

Theology, Third World Development and Economic Justice

Walter Block and Donald Shaw

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Economic theory and theology have long clashed. Specifically, economic theory supporting a system of free enterprise has clashed with certain powerful segments of the religious leadership. One cannot doubt the animus much of the influential religious community holds for an economic system based on self-interest and the profit motive. Business enterprises, the organisms of that distrusted ecosystem, are seen, especially in their multinational forms, as exploitive forces of imperialism and militarism. The business community to a large extent has conceded the moral imperative and satisfied itself with apologetic testimony on the contributions industry makes to worthy charities such as public television. Putting a human face on capitalism has a role, but it can direct discussion away from the more fundamental issue of the moral foundation of alternative economic systems. The question, "Is the economic outcome of a free society just?" must be accompanied by a second query, "Are the economic outcomes of socialist or communist societies more just?"

The fact that economic theory and theology clash at all simply may be testimony to the persistence of scholarly misunderstanding. Milton Friedman once wrote that "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 economics—rather than from fundamental differences in basic values, differences about which men can ultimately only fight."¹ Values, however, not the economic consequences of human action, have defined the debate.

Marxism and capitalism offer two quite different world views. Marxism on its face sells better because of the values it seems to hold dear. Economic injustice, once identified, is attacked frontally by the benevolent state. The market system pioneered by Adam Smith is condemned because it rejects collective efforts to promote the public interest as unnecessary and even counterproductive. It is not easy to understand just how the interplay of millions of individuals looking to their own self-interest can result in a satisfactory social system. Theologians find it difficult to endorse a system based on selfishness and greed. A morally acceptable system must allow for much more altruism and compassion generated by a public-regarding institution. The Marxian vision survives and even prospers among theologians despite its numerous well-known failures because it seems to provide explicit support for values they cherish. In short, they want it to work. The substantial success of the

¹Milton Friedman, "The Methodology of Positive Economics," in *Essays in Positive Economics* (Chicago: University of Chicago Press; 1953), p. 5.

Smithian vision is dismissed without a fair hearing and theologians are often prejudiced because of the support it appears to give to individualism, selfishness, and materialism.

The debate then centers on whether the Marxian or the Smithian vision better preserves the cherished values and more effectively achieves the desired goal of economic justice. The conference volume edited by Walter Block and Donald Shaw makes a worthy contribution to that debate. The volume does not dwell singularly on Third World development despite the presence of Lord Peter Bauer and the attention given to liberation theology. Economic justice generally is the dominant theme raised by the impressive list of participants.

Paul Heyne, a theologian and economist, considers the concept of economic justice. Justice is the first virtue of a social system. But because we are human and face imperfect knowledge, human justice must content itself with the avoidance of injustice. We cannot really say what the former is, but we can recognize the latter. How do we avoid injustice? By following the rules. What rules? The rules to which we have committed ourselves—rules which others expect us to follow because we have committed ourselves to follow. Rules are promises that members of a society have accepted, making up the social contract. They comprise obligations to one another. These obligations create rights. Human injustice then is promise-breaking. Justice then comes from the avoidance of injustice, including injustices done to some with the intention of showing compassion for others.

Father James Sadowsky extends Heyne's thesis. It is illegitimate or unjust to force an unwilling participant into an economic transaction. By the same logic, one has no right to stop consenting adults from engaging in mutually beneficial trade. "To say that the market is unjust is essentially to claim the right to ban voluntary transactions." Sadowsky rejects the idea that "property is theft"; an idea applied all too often in the Bible but one that is anachronistic in a system in which individuals become rich by means of producing goods and services freely traded to others. A restriction on the use of private property is really a claim by the restrictor to have the right to control it. This claim would have validity, Sadowsky points out, only if it were the restrictor's property. The question then becomes, how did it become this person's property since he or she did nothing to get it? In Sadowsky's view, property is justly acquired only if the owner claims what was previously unowned, and enhances the productivity of such property. He may also acquire property by voluntary exchange or request, but not by the use of coercion.

Unequal distribution is bound to arise in a voluntary exchange system. But, as Bauer points out, everybody is poor to begin with. That some people acquire property and wealth more quickly than others does not prevent others from becoming better off. Indeed, economic growth will tend to benefit all members of society. How far, Bauer asks, does a Christian's duty to share depend on the circumstances of the giver and

recipient, and in particular on the conduct of the recipient? Does the destitute chronic gambler have the same claim to aid as does the individual stricken by illness? Should East African countries be given aid when they have expelled their most productive subjects causing immense hardship and reducing their per capita incomes? Aid only permits them to continue in this fashion.

Economic achievement depends, not on donated capital but on the conduct of people, including those in government. Official aid, that is government-to-government transfers, can have unexpected and adverse repercussions and is unlikely to relieve poverty or promote development. Providing aid to rulers in the Third World because their subjects are poor is entirely different from giving aid to the poor themselves. The urban bias of Third World economic policies means that official aid usually hurts the poorest, most notably the rural poor. Moreover, increasing the resources at the disposal of recipient governments inevitably reinforces the politicization of life in the Third World.

Ricard Hordern points out that liberation theologians seek no specific political or economic system, but rather a form of economy suited to their own context which will enhance the liberation of the people. He notes that it is not fair to equate liberation theology with Marxism, although most of its support is toward some form of socialism. The goal is a system that provides economic justice. He points out that economic injustice can be measured by income differences. Father Isidori Gorski summarizes succinctly the notion of the liberated society: "The basic test of economic policy is how it affects human persons—how it promotes or denies human dignity and the common good."

Accepting that goal, Walter Block points out that the means to that goal is problematic. What system most closely approaches that goal? Focusing on minimum wage laws, Block shows how well-intended government intervention often harms the very people it was meant to help. As Block notes, minimum wage laws typically harm the poorest members of the population by foreclosing productive and meaningful work options. Thus, despite the effort to use government to do good, society may well benefit by less rather than more government intervention. However, before a *laissez-faire* attitude is generally accepted by the electorate, voters must come to understand the long-run consequences of alternative policy measures, a slow educational process at best.

It is risky to bring together people who have much to say about an issue. You cannot tell a priori if the group will leave you with a set of unconnected thoughts or meld into a cogent and effective dialogue. Fortunately, Block and Shaw have produced the latter. Especially useful is the dynamic created by the audience. From professors of philosophy to grain farmers, the audience raised questions and concerns reflecting their varied experiences in the economic system in a way that nicely enhances the debate.

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