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Executive Summary

If values could always be clearly distinguished from facts and ends from means, debates over economic policy would be more productive and less rancorous.

The recently published First Draft of the U.S. Bishops' Pastoral Letter on Catholic Social Teaching and the U.S. Economy claims to be concerned primarily with values and ends. The fundamental issue in economic policy, according to the Letter, is the goals we ought to be pursuing and the moral objectives that ought to guide our choices. Throughout the Letter, the language and tone are those of the prophet or preacher, calling people to a reexamination of values, a new and compassionate vision, a lively sense of moral responsibility, a commitment to economic justice, a conversion of heart. Specific policies to implement the moral objectives advocated in the Letter are treated as a secondary issue that can be worked out later through reflection and dialogue. The first and hardest task is to determine the direction in which we ought to move.

Thirty years ago, in an influential essay entitled "The Methodology of Positive Economics," Milton Friedman ventured the judgment that currently in the Western world, and especially in the United States, differences about economic policy among disinterested citizens derive predominantly from different predictions about the economic consequences of taking action--differences that in principle can be eliminated by the progress of positive [i.e., scientific] economics--rather than from fundamental differences in basic values, differences about which men can ultimately only fight.[1]

In Friedman's view, our hardest task is to agree on the specific policies most likely to promote our common objectives. Agreement on goals is much less of a problem, since we don't really disagree in any fundamental way on our basic values.

If past experience in similar situations is any indication at all, the debate that the bishops have invited in response to their proposals (No. 22)* is going to founder on this issue. Defenders of the Letter will insist that the fundamental question is a moral one; critics will insist that it is the bishops' understanding of economics. The debate will turn rancorous as implications of indifference to suffering and injustice are exchanged for charges of culpable ignorance, each side maintaining that the other is the victim of an obsolete ideology.

This inability to agree on what it is we are disagreeing about reflects the fact that our notions of how economic systems function are bound up with our conceptions of the goals they ought to serve. The bishops urge their objectives in passionate language because they believe that the American economic system is capable of performing in accord with their prescriptions--once the citizens of the United States commit themselves to a biblical (and humane) vision of economic life. This critique will argue that the bishops' moral analysis is misguided because economic systems cannot operate in the way that the bishops suppose they do.

Do Social Systems Have Goals? A crucial question at the outset is whether social systems--and an economic system is certainly a social system--can appropriately be said to have goals or objectives. Individuals can entertain goals and pursue them; individuals can also form organizations, such as trade unions, corporations, or governments, in order to pursue specific goals; we can then say that these organizations "have" goals or objectives. But care must be taken at this point to avoid drawing erroneous inferences from the assertion that an organization "has" a goal. Consider an organization with a clearly and narrowly defined goal, such as the Society for the Prevention of Cruelty to Animals. Insofar as the SPCA is effectively advancing its goal, it will be through providing appropriate inducements to individual persons to behave in particular ways. Should members complain that the SPCA is failing to achieve its objectives, they will be claiming in effect that individual persons are not being induced to behave appropriately. Moreover, it will often be difficult for the critics to determine exactly where and how the inducements are failing. The reason is that an organization is a social system, and social systems pursue "their" goals in a highly indirect way. Many of the activities that contribute to the eventual achievement of the SPCA's objectives will seem trivial or even unrelated to the organization's objectives. (The purchase of a postage meter might be an example.) In such a situation, moral appeals ("We must give priority in our thinking to the suffering of animals") are likely to be irrelevant. They can even be counterproductive if, by stirring up resentment and anxiety within the organization, they interfere with objective inquiry into its functioning. The social systems that produce wealth and poverty are vastly more complex than any special-purpose organization. To see what this implies, assume for a moment that every American citizen read the bishops' Letter, experienced the conversion of heart for which it calls, and gave enthusiastic consent to its proposal to reduce the unemployment rate from above 7 to below 4 percent. How would we proceed? Because the actual unemployment rate is the outcome of a social system rather than anyone's direct goal, it cannot be reduced in the way that we reduce a thermostat setting or the height of a kitchen shelf. To bring down the unemployment rate, we would have to induce millions of people to begin behaving differently. But we don't even know who these people are or exactly how we want them to behave. Each particular instance of unemployment counted in the sample data of the Bureau of Labor Statistics is the result of someone's decision to take employment-seeking action during the survey week, but without finding and accepting a job. It is therefore the product of a vast constellation of employment offers and perceived opportunities, which are themselves the ever-shifting product of complex and constantly changing circumstances. To reduce the unemployment rate, we must somehow alter these circumstances so that they yield the different pattern of choices that we ultimately desire.

Choice and Moral Concerns The unemployment that so distresses the bishops is the product of human choices, but it is at the same time no one person's choice. No one intends unemployment, though unemployment is indeed the product of human intentions. If the unemployment of specific persons were in fact intended, in the sense of being consciously aimed at by someone else, then "the effects of joblessness on human dignity," which the Letter describes, would seem to confer "moral unacceptability" upon all unemployment--not merely upon the amount in excess of 4 percent (No.163). The bishops appear to be unclear in their own minds about the role of choices and intentions in an economic system. The Letter is unwilling to grant that the choices of unemployed or poor people contribute in any significant way to their status. At the same time, however, the bishops want to insist that current poverty and unemployment are the result of "individual and group selfishness," "the sins of indifference and greed," embedded in institutions as well as human hearts (No. 85). This comes close to the exact reverse of the argument being made here. The truth is that people do choose whether or not to enter the labor force and whether or not to accept particular employment offers. As a consequence, better employment prospects may actually raise the unemployment rate by increasing the percentage of the population looking for employment. In 1953, when the unemployment rate averaged 2.9 percent, 57.1 percent of the civilian population over 16 years of age was employed. The September 1984 unemployment rate of 7.4 percent, which the bishops find morally unacceptable, was accompanied by a significantly higher employment rate than the economy had experienced in 1953: 59.5 percent of the over-16 civilian noninstitutional population was employed in September 1984. There are several explanations for this, but they all turn upon the improvement between 1953 and 1984 in the variety and quality of the choices confronting most prospective labor force participants. The Letter ignores all this, and the explanation isn't hard to find. The bishops want poverty and unemployment to be moral problems for those who are wealthy and powerful and they want to avoid "blaming the victim" through any suggestion that poor or unemployed people are responsible for their own condition. Throughout the Letter, the poor, the unemployed, and the "marginalized" are presented as persons compelled by forces beyond their control. The suggestion that motivation contributes to poverty is rejected as "insulting to the poor" (No. 193); links between suffering and unemployment "discredit" claims that any significant number are unemployed voluntarily (No. 164); the "marginalized" are described as those who have "no voice and no choice," a phrase quoted,

interestingly, from a paper dealing with justice for the child, who is, of course, the paradigm case of the helpless victim (No. 93). It ought to be possible to talk about the choices that "marginalized" people make without implying that they have good choices, that they are solely or even primarily responsible for their plight, or that nothing should be done by the government to help them. If this is indeed only a first draft, then we can still hope that the Letter will eventually incorporate something from the best book on these problems to appear in the United States in many years: *How We Live: An Economic Perspective on Americans from Birth to Death* by Victor R. Fuchs.[2] We cannot hope for this with a great deal of confidence, however. Fuchs employs "the economic perspective," which sees social reality as the product of constrained choices, and the bishops reject this approach to the issues. We have here a prime example of how moral concerns can distort social analysis. Distortion, of course, is in the eye of the beholder. Couldn't it be claimed with equal justification that the economist's perspective on social systems also distorts reality? It certainly can be claimed, and the claim must be admitted (as Fuchs does) to contain some truth. But a partial perspective can still be a valuable perspective. Economic theory presupposes that people choose in response to changing costs and benefits and that their choices affect in turn the costs and benefits that people confront. While this is not the only legitimate perspective from which to view social phenomena, it has shown itself to be a powerfully illuminating one that cannot simply be ignored by anyone who wants to understand economic systems. Yet this is precisely what the bishops have done. The clinching evidence is the fact that, in an essay of more than fifty thousand words directed toward a transformation of the U.S. economy, no attention whatsoever is paid to relative prices. This is a startling omission. **The Neglect of Information Problems** The principal virtue that most economists find in the so-called market system is its effective management of information problems. A modern economy is an extraordinarily complex system in which innumerable decisions have to be continuously coordinated if food, clothing, shelter, heat, light, transportation, medical care, and a multitude of other goods are to be regularly and dependably made available to those who want them on terms that they are willing and able to meet. It is neither an accident nor a fact of nature that the quantity of milk New Yorkers want to consume each day, for example, consistently makes its way from distant dairy farms to waiting tumblers, cereal bowls, and coffee cups. On the contrary, it is the product of an enormous system of social cooperation that is continuously coordinated and adjusted through the information that relative prices supply. These information problems would still exist in essentially unchanged form in a nation of saints. The human deficiency that relative prices overcome is not so much selfishness as ignorance. A higher relative price attached to a particular good is first of all evidence--evidence that the good has become more scarce. In the absence of such concrete and readily available evidence regarding the relative scarcities of countless inputs and outputs, modern economic life simply could not go on.[3] In a section of their Letter entitled "The Responsibilities and Rights of Diverse Economic Agents and Institutions," the bishops make the following true and important assertion: But simply proclaiming that poverty should be eliminated, unemployment abolished, discrimination ended, and education and leisure made available to all is not enough. We must also reflect more concretely on who is actually responsible for bringing about the necessary changes. Our society is highly complex and so is the apportionment of rights and responsibilities for shaping economic life. (No. 107) Unfortunately the bishops have not reflected concretely enough to see that the responsibilities for shaping economic life, whether to preserve the status quo or to effect substantial changes, are apportioned with the indispensable assistance of relative prices. And so the Letter talks about the responsible management of economic resources by business and financial institutions without once recognizing the role that relative prices play in promoting good (or poor) stewardship. The use of land and other natural resources "must be governed by the need to preserve the fertility of farmland and the integrity of the environment," the bishops say. Owners, managers, and financiers are urged to be accountable to their employees and their local communities in making investment decisions, and the Second Vatican Council is quoted in support of the position that good stewardship requires people to use their lawful possessions as resources for the benefit of others (No. 119). But the bishops do not see that relative prices reflecting relative scarcities, both current and prospective, are essential information for those who want to manage resources responsibly rather than arbitrarily. The "lively sense of moral responsibility" that the Letter commends (No. 122) is simply not enough. The pursuit of profit--an activity always viewed with suspicion when mentioned in the Letter--is also required, because pursuing profit means paying attention to relative prices. And relative prices are ordinarily the best available social indicators of what good stewardship requires concretely. The bishops' defense of private property probably provides the most revealing evidence of their failure to understand the role of relative prices. Private ownership of property, they say, has value for many reasons. Four are then given. It provides incentives for diligence, allows parents to contribute to the welfare of their children, protects political liberty, and opens space for the exercise of creativity and initiatives (No. 120). Economists will point to a glaring omission from this list: clearly defined and readily exchangeable property rights generate relative prices that offer information on the prospective net advantage of alternative decisions, thereby providing an essential part of the society's system of coordination. **Coordination and**

Planning Those who fail to recognize the role of prices as coordinating signals almost always fail to notice that markets are mechanisms of social coordination. Thus the bishops believe that "economic freedom, personal initiative and the free market," though "deservedly esteemed in our society," are at odds with the inescapably social and political nature of the economy" (No. 256). They see only the individualistic aspect of market activity, but never its cooperative and coordinative side. Since markets don't coordinate, by their assumptions, it is essential that "society make provision for overall planning in the economic domain" (No. 260, quoting Pope John Paul II). What this means is that "all actors of society, including government, must actively and positively cooperate in forming national economic policies" (No. 263). These last words are italicized, suggesting that they are intended to comprise more than a mere truism. But what can they possibly mean? Perhaps committees charged with producing a cooperative report start to turn out meaningless pleas for cooperation as they grow more weary in their search for consensus. "We are well aware," the Letter states, "that the mere mention of the notion of economic planning is likely to produce a violent allergic reaction in U.S. society" (No. 261). Perhaps it will. But the bishops' discussion of planning is also likely to produce some "violent" reactions on the part of people who think it's time to retire the claim that a market economy is an "unplanned" economy. The Letter reveals no understanding at all of what effective economic planning requires or of how the U.S. economy is in fact coordinated. **Justice--Another Issue?** It is quite possible that the bishops would be willing to concede that their Letter is deficient in its lack of attention to the coordinating role of relative prices in the U.S. economy, but would deny that any of this affects their basic thesis. The problem that the bishops think they perceive is not the absence of coordination in the economic system but the unacceptability of the goals toward which that coordination is directed. Isn't that a wholly different problem? The central thesis of this critique, of course, is that they are not wholly different problems but are inseparably linked. It turns out that we cannot talk sensibly about the justice or injustice of an economic system without some understanding of the kinds of justice of which a social system is capable. And that entails a theory about the functioning and coordination of social systems. The Letter subscribes implicitly to two positions with respect to economic justice that are difficult to reconcile. One is that justice is a matter of intentions. The other is that justice is measured by results. The difficulty here is the one already encountered: in an economic system, results are not intended. Or, to put it another way, the results that emerge are not the results that were intended by the people who produced them. This point was first made famous--some would say infamous-- by Adam Smith in *The Wealth of Nations*. In the realm of economic activity, people promote the public interest not by aiming at it directly but by aiming at their own private interest. It is not from the benevolence of the butcher, brewer, or baker, Smith says, but from their self-love, their regard to their own advantage, that we expect our dinner.[4] Smith's point is missed, however, if we suppose he was contrasting benevolence with selfishness and regard for the public interest with attention to selfish interests. He was not. Smith had a high regard for benevolence, as his *Theory of Moral Sentiments* abundantly demonstrates. But he knew that benevolence was a virtue too vague and uncertain to guide and coordinate the cooperative activities of a society that depended extensively upon the division of labor. Benevolence doesn't tell people what they ought to do if they want to promote the common good; but people must know exactly what to do if the economic system is to function. Moreover, benevolence cannot be depended upon in the way that a complex social system requires. Benevolence doesn't make people punctual and punctilious. Even a beggar, Smith shrewdly observes, does not rely upon benevolence to satisfy his daily wants, but only in order to obtain the means with which to satisfy those wants.[5] A complex social system such as a modern economy requires conscientious attention to tedious details, discipline rather than spontaneity, and people who play their parts when, where, and how the system requires. Under appropriate but common circumstances, people's pursuit of their own advantage produces this kind of responsible behavior. Does it, however, necessarily produce just results? **The Definition of Justice** That all depends on what we mean by just results. "The fundamental demand of justice," the Letter asserts, "is that all persons be enabled to participate in the common good of society" (No. 97). Participation is a prominent theme in the Letter, but the statements about participation raise as many questions as they answer. On what terms must people be able to participate? Must they be enabled to do what they want to do, what they enjoy doing, what they are good at, what benefits others, or what contributes to the common good? Who is to decide, and by what criteria? Must people be enabled to do what they think contributes to the common good? The possibilities for rationalization are frightening. Should people who do what they want to do be guaranteed an income from their chosen activity? How large an income? The fundamental demand of justice allegedly "also has implications for how economic benefits are distributed." What are those implications? The Letter mentions six factors that "demand attention" in determining whether "the share received by a person or group is a just one": 1. "the basic moral equality of all human beings"; 2. "the different needs of different persons"; 3. "the level of effort, sacrifice and risk that people have undertaken"; 4. "the relative scarcity or abundance of the goods to be distributed"; 5. "the different talents and skills of the recipients"; 6. "the overall human welfare of all persons in society considered individually and collectively" (No.

97). In what is surely the outstanding understatement of the entire Letter, the bishops admit that these "criteria of distributive justice cannot be reduced to a simple arithmetic formula." It is doubtful that they can even be reconciled. Since the bishops give no hint as to who should make these extraordinarily complex determinations and thereby assign each person and group (sic) their rightful share, they are offering a recipe for either chaos or tyranny. And all this without even mentioning an operative criterion of major importance in the system they are criticizing: whether what the person or group is producing is something that the potential consumers value. Despite the central emphasis of the Letter upon justice, its authors have not reflected concretely enough to supply any coherent sketch of what they are aiming at. It is clear enough that they consider current inequalities of income and wealth, within the United States but especially in the world, morally unacceptable. But that isn't the issue.[6] The important questions are why these inequalities exist and what can and should be done to change them. If the bishops provide any guidance at all on these questions, it is toward solutions that have already been tried and found wanting. They urge increased foreign aid, for example, which they say "gets an increasingly bad press in the United States" (No. 307). They nowhere point out that foreign aid has also been severely criticized, from the left as well as the right, for the harm that it often does to the cause of economic development, especially development in directions that might raise the living standards of the poorest people in so-called Third World countries. Aid from governments goes largely to governments. The Letter generally assumes, contrary to an abundance of readily available evidence, that government officials in poor countries will use foreign aid in just and constructive ways. The premise that runs throughout the section on the United States and the world economy (Nos. 270-319) is that "transnational corporations" pursue profits and are therefore likely to do harm when they enter Third World countries unless they are restrained by international agencies and national governments, which pursue the common good. (See especially Nos. 281, 299, 311). This is sheer prejudice. Greed, corruption, poor stewardship, and economic irresponsibility are generally under much more effective control in multinational corporations, as a result of ordinary competitive pressures, than they are in many national governments and even some United Nations agencies. Within the United States, the Letter recommends more generous welfare benefits offered to more people and with fewer conditions such as work requirements. The impression given repeatedly by the sections on welfare reform (Nos. 218-240) is that the bishops are standing resolutely in the year 1964, urging that we begin the War on Poverty. Has no one called their attention to the abundance of data now available on the actual effects over the last twenty years of the various policies that the bishops recommend as if for the first time? Fuchs would be of great help here, as would the excellent collection of studies edited by Robert H. Haveman for the University of Wisconsin's Institute for Research on Poverty, *A Decade of Federal Antipoverty Programs: Achievements, Failures, and Lessons*. [7] One wonders what would remain of the bishops' proposals if each member of the committee sat down and read Charles Murray's *Losing Ground: American Social Policy, 1950-1980*. [8] **The Justice of Social Systems** The problem runs deeper, however, than the bishops' inability to provide defensible suggestions for alleviating poverty. It goes back to their failure to provide a coherent statement of what they mean by economic justice. The reason for this failure is that they are looking in the wrong direction. The justice or injustice of a social system will not be found in the pattern of outcomes it yields--its end-states--but in the procedures through which those outcomes emerge. This is simply the only kind of justice of which social systems are capable. The argument is easier to illustrate than to demonstrate. Suppose we accepted the bishops' end-state approach and made the pattern of income distribution among specific persons and groups the target of a national policy for economic justice. The entire economy would now have to be planned and controlled in minute detail, because only in this way could we prevent anyone from rising above or falling below our income targets. Since the bishops have no intention of endorsing "a highly centralized form of economic planning, much less a totalitarian one" (No. 261), this cannot be what they want. A less ambitious policy to make incomes more equal in the name of justice would allow people to choose for themselves how they want to allocate the resources under their control, and then use taxes and transfers to redistribute the (highly unequal) incomes that would result. This is much less ambitious because the attainable outcomes would be severely constrained by people's responses to the expected taxes and transfers. A society of saints might be willing to take their cues for the coordination of economic activity from pre-tax-and-transfer signals--though even this is doubtful if the saints have differing visions of saintliness that they want to pursue. [9] In any event, we are not dealing with a society of saints, and we would have to expect participants in the economic system to be guided in their decisions by the information provided by relative prices after taxes and transfers. The bishops apparently do not see how severely that would limit the ability of any national policy to redistribute income, because there is no evidence that they have recognized the extent to which it already constrains redistributive programs in the United States and elsewhere. The best way to avoid recognizing constraints on redistributive programs is to assume a world divided exclusively into the rich and the poor, with "luxuries" consumed exclusively by the rich, and the poor consuming nothing but "necessities." Given this picture of the world, it is relatively easy to accept as meaningful the assertion that

"the needs of the poor take priority over the desires of the rich" (No. 106, quoting Pope John Paul II). The next step is the deduction that "government economic policies must ensure that the poor have their basic needs met before less basic desires of others are satisfied." [10] This is perilously close to pure demagoguery. Is the government supposed to call a halt to all skiing (surely a luxury) until everyone in the society is receiving a sound education (deemed a necessity by the bishops)? If it doesn't mean something like this, what does it mean to assert that "the needs of the poor take priority over the desires of the rich"? And if it doesn't really mean anything, why is such a statement made? Numerous passages in the Letter that call for taxing the wealthy to provide benefits for the poor would require in practice that each person in the economy be subjected to a unique set of tax and transfer rules. How else could national policy possibly promote the bishops' notion of distributive justice, with its fine adjustment of individual (and group!) incomes to unique individual (and group!) circumstances? But such a tax-and-transfer policy, tailored to the peculiar circumstances of each individual, would be tantamount to the minutely detailed system of central planning and control that the bishops explicitly repudiate. If the bishops don't see this contradiction in what they are proposing, it must be because they are assuming that poor people consume nothing but necessities and that the luxuries of the rich can be unambiguously identified. The moment we begin to think concretely about all this, however, we discover how extensively the rich and the poor overlap in many of their choices and activities. We cannot have it both ways. Either we replace the existing economic system with a minutely detailed central plan or we resign ourselves to the limited possibilities for redistributing income that general rules provide. [11] Since the former option is presumably out of the question, the bishops will have to accept, as consistent with justice, a multiplicity of "holes in the social safety net" and tax "loopholes." Some people will consequently receive from the economic system less than the bishops (and many others) think they deserve, and others will receive much more. (This will be the end of the matter only if government is the exclusive redistributor of income in the society, which it surely is not; the family is still the principal redistributor of income.) The bishops' criteria for income distribution, even if they could be made consistent, would be useful only to someone who was omniscient, and they could be enforced only by someone who combined omniscience with omnipotence. Economic systems have come into existence, however, precisely because of limitations on individual knowledge and that most fortunate corollary, limitations on individual power. The servants of God must not suppose that they can be God. While the bishops have no such intention, they do seem to be demanding, in the name of justice from a divine perspective, the abolition of institutions capable of achieving justice from a human perspective. Because the bishops evince almost no understanding of how social systems overcome human limitations, they are willing to use the limitations of functioning social systems as a reason for destroying them. What will they put in the place of the system whose functioning would be suspended if their proposals were actually implemented? The bishops do not answer this question because they do not realize that they have raised it. "Everyone knows the significance of economic policy, economic organizations and economic relationships," the Letter states in its introduction (No. 4). This is unfortunately not the case. But the Letter goes on to indicate what it means by "significance": something "that goes beyond purely secular or technical questions to profoundly human, and therefore moral, matters." What the bishops need to discover is the significance of secular or technical questions for the opinions they hold on a wide range of moral matters. **Human Limitations and Limited Government** The theme of this critique has been limitation. Our judgments about matters of fact are limited by our theoretical perspectives, and our conceptions of appropriate moral objectives are limited by our understandings of how social systems function. More importantly and perhaps more controversially, it has been argued here that government policies directed toward economic justice must be limited to what can be accomplished through general rules. The justice or injustice of the system inheres in the justice or injustice of these rules. National economic policies dealing with employment, poverty, pollution, education, discrimination, trade unions, control of corporations, international trade, foreign aid, or any of the other justice-related issues that the Letter mentions must be expressed in general rules. This is the only way that government policies can avoid arbitrariness, arbitrariness that will inevitably be unjust through its disruption of legitimate expectations as well as inefficient through its disruption of producer planning. "Limited government" does not mean government that limits itself; all governments limit themselves at some point. Limited government means government limited by rules that citizens know and can count on. It means a government that revises the rules only in accordance with the rules. Many students of government have in recent years begun to see the limitation of government in this sense as the critical problem facing democracies. The processes of democratic government are falling increasingly under the control of special-interest groups, groups that can use their intense interest in single issues to coerce legislatures into an endless series of enactments that sacrifice the public interest. The bishops are not familiar with this literature or the arguments it makes. [12] They state that "the process of forming national economic policies should encourage and support the contributions of all the different groups that will be affected by them" (No. 266, emphasis in original). There is no acknowledgment here and almost none elsewhere in the Letter that the groups

most strongly affected by government economic policies are, in one sense, the groups least qualified to form those policies because their legislative proposals are skewed by their special interests. Contributions from such groups need to be discounted, not encouraged and supported. How to do this is one of the vexing issues currently confronting students of the democratic political process. The problem has been much exacerbated by the growing respectability of the idea that government has an obligation to solve all social problems that arise, an idea that easily turns into the notion that government must alleviate all discontents. In such a climate, every interest becomes a right and every harm from any source an outrage. Rights must be secured and outrages redressed, of course, by government. Thus Leviathan grows. As inheritors of Roman Catholic social teaching, the bishops speak approvingly of the subsidiarity principle (No. 127). This principle requires government to support institutions that stand between the individual and the nation-state, especially families and voluntary institutions. But a government that takes over the responsibilities of such intermediate institutions or that narrowly constrains their functioning through taxation, subsidy, or regulation is going to undermine them whatever the intentions or the rhetoric of that government. For example, a government that convenes a national conference on family policy has by that act weakened the institution of the family. Now, if all this sounds "anti-government," it just may be. National government needs no one today to defend its powers, least of all in the age of Ronald Reagan when the rhetoric of smaller government covers the reality of ever-larger government. The underlying purpose of these comments, however, is to open the important question of justice on another level. There is much that the bishops say about justice that has not yet been touched upon in this critique. The biblical conception of justice is important to the theologians on whom the bishops rely extensively, and it is important to the present writer, who has sometimes tried to be a theologian as well as an economist. **Radical Religion** Biblical research and theological reflection in recent years have done a great deal to recover the social character of the New Testament message,[13] and the bishops' Letter has one of its roots in this work. The central concept in the evangelists' accounts of Jesus' message and ministry was the kingdom of God; and a kingdom is surely a society. Moreover, Jesus expected a realization of that kingdom, or at least a preliminary, partial realization of it, within the actual and historical society that he was addressing. Those who "believed" in him, who accepted his proclamation, would begin to relate to one another in a radically new way. They would go two miles with anyone who compelled them to go one, give their overcoats to people who demanded their jackets, offer those who struck them on one side of the face a chance to strike them on the other side, discharge the debts of those who owed them money, forgive people who wronged them as many as five hundred times if necessary, and refuse to resist the infliction of evil except by the disconcerting procedure of doing good in return. This is an extraordinary social vision, and it is no wonder that historically more effort has been devoted to explaining why Jesus did not really mean what he said than to discovering how his vision might be realized. One strategy has been to push this kingdom and the social relationships it entails "beyond history." In this view, the kingdom of God as announced by Jesus is something that cannot be realized until "the end of time." Meanwhile, Christians are expected only to behave considerately while they wait faithfully. In this fashion the New Testament message has been both moderated and deprived of its social implications. The concern with justice that is so prominent in the bishops' Letter entails a rejection of all such "desocialized" versions of Christianity. That is what was meant above in saying that the Letter has one of its roots in recent writings on the social character of the New Testament message. But the Letter has other roots, too, which the bishops are much less eager to acknowledge. The opening paragraph of part 1, "Biblical and Theological Foundations," announces: The basis for all that the church believes about the moral dimensions of economic life is its vision of the transcendent worth--the sacredness--of human beings. The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured. (No. 23) The Letter then goes on to develop this vision "more fully in biblical and theological terms," drawing on such concepts as creation, covenant, and community, and eventually establishing "the primacy of justice." [14] From the concept of justice and its primacy the Letter deduces "Ethical Norms for Economic Life," including most prominently a set of basic personal economic rights (No. 79) about which the Letter states that "there can be no legitimate disagreement" (No. 87).[15] All along the way, the meaning of the enunciated norms and principles is clarified by indicating their implications. Wilderness areas are to be preserved (No. 96), comparable worth schemes enacted (No. 101), and affirmative action programs supported--though they must be "judiciously administered" (No. 101). Collective bargaining by trade unions must not be resisted (Nos. 111, 112)--though unions should not use their collective power to press demands that would diminish the rights of other workers (No. 113). The principle of the moral unity of the entire human family even implies somehow the legitimacy of the nation-state, which is recognized "as an instrument of justice in a world made up of different cultures, with different traditions and various ways of structuring their economies" (No. 133). These details from the Letter's "Biblical and Theological Foundations" have been selected for two purposes. One is to indicate how extensively the bishops' concrete arguments depend on nontheological considerations. At what point, one might well wonder, does the bishops'

dependence on debatable social theories and empirical generalizations render the purely moral authority of their argument negligible? That is a troublesome question for those who want to respect the teaching authority of the bishops but who also believe that their social analysis is gravely deficient. The other purpose is more fundamental. It is to suggest that the bishops' concrete recommendations for government economic policy, far from being an application of the concept of justice found in the New Testament, run directly counter to it. The first step in the wrong direction is the very idea that the gospel presents any kind of agenda at all for government. **Love and Coercion** What does the institution of government have to do with the radically new relationships that are to characterize the kingdom of God? Governments do not offer matching grants to taxpayers who hold back amounts due; they order immediate payment, and penalties in addition. Governments do not forgive wrongdoers, not even once; they punish them, and if the punishment is suspended, it is only on condition that the wrong never be repeated. Government is fundamentally a coercive institution. The New Testament provides no agenda for government. On the contrary, it suggests to the faithful that they ought to depend very little on government. The deep suspicion of government found in so many of the radical Christian sects and the determination to have as little as possible to do with it are far closer in spirit to the gospel than are the persistent efforts of church officials since Constantine to gain control of government for their own ends. There are difficult ethical issues here that the present essay is not attempting to settle or dismiss. Theologians from St. Augustine to Reinhold Niebuhr have struggled with the relationship between the kingdom of God and the kingdoms of this world, trying to determine the relevance of force to love in a "fallen world." But if radical sects have tended to abandon this world in their devotion to principle, established churches have too often abandoned principle in their desire for power and influence. The New Testament advocates a degree of recklessness with regard to consequences that is sometimes hard to reconcile with the calculating perspective of homo economicus and economic theory. But however courageous or faithful such indifference to consequences may be when the risks are borne personally by the decision maker, it is impossible to defend when the reckless actor compels other people to bear the costs of "moral" decisions. Good intentions are certainly not enough when the coercive powers of government are being used to "do good." Those who claim to be speaking on behalf of the poor and the oppressed have an obligation to be competent social analysts when they are proposing policies for government.[16] The attention paid in the Letter to voluntary actions and personal sacrifice is perfunctory in comparison with the attention paid to government policies (Nos. 123-24, for example). This is an appropriate emphasis for those who are determined to redirect the course of social events. Voluntary actions move the world slowly and, from the global perspective, imperceptibly. Those who want to be sure of changing the course of history must gain command of governments and armies. That has been abundantly proved throughout history, but especially in the history of the twentieth century. What are the concrete achievements of even Mother Teresa when laid alongside the differences made to the world by Stalin, Hitler, Mao, or almost any ruler of the most minor state in the United Nations? The contemporary turn to government for the solution of all problems is not some kind of neurosis; it reflects an accurate judgment about where social power is concentrated today. The bishops want to transform institutions and structures; they are therefore wise to focus on gaining control of government policies. When they do so, however, honesty requires that they give up the authority of the New Testament as support for what they are doing. It is the Enlightenment, not the Gospels, that provides the "theological" framework for the debate that the bishops have initiated.[17] It might be considerably easier to conduct the debate, with the civility for which the bishops call, if all parties stopped claiming that the battle is between God and the devil and admitted frankly that we are contrasting the social visions of such mere mortals as Adam Smith and Karl Marx.[18]

FOOTNOTES The author wishes to thank Judith Cox, Richard Hartman, and Juliana Heyne for their careful reading and criticism of an earlier draft of this paper. [1] Milton Friedman, "The Methodology of Positive Economics," in *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953), p. 5. [2] Cambridge, Mass.: Harvard University Press, 1983. This book was widely and favorably reviewed during the time the bishops were gathering evidence, and its omission from the list of authorities cited is surprising. My own review may be found in *This World* (Winter 1984):151-53. [3] The classic discussion is F. A. Hayek, "The Use of Knowledge in Society," *American Economic Review* (September 1945):519- 30. Reprinted in idem, *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948) and in many anthologies. [4] *The Wealth of Nations*, book 1, chapter 2. [5] *Ibid.* [6] The extent of these inequalities is very much an issue, however. "The top 5 percent of American families own almost 43 percent of the net wealth in the nation," the Letter asserts (No. 204), thereby providing data that will no doubt be widely quoted to support the bishops' overall stance. An attached footnote reveals that the survey used in this calculation of net wealth excludes "the value of durable goods, automobiles, and the value of small businesses and private practices. The value of homes and the liability of home mortgages are also excluded." Not mentioned is the exclusion also of human capital. In short, the survey upon which the Letter relies to show how unequally wealth is distributed in the United States does not count those assets in which the bulk of most Americans' wealth resides, and

which collectively far outweigh the value of the assets counted. One's wealth is realistically the net (capitalized) value of all those matters in which a lending institution is interested when it asks for a financial statement. By that test, the present writer is wealthy; by the bishops' test, he is poor. But the bishops' measure is almost devoid of significance. [7] Orlando, Fla.: Academic Press, 1977. [8] New York: Basic Books, 1984. [9] Since tax and transfer policies are sometimes designed specifically to influence allocation decisions, as in the case of pollution charges, one cannot lay down a general moral principle that decision makers should look only at pre-tax-and-transfer prices. [10] This statement was made recently by a prominent Catholic bishop while testifying in support of legislation to require owners of certain low-rent apartments to continue making them available for rent. The arbitrary nature of such a law is less likely to be seen by someone who divides the world into the neat categories of luxury-consuming rich and necessity-consuming poor. Taken seriously, the bishops' assertion endorses detailed government control over each citizen's spending decisions. Reported in *Seattle Post-Intelligencer*, December 12, 1984, p. E-9. [11] A useful task in conjunction with the preparation of any revised draft of the Letter would be a study of the specific practices that gave rise to complaints of injustice in the Old Testament, especially in the writings of the prophets. The prophets usually seem to be objecting to violations of the rules aimed at taking advantage of relatively defenseless people. It is this, not the mere fact of poverty, that constitutes oppression. See also Leviticus 19:15: "You shall do no injustice in judgment; you shall not be partial to the poor or defer to the great, but in righteousness shall you judge your neighbor" (Revised Standard Version). [12] The standard reference is Mancur Olson, *The Logic of Collective Action* (Cambridge, Mass.: Harvard University Press, 1965). See especially pp. 5-16, 98-102, 141-48. [13] An excellent introduction is John Howard Yoder, *The Politics of Jesus* (Grand Rapids, Mich.: Eerdmans, 1972). [14] The "primacy of justice" is supported by quoting Matthew 6:33: "Seek first the kingdom of God and his justice." But "justice," at least as the term will be understood by most contemporary readers, is a misleading translation of *dikaiosune*. The traditional "righteousness" isn't altogether satisfactory, either, because of the misleading connotations of a purely interior "rightness" that it has come to have. An early footnote in the Letter says that all biblical translations are those of the Revised Standard Version "unless otherwise noted." The reader is not told, however, that in the passage cited the RSV translates *dikaiosune* as "righteousness." The footnote on biblical translations also says, "The other translation used is that of the New American Bible." But the New American Bible translates the passage as follows: "Seek first his kingship over you, his way of holiness." Is this a quibble? Or evidence of a less-than-candid use of authority? [15] One would have to search long outside societies that have been influenced by the European Enlightenment to find the concepts of individual dignity and human rights that the Letter invokes. This observation is not intended to disparage those concepts, but only to suggest that a study of their history, evolution, and meaning would find little guidance in the sources or authorities that the bishops invoke. [16] Charles Murray calls attention to a tendency among "those who legislate and administer and write about social policy" that seems to be particularly characteristic of church officials discussing economic issues: they "can tolerate any increase in actual suffering as long as the system in place does not explicitly permit it" (*Losing Ground*, p. 235). From this perspective, verbal goals are more important than actual results. [17] The conflict between Roman Catholic social thought and some of the critical presuppositions of Enlightenment thinking is concealed in the bishops' Letter by a highly selective citation of earlier social statements. An important issue that deserved careful examination is the extent to which Catholic social teaching has narrowed its options by refusing to give serious consideration to liberalism (in its historical sense) as a framework for thinking about economic policy. The French Catholic economist Daniel Villey discussed this issue 30 years ago in an essay that has not received the attention it deserves: "The Market Economy and Roman Catholic Thought," originally published in 1954 and republished in an English translation in *International Economic Papers* 9 (1959). [18] One reader of this critique worried that the concluding sentence might be read by some as an emotional appeal to anti-Marx prejudices. This is certainly not intended. Smith and Marx present similar and yet contrasting social visions that can richly reward comparative study, and those visions do seem to be at the base of important and conflicting theological-social statements. It would be rather odd if the rules of discourse prohibited any mention of Marx in criticisms of liberation theologians who explicitly endorse Marxism or assert "a sense of admiration and gratitude for a movement that, in less than a century, through its direct action in some areas and through indirect influence in labour movements and other social forces in others, has raised to a human condition the life of at least half of the human race." Jose Miguez Bonino, *Christians and Marxists*, as quoted in *Morality and the Market Place*, by Brian Griffiths (London: Hodder and Stoughton, 1982).