

Editorial

Between Greedy Individualism and Benevolent Collectivism

In a recent study of the relationship between greed and training in economics, Long Wang, Deepak Malhotra, and J. Keith Murnighan observe that “an increased exposure to economic theory may give people convenient frameworks that license greed.”¹ The challenges involved in exploring the potential rationalization of greed catalyzed by economic education include the difficulties of distinguishing *greed* from *self-interest* simpliciter, as well as the possibility that those who pursue economics are initially more inclined, disposed, or open to the vice of greed than the population at large. The authors of this study do realize these complications and take steps to preserve the validity of their results while taking the difficulty of defining greed and the bias of self-selection into account.

Given the close relationship between economic activity and material wealth, it is certainly important to closely examine motives as well as outcomes and to submit economic action to moral scrutiny. The association of economic thinking with greed, though, often illustrates frameworks that implicitly, or even explicitly, presume the benevolence of other institutions. In moving from the immoral businessperson to the realization of the moral society, such frameworks juxtapose the inherent greediness of economic activity with the benevolence of political power. This kind of moral logic lies behind the sentiment that the state is the only power capable of restraining the acquisitive appetites unleashed by markets.

As the public choice school of economics shows, however, political actors are not immune to the vice of greed, and as the history of socialist regimes also shows, free markets do not have a monopoly on greed. The stark contrast between greed-promoting markets and benevolence-motivated politics sets up a

false dichotomy of reliance on *either* market *or* state as the arena of solution to social problems. The inadequacy of a binary framework that situates the human person between market and state is what motivates Catholic social teaching to emphasize the necessity of “a system with three subjects: the *market*, the *State*, and *civil society*.”²

One of the most dynamic and refreshing presentations of this threefold framework for social life appears in Michael Novak’s *The Spirit of Democratic Capitalism*, first published in 1982 and still relevant in its thirtieth anniversary year. At the time of its publication, Novak’s work must have been like a window thrust wide open in a dank room, introducing a breath of fresh air and the sanitizing rays of sunlight. Against ideologies that posit state power as a neutral or even benevolent force arising of necessity against the rapaciousness of the market, Novak observed instead that it was democratic capitalism that arose first as a system designed to check the invasiveness of state tyranny. The “founders of democratic capitalism,” wrote Novak, “wished to build a center of power to rival the power of the state.” Indeed, “they did not fear unrestrained economic power as much as they feared political tyranny.”³ Still more would they fear the union of economic and political power that we find all too often today in corrupt and cronyist regimes.

A critical feature of Novak’s argument is his focus on what he calls the “moral-cultural” matrix that lies behind a vibrant system of democratic capitalism. In addition to the political structure of democracy and the market system of capitalism, the complex phenomenon of democratic capitalism “cannot thrive apart from the moral culture that nourishes the virtues and values on which its existence depends.”⁴ Pointing to the institutions of civil society, Novak contended that “between individualism and collectivism there is a third way: a rich pattern of association.”⁵

Novak highlights a number of moral-cultural institutions, particularly the family and the church. “The family is a dynamic, progressive force. If it is ignored or penalized, its weakening weakens the whole,” he warned.⁶ In fact, said Novak, the family has a role indispensable to the maintenance of civilization: “The family is the major carrier of culture, transmitting ancient values and lessons in ways that escape completely rational articulation, carrying forward motivations and standards of judgment and shaping the distribution of energy and emotion, preferences and inclinations.”⁷ Pointing to the dynamic relationship among father, mother, and child, the Reformed theologian Herman Bavinck, writing nearly a three-quarters of a century earlier, made this claim about the relationship between the family and civilization even more strongly: “This three-in-oneness of relationships and functions, of qualities and gifts, constitutes the

foundation of all of civilized society. The authority of the father, the love of the mother, and the obedience of the child form in their unity the threefold cord that binds together and sustains all relationships within human society.” In this way, “authority, love, and obedience are the pillars of all human society,” and these pillars are first erected in the context of the family.⁸

Religious institutions, too, have an indispensable contribution to make to social life. For Christians, the church has a unique place in the formation of moral and religious sentiment. The impact of this formation is not simply vertical, confined to the interiority of spiritual relationship with the divine. Instead, as Bavinck contends, “All progress in civilization and culture is dependent on the religious-moral life of humanity. All of history serves as proof of this. When religion and morality deteriorate among a nation, they drag down with them the best and most refined culture.”⁹

For Novak’s part, he contended thirty years ago that the church had not done sufficient work in critically, prophetically, and responsibly addressing itself to changing economic realities. Our economic reach has exceeded our moral, religious, and spiritual grasp. Thus, according to Novak, “Our moral and cultural traditions have not kept pace with our economic possibilities. We try to match new demands with a spiritual life not designed for them. Democratic capitalism suffers from the underdevelopment of guidance for a spiritual life appropriate to its highly developed political and economic life.”¹⁰ It is true that in the interim the Roman Catholic social encyclical tradition has continued to make significant contributions to the developing dialogue between theology and economics. Nevertheless it would be nearly another decade after the publication of Novak’s work before John Paul II’s *Centesimus Annus* would be promulgated. The situation among Protestants, however, has not necessarily been as salutary. As Novak wrote in his introduction, “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 [is] worse” than the “authoritative documents of the Roman Catholic church.”¹¹ Where Roman Catholics now have works such as *Centesimus Annus*, Protestants are left to nourish their moral sensibilities with rather less helpful statements, such as the Accra Confession of the World Alliance of Reformed Churches.¹²

“To some extent,” writes Novak, “the leaders of our moral-cultural institutions must accept the blame” for this state of affairs.¹³ This disapprobation applies not only to pastors and preachers but also to professors and teachers. Here, then, we return to the question of economic education, as well as to theological and other studies necessary for life in a free society—the so-called liberal arts.¹⁴ Lee Hardy puts it well when he concludes, “In college we can learn how to be smart and

successful professionals; but at a college with strong offerings in the humanities, we can also learn how to be wise and thoughtful human beings. And that's an education not just for work, but for life."¹⁵ In contrast, as William Pannapacker and Marc Baer show in the Controversy contained in this issue, the value of advanced academic study in the humanities is increasingly disputed and disputable.

The notable economic educator Paul Heyne was acclaimed for his textbook, *The Economic Way of Thinking*.¹⁶ But Heyne was also educated in theology, and in an essay significantly titled, "Limitations of the Economic Way of Thinking," Heyne helped clarify the necessary connections between economic and moral reasoning. "The market is a faithful servant in America today, providing more and more of the good things we want," he wrote, "That is no reason to cripple it. It is reason, however, to think more carefully about what we want."¹⁷ For that task, to move beyond the false paradigm of the individual greedy businessperson and the collective benevolent society, we need not merely economic education but also schooling in the humanities and particularly in theology. This is part of the indispensable contribution of those morally formative institutions, including families, schools, and churches, that Michael Novak defended so eloquently three decades ago. It has been said that civilization is only one generation deep. This is perhaps why Novak's estimable defense of the moral-cultural sphere is so memorable and so necessary—as much today as when it was first written. These institutions must always be defended and developed. That, indeed, is the task of our generation.

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Notes

1. Long Wang, Deepak Malhotra, and J. Keith Murnighan, "Economics Education and Greed," *Academy of Management Learning & Education* 10, no. 4 (December 2011): 645.
2. Benedict XVI, Encyclical Letter *Caritas in Veritate* (June 29, 2009), 38. See also John Paul II, Encyclical Letter *Centesimus Annus* (May 1, 1991), 35.
3. Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon and Schuster, 1982), 90.
4. Novak, *The Spirit of Democratic Capitalism*, 56.
5. Novak, *The Spirit of Democratic Capitalism*, 135.
6. Novak, *The Spirit of Democratic Capitalism*, 157.

7. Novak, *The Spirit of Democratic Capitalism*, 161.
8. Herman Bavinck, *The Christian Family*, trans. Nelson D. Kloosterman, ed. Stephen J. Grabill (Grand Rapids: Christian's Library Press, 2012 [1908; 1912]), 8.
9. Bavinck, *The Christian Family*, 119.
10. Novak, *The Spirit of Democratic Capitalism*, 140.
11. Novak, *The Spirit of Democratic Capitalism*, 21.
12. On the Accra Confession, see Stan du Plessis, "How Can You Be a Christian and an Economist? The Meaning of the Accra Declaration for Today," *Faith and Economics* 56 (Fall 2010): 65–79. For a survey and critical engagement of recent documents from the mainline ecumenical movement including the Accra Confession, see Jordan J. Ballor, *Ecumenical Babel: Confusing Economic Ideology and the Church's Social Witness* (Grand Rapids: Christian's Library Press, 2010).
13. Novak, *The Spirit of Democratic Capitalism*, 140.
14. For a recent entry into the state of humanities education in the academy, see Gary Schmidt and Matthew Walhout, eds., *Practically Human: College Professors Speak from the Heart of Humanities Education* (Grand Rapids: Calvin College Press, 2012).
15. Lee Hardy, "Greater Than Gold: The Humanities and the Human Things," in *Practically Human*, 29.
16. Currently in a twelfth edition and kept up-to-date after Heyne's passing in 2000 by Peter Boettke and David Prychitko. See Heyne, Boettke, and Prychitko, *The Economic Way of Thinking*, 12th ed. (Upper Saddle River, NJ: Prentice Hall, 2009).
17. Paul Heyne, "Limitations of the Economic Way of Thinking," *Religion & Liberty* 8, no. 4 (July/August 1998): 10.