free Press, 1958), p. 94.

3 In conceptual logic, *socialism* and *democracy* are mutually compatible. The problem of realizing both at the same time arises from the conditions of actual history. In the real world, a socialism which is rationally planned and coercively imposed by a state bureaucracy is not likely to arise from popular interests, unless one supposes an incredibly passive, docile, and homogeneous populace. Another type of socialism, decentralized and participatory, must deal with the refractoriness of individual agents and groups. If it reconciles diverse interests, it is unlikely to be "rational." If it is "rational," it is unlikely to express diverse interests. Thus democratic socialism, while possible in the world of logic, appears to be incoherent in actual history.

By contrast, *democracy* and *markets* do not mutually entail each other in the world of conceptual logic. One may imagine democracy without markets, and a market system without democracy. But in the real world of actual experience, a polity which recognizes individual rights is bound to be drawn to an economic system which empowers individual agency. Similarly, an economic system based upon markets and individual incentives is, over time, bound to be drawn to a political system recognizing individual rights and liberties.

I call such entailments "dialectical," to suggest the tendencies and preconditions which are operative in the real world of history, as distinct from the merely conceptual necessities of the world of logic.

4 Robert Lekachman writes: "Political democracy seems to be consistent only with some versions of capitalism. Capitalism, embarrassingly, flourishes in places like Chile, Brazil, South Korea, Taiwan, the Philippines, Indonesia, and other bastions of repression. In the past, it has been comfortable in fascist Italy, Spain, Portugal, Greece and elsewhere. In short, capitalism has certainly existed without political democracy and without free play for intermediate organizations. In fairness, of course, one must say that it is difficult to find examples of democratic socialism without some significant degree of capitalism." "The Promise of Democratic Socialism," in *Democracy and Mediating Structures*, ed. Michael Novak (Washington: American Enterprise Institute, 1980), p. 35.

The nations Professor Lekachman points to are not fully formed examples of democratic capitalism. Their economic systems may be more free than their political systems, although even the latter, as he generously suggests, provide a wider range of liberties than those available in neighboring socialist societies (North Korea, Cuba, etc.). Their political authoritarianism, however, diminishes liberty, social mobility, and the circulation of elites. Their typical patterns of corruption, favoritism, nepotism, and other vices violate economic and moral ideals. Thus, to liberate the economy from the state is a necessary but not a sufficient step toward the attainment of fully formed democratic capitalism.

It is true that in Germany, for example, a certain form of capitalism has survived for more than a hundred years under regimes as various as those of Bismarck, the Kaiser, the Weimar Republic, National Socialism, and the Federal Republic of Germany. Still, the economic liberties presupposed in a genuinely broad diffusion of capitalism are best served by the political liberties and individual rights guaranteed under democracy.

In Great Britain, the historical situation seems to have been in some ways the reverse: First there was democracy and, only gradually, capitalism. Still, the political liberties which were so long the rights of Englishmen had as their natural expression the broadening of such rights in the economic sphere. Economic rights and liberties could not forever be beholden to charters and privileges meted out solely by the Crown. There are many interpretations as to how and why capitalism first arose in Great Britain. Yet rights in the political sphere seem also to have encouraged limits upon the state in the economic sphere.

My intention is not to simplify the many underlying schemes of causation, but only to call attention to the underlying consonance of political and economic liberties, and to note, further, their common source in liberties of conscience, morals, and culture.

- 5 Henry Hazlitt, *The Conquest of Poverty* (New Rochelle, N.Y.: Arlington House, 1973), pp. 13-18.
- 6 See Paul Johnson, "Has Capitalism a Future?" in *Will Capitalism Survive?* ed. Ernest W. Lefever (Washington, D.C.: Ethics and Public Policy Center, 1979), p. 5.
- 7 Oscar Handlin, "The Development of the Corporation," in *The Corporation: A Theological Inquiry*, eds. Michael Novak and John W. Cooper (Washington, D.C.: American Enterprise Institute, 1981), p. 2.
- 8 Johnson, "Has Capitalism a Future?"
- 9 One of the merits of the factory system was that it offered, and required, regularity of employment and hence greater stability of consumption. During the period 1790-1830 factory production increased rapidly. A greater proportion of the people came to benefit from it both as producers and as consumers. The fall in the price of textiles reduced the price of clothing. . . . Boots began to take the place of clogs, and hats replaced shawls, at least for wear on Sundays. Miscellaneous commodities, ranging from clocks to pocket handkerchiefs, began to enter into the scheme of expenditure, and after 1820 such things as tea and coffee and sugar fell in price substantially. . . . In 1837 or 1838 Thomas Holmes, an old man of eighty-seven born in 1760 [sic], gave . . . his impressions of the changes that had taken place since his youth . . .

'There has been a very great increase in the consumption of meat, wheaten bread, poultry, tea and sugar. But it has not reached the poorest, except tea, sugar and wheaten bread. The poorest are not so well fed. But they are better clothed, lodged and provided with furniture, better taken care of in sickness and misfortune. So they are gainers.' " T. S. Ashton, "The Standard of Life of the Workers in England, 1780-1830," in *Capitalism and the Historians*, ed. F. A. Hayek (Chicago: University of Chicago Press, 1954), pp. 152-54, n. 26.
- 10 In March 1925, receiving Monsignor Joseph Cardijn of Belgium. See John Tracy Ellis, *American Catholicism* (Chicago: University of Chicago Press 1956), p. 106.
- 11 "J. B. Bury, in his *Idea of Progress*, also denied the existence of the idea of progress in Greek and Roman thought (and in Christian thought as well) on the grounds, first, that their philosophers lacked awareness of a long historical past within which progress could be discerned; second, that they were victims of their own belief in a theory of historical degeneration (with the story of mankind perceived as one long decline from an original golden age); and third, that Greek and Roman philosophers were generally committed to an envisagement of human history as endlessly and recurrently cyclical, thus making any thought of linear advancement through the ages quite impossible. . . . Weighty testimony indeed. But the truth, I believe, lies in the opposite corner." Robert Nisbet, *History of the Idea of Progress* (New York: Basic Books, 1980), pp. 10-11 .
- 12 Jacques Maritain, *Reflections on America* (New York: Charles Scribner's Sons, 1958), p. 118.
- 13 Irving Kristol, *Two Cheers for Capitalism* (New York: Basic Books, 1978), pp. 262, 270.
- 14 See Jacques Maritain, *Integral Humanism*, trans. Joseph W. Evans (New York: Charles Scribner's Sons, 1968); *Christianity and Democracy*, trans. Doris C. Anson (New York: Charles Scribner's Sons, 1944); *The Person and the Common Good*, trans. John J. Fitzgerald (New York: Charles Scribner's Sons, 1947); and *Man and the State* (Chicago: University of Chicago Press, 1951).

In 1958, Maritain wrote: "I would like to refer to one of my books, *Humanisme Intégral*, which was published twenty years ago. When I wrote this book, trying to outline a concrete historical ideal suitable to a new Christian civilization, my perspective was definitely European. I was in no way thinking in American terms. I was thinking

especially of France, and of Europe, and of their historical problems, and of the kind of concrete prospective image that might inspire the activity, in the temporal field, of the Catholic youth of my country.

"The curious thing in this connection is that, fond as I may have been of America as soon as I saw her, and probably because of the particular perspective in which *Humanisme Intégral* was written, it took a rather long time for me to become aware of the kind of congeniality which existed between what is going on in this country and a number of views I had expressed in my book.

"Of course the book is concerned with a concrete historical ideal which is far distant from any present reality. Yet, what matters to me is the *direction* of certain essential trends characteristic of American civilization. And from this point of view I may say that *Humanisme Intégral* appears to me now as a book which had, so to speak, an affinity with the American climate by anticipation." Maritain, *Reflections on America*, pp. 174-75 (italics his).

- 15 See John Courtney Murray, S.J., *We Hold These Truths* (New York: Sheed & Ward, 1960); and Walter Lippmann, *The Public Philosophy* (New York: New American Library, 1955). Reinhold Niebuhr wrote: "If the experiences of America as a world power, its responsibilities and concomitant guilt, its frustration and its discovery of the limits of power, constitute an ironic refutation of some of the most cherished illusions of a liberal age, its experiences in domestic politics represent an ironic form of success. Our success in establishing justice and insuring domestic tranquility has exceeded the characteristic insights of a bourgeois culture. Frequently our success is due to social and political policies which violate and defy the social creed which characterizes a commercial society." *The Irony of American History* (New York: Charles Scribner's Sons, 1952), p. 89.

European writers have also tried to capture the unique American spirit. See Jean-Francois Revel, *Without Marx or Jesus*, trans. J. F. Bernard (New York: Doubleday, 1971), chaps. 1, 14, 16; Raymond L. Bruckberger, *Image of America* (New York: Viking Press, 1959); and J.-J. Servan-Schreiber, *The American Challenge*, trans. Ronald Steel (New York: Avon, 1969).

- 16 Joseph Gremillion, *The Gospel of Peace and Justice* (Maryknoll, New York: Orbis Books, 1976), p. 35.

- 17 See Arthur McGovern, S.J., *Marxism: An American Christian Perspective* (Maryknoll, New York: Orbis Books, 1980). Official Protestant documents on political economy from the World Council of Churches and National Council of Churches include "Report on Church, Community and State in Relation to the Economic Order," in *The Churches Survey Their Task*, ed. J. H. Oldham (London: Allen & Unwin, 1937), pp. 87-129; "The Church and the Disorder of Society," in *First Assembly of the World Council of Churches: Amsterdam, Holland, August 22nd-September 4th, 1948* (Geneva, Switzerland: World Council of Churches, 1948), pp. 39-47; "Economic Development in a World Perspective," in *World Conference on Church and Society: Geneva, July 12-26, 1966* (Geneva, Switzerland: World Council of Churches, 1967), pp. 51-93; National Council of Churches, "Christian Concern and Responsibility for Economic Life in a Rapidly Changing Technological Society," New York, February 24, 1966 (mimeographed); and National Council of Churches, "World Poverty and the Demands of Justice," New York, February 20, 1968 (mimeographed). Recent critiques of the official Protestant agencies include Ernest W. Lefever, *Amsterdam to Nairobi: The World Council of Churches and the Third World* (Washington, D.C.: Ethics and Public Policy Center, 1979); Edward Norman, *Christianity and the World Order* (New York: Oxford Univ. Press, 1979).

- 18 See, by contrast, the essays by Joseph Ramos et al. in Michael Novak, ed., *Liberation South, Liberation North* (Washington, D.C.: American Enterprise Institute, 1981).

- 19 Michael Novak, *The Guns of Lattimer* (New York: Basic Books, 1978).

- 20 Michael Novak, *A Time to Build* (New York: Macmillan, 1967); and *The Open Church* (New York: Macmillan, 1964).

- 21 See, for example, Richard M. Griffiths, *The Reactionary Revolution: The Catholic Revival in French Literature* (New York: Frederick Ungar, 1965).

- 22 Reinhold Niebuhr, *Man's Nature and His Communities* (New York: Charles Scribner's Sons, 1965), p. 19.
- 23 McGovern, *Marxism: An American Christian Perspective*, p. 135.
- 24 Walter Lippmann notes, for example: "It was no accident that the century which followed the intensified application of the principle of the division of labor was the great century of human emancipation. In that period chattel slavery and serfdom, the subjection of women, the patriarchal domination of children, caste and legalized class privileges, the exploitation of backward peoples, autocracy in government, the disfranchisement of the masses and their compulsory illiteracy, official intolerance and legalized bigotry, were outlawed in the human conscience, and in a very substantial degree they were abolished in fact." *An Inquiry into the Principles of the Good Society* (Boston: Little, Brown and Co., 1937), pp. 192-93. Other volumes important to a revised history are: F. A. Hayek, ed., *Capitalism and the Historians* (Chicago: University of Chicago Press, 1954); Ludwig von Mises, *The Anti-Capitalistic Mentality* (South Holland, Ill.: Libertarian Press, 1972); Earnest van den Haag, ed., *Capitalism: Sources of Hostility* (New Rochelle, N.Y.: Epoch Books, 1979); Michael Novak, ed., *The Denigration of Capitalism: Six Points of View*, especially the chapter by Edward R. Norman, "Denigration of Capitalism: Current Education and the Moral Subversion of Capitalist Society," pp. 7-23; and George J. Stigler, "The Intellectual and the Market Place," *New Industrialist Review* 2 (Autumn 1962): 3-9.
- 25 "I readily agree the contemplation of his works gives us occasion to admire, revere, and glorify their Author: and, if rightly directed, may be of greater benefit to mankind than the monuments of exemplary charity that have at so great charge been raised by the founders of hospitals and almshouses. He that first invented printing, discovered the use of the compass, or made public the virtue and right use of *kin kina* [quinine], did more for the propagation of knowledge, for the supply and increase of useful commodities, and saved more from the grave, than those who built colleges, workhouses, and hospitals." John Locke, *An Essay Concerning Human Understanding*, 2 vols. (New York: Dover, 1959), II: 352. For a discussion of Locke's views of resources and economic development, see Robert A. Goldwin, "Locke and the Law of the Sea," *Commentary*, June 1981, pp. 46-50.