

**Controversy:**  
**Does the Free Market Undermine Culture?**  
**A Response to D. Eric Schansberg**

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**Introduction**

I do not take issue with Schansberg's sage warning that dismissing economic analysis from social and political questions would be foolhardy and unproductive. In fact, I agree that in the case of adoptive babies, markets will function regardless "of *how* they will be allowed to function." But it is just the question of *how*—not *that*—markets function, which concerns me. Schansberg raises many points worthy of further consideration, but, it seems to me, he neglects two significant moral questions with respect to economic analysis itself: "What effect does market activity have on the general culture?" and "Can economic analysis adequately consider non-economic 'costs,' particularly those having to do with moral, social, religious, and cultural values?" While I do not take issue with the importance of measuring economic consequences to, say, the use of pesticides or the allocation of scarce organs among needy recipients, I do think economic analysis must be limited to one—among many—way(s) of determining our values and expressing our preferences. To place economic analysis within the broader framework of genuine human development, we must first sketch out a general theory of culture and then examine the problems of individualism and consumerism, which seem to result from market activity.

**Fundamental Relationship Between Markets and Culture**

Culture—the totality of customs, traditions, and practices of a people—is a fundamental aspect of any society. Beliefs, morals, customs, and economic activity are all influenced by and, in part, shaped by culture. In short, culture provides the context for the expression of a people's values through daily experiences.

It is the relationship between culture and markets that leads me to consider the possible effects that markets may have on community and genuine human development. All economic activity takes place within cultures. Markets overlap with the political order and with moral institutions such as the family and the church. Each actual market economy is shaped by the culture in which it exists, and, in turn, it affects the daily practices and customs of the people that comprise it. In order for a market economy to foster genuine human development, it must be imbued with a strong foundation of shared moral values.

While the market requires certain virtues in order to operate, it also fosters a particular set of virtues and vices. Positively, the set of virtues can be called practical virtues. People are usually rewarded in a market for industriousness, good stewardship, thrift, and quality craftsmanship. Also, in a market economy people are encouraged to show courage, care for others, provide for their own through hard work and creative enterprise, and above all, to exercise their economic liberty for everyone's benefit. But, as we shall see below, the market may also give rise to certain corresponding vices.

Abuses within the marketplace can result in situations that incline people to immoral behavior. In this context, John Paul II has spoken of the development of "structures of sin" within a given culture, which are "rooted in personal sin, and thus always linked to the *concrete acts* of individuals who introduce these structures, consolidate them and make them difficult to remove."<sup>1</sup> Good examples of such structures can be seen in the economic practices of Mafia bosses, drug lords, corrupt labor leaders, and black-market auctioneers, who employ an economic rationality without regard for either the individual human person or the institutions of a civil society. And so these structures grow stronger and spread, thus becoming the source of other sins and influencing people's behavior. Schansberg, however, is strangely silent about this possibility.

### **Individualism and Consumerism: Two Complaints Against the Market**

Any viable response to the query, "Does the free market undermine culture?" must address the vices of individualism and consumerism that market activity seems to beget. However, Schansberg does not even raise the possibility that these "isms" can pose a genuine threat to the stability of communities and culture.

Blind to the needs of others, radical individualists live life completely for their own sake, failing to develop and maintain lasting social relationships. Understood in this way, then, individualism is contrary to human nature and the common good. While a producer's selfish pursuit of greater income may inadvertently benefit others, as Schansberg correctly observes, more often than

not it encourages individuals to compete viciously for desired goods and services in the struggle to survive. Thus, in the process, individuals become isolated and detached from one another and from the common bond of community. In the end, society suffers as community breaks down and people are treated merely as means to ends rather than as ends in themselves. In my opinion, economic analysis of social and cultural issues falls prey to this radical individualism when it excludes non-economic values from the equation. The current structure of most economic analysis encourages just this sort of reductionism. This can be seen, for example, in the “economic rationality” of corporate downsizing.

A second threat to the long-term health of culture is the phenomenon of consumerism. It is true that markets per se are not responsible for consumerism, but those who advocate the use of economic analysis in solving social, political, and moral problems must take into account such human moral deficiencies as the idolization of wealth. A consumerist mindset, which is the application of the economic way of thinking to non-economic areas, insists that possessions become the central expressions of a person’s identity, values, and love. Consumerism, it seems to me, is encouraged by our current market climate. As Richard John Neuhaus relates,

Consumerism is, quite precisely, the consuming of life by the things consumed. It is living in a manner that is measured by having rather than being. As Pope John Paul II makes clear, consumerism is hardly the sin of the rich. The poor, driven by discontent and envy, may be consumed by what they do not have as the rich are consumed by what they do have. The question is not, certainly not most importantly, a question about economics. It is first and foremost a cultural and moral problem requiring a cultural and moral remedy.<sup>2</sup>

Affluence brought about by markets and human labor can negatively influence the moral climate of an entire culture. However, it is the overall effect of attaching greater cultural importance to economic analysis, which Schansberg seems to advocate, that causes me to respond. Recently, Pope John Paul II has raised similar concerns in *Centesimus Annus*, which we will now consider.

### **John Paul’s Concern with Markets: A Balanced Approach**

In *Centesimus Annus*, John Paul II speaks of two definitions of market activity, one that is just and the other unjust. Unjust market activity, according to him, fails to incorporate virtue. He elaborates on this idea in the following quotation:

Returning now to the initial question: Can it perhaps be said that, after

the failure of Communism, capitalism is the victorious social system, and that capitalism should be the goal of the countries now making efforts to rebuild their economy and society? Is this the model which ought to be proposed to the countries of the Third World which are searching for the path to true economic and civil progress? The answer is obviously complex. If by "capitalism" is meant an economic system which recognizes the fundamental and positive role of businesses, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a "business economy," "market economy," or simply "free economy." But if by "capitalism" is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly negative.<sup>3</sup>

Pope John Paul II, operating self-consciously and ecumenically from within the tradition of Christian social teaching, criticizes market economies that are not placed at the service of human freedom in its totality. For John Paul, the core values of a market economy can be seen in its fundamental *ethical and religious* values. Notice the crucial element to the kind of market economy that he defends: Free human creativity in the economic sector must be circumscribed by a strong juridical framework that does not undermine the ethical and religious spheres of civil society.

It seems to me that the Pope, while certainly appreciative of the free market, acknowledges that markets sometimes have a harmful effect on culture. It is this recognition that I find to be absent in Schansberg's article. The Pope's earlier comments reinforce the importance of virtue for market activity. In his previous statement John Paul offers two descriptions of market activity: one not grounded in a firm moral foundation, and the other operating in relation to moral value and the dignity of the person.

My desire in this response is not to defend or criticize the culture of any given market. Rather, it is to raise the theoretical and moral objection that economic analysis by itself is insufficient to arbitrate weighty social, political, and cultural questions. I find the "economic rationality" of many corporations to be deeply disturbing, particularly with respect to their treatment of workers, idolatry of wealth, lust of growth for the sake of growth, unethical practices, and disregard for tradition. Yet my remarks should not be construed to mean that I regard free-market economic principles to violate human dignity and freedom. Maybe, given these reflections, critics of market economies will realize that the free market itself is a neutral instrument for determining prices and

allocating scarce resources, while market defenders will acknowledge to a greater extent than before that market transactions must be analyzed against the backdrop of human culture.

### Conclusion

Economic growth should not be sought for its own sake. Instead, we should strive for genuine human development, one component of which is economic growth. Genuine human development involves growth that is aimed at human betterment and the increase of the common good. It implies social circumstances in which participation is maximized, opportunities created, unemployment lowered, and poverty eradicated.

Genuine human development respects the non-market aspects of development as well. Family life, educational opportunities, social virtue, religious freedom, care of the elderly, and so forth, must be goals of genuine human development. While the engine of such betterment is the market, the overall impact will be reflected in the culture at large. The market and its growth potential must be constrained by the juridical and moral frameworks of a free society.

Foremost, however, is the notion that genuine human development relies upon both material improvement and cultural preservation. Growth must be for the increased welfare of the community and the individual, not the isolated improvement of a few. Development can be freely planned according to the dignity of the person, legitimate moral concerns, and market principles. A community does not take shape merely because several people live and act together or because one person interacts with others. Community does not simply denote an aggregate of individuals, but a unity of persons in a common culture.

### Notes

<sup>1</sup> John Paul II, Encyclical Letter *Sollicitudo Rei Socialis* (February 19, 1988), no. 36.

<sup>2</sup> Richard John Neuhaus, *Doing Well and Doing Good: The Challenge to the Christian Capitalist* (New York: Doubleday, 1992), 52–53.

<sup>3</sup> John Paul II, Encyclical Letter *Centesimus Annus* (May 1, 1991), no. 42.