
RESURRECTING THE COMMON GOOD

ROBERT N. BELLAH

THE ECONOMICS PASTORAL, A YEAR LATER — I

The bishops' letter, *Economic Justice for All*, is, I believe, a manifestation of Christ to us in the midst of our economic life today. Indeed, it is a kind of extended commentary on the greatest of Jesus' sermons, the Sermon on the Mount, and more specifically on its first sentence, the first Beatitude, "Blessed are the poor in spirit, for theirs is the kingdom of heaven." Yet for all the flamboyant piety in America today, exhibited from the president on down, biblical language is not well understood. It is one of our tasks in teaching the letter to make that language come alive again today.

In an article in *Commonweal* last year [December 5, 1986], R. Bruce Douglass and William J. Gould ask the question why the economic pastoral has not yet received the serious and widespread discussion for which the bishops hoped. Their first answer is that the letter goes against the mood of the country. "The particular line the letter takes," they say, is something which "the majority of Americans would rather not hear right now." We are worried about efficiency and competition and are "simply not receptive to considerations of justice, much less of charity." But, according to them, the real reason why Americans would prefer to ignore the letter is that most of us believe that "economic life is an autonomous realm which, for the most part, should be allowed to run on its own, without interference from external influences — like religion." And we are not eager to be told differently by anybody.

If these writers are correct, and I believe they are, then the economic pastoral is more radical than we might have imagined, not in the political sense, but in the sense of going to the root of our problems. After all, the tone of the letter is mild, some would say, too mild. It is not a frontal attack on American culture or the American economy, or does not seem to be.

Yet for many Americans it comes as bad news not good news. Could it be that for most Americans, in spite of our apparent piety, the Sermon on the Mount, if we really faced it, is not particularly good news and if Jesus were talking to us directly today we would rather not hear him?

Actually, the idea that what we need today is more efficiency and enhanced competitiveness rather than a concern for justice or charity is closely linked to the notion that economic life is an autonomous realm that should operate without so-called outside interference. These beliefs are part of one of the most persistent systems of dogma in the modern world, and I use the word dogma in its pejorative sense, namely, a belief that persists in the face of massive empirical evidence to the contrary. This notion that human beings are essentially economic self-interest maximizers, the idea of so-called "economic man," which came into existence simultaneously with the birth of capitalism, rivals if not surpasses Marxism (which incidentally is finally only a variant of it) in its capacity to ignore historical reality.

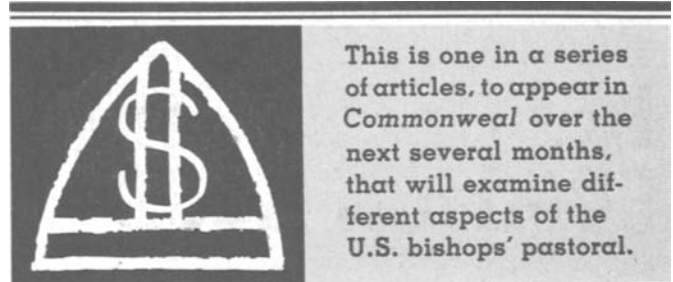


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This dogma, or to use another word in its pejorative sense, ideology, of economic man was associated at its birth with a radical individualism that rejected the very notion of the common good. Already in the seventeenth century Hobbes rejected the idea that there is any Good in itself. All there are, he said, are the particular goods of individuals. By the eighteenth century this idea that man is essentially an economic actor, concerned only with his own good, had developed the essential ideology of capitalism. Mandeville expressed it in the idea that private vice produces public good. Adam Smith spoke of an "invisible hand" that would produce general benevolence if each pursued his own self-interest, although Adam Smith, as we will see, still retained a residual commitment to older views. By the early nineteenth century, however, when this ideology reached its purest form of expression (until Milton Friedman), the free market was elevated into some kind of untouchable holy grail, which should be devoid of the slightest interference. It is interesting that something that its supporters believed was essentially natural required ruthless action by the state so that it might have full freedom. What ultimately resulted was the most productive economy in human history, but the immediate consequences were everywhere culturally and socially devastating. The sufferings of the rural and urban poor in England, their loss not only of a decent livelihood but the devastation of their communities, their culture, and often their families, was matched somewhat later by experiences of the poor in Europe and America. By the early twentieth century the devastating effects of the extension of the free market had extended to all the peasant and tribal peoples of the world. Karl Polanyi, in his book *The Great Transformation* (Beacon Press, 1957), considers the advent of the market economy to be the most traumatic event in world history, and the cause of the great ideological disturbances, fascism and Communism, and the persecutions and wars that have racked the globe in the twentieth century.

Of course the Milton Friedmans of this world have never had their way for very long. The consequences of the untrammelled market have been too terrible. But the forms of intervention designed to protect the victims of market forces have frequently been problematic, creating new problems as much as solving old ones. The growth of the bureaucratic state and its tendency to extend its control into every aspect of life is a consequence of efforts to contain the human damage created by a market economy. We should not imagine that all of these extensions of state power have been benevolent and concerned with welfare. Many times the state has intervened to strengthen the competitive advantage of its own citizens and corporations. Indeed, imperial expansion to dominate and control markets is a direct consequence of the international market economy.

The persistence of the idea that the economic realm is autonomous and should brook no interference in the face of the last two hundred years of world history is a clear case of false consciousness, of an ideology which is serving the interests of some people more than others. Yet in a culture such as ours, where it is pervasive, it is seldom held in conscious bad faith.



Rather it has come to shape the way we think so deeply that even when we try to reform the system we are under its spell. What American does not believe somewhere in his or her heart that anyone with self-discipline and hard work can make it and that poverty is essentially the fault of the poor? Such assumptions have not only shaped our welfare system for over two hundred years, they have also shaped our ideas of what a good and successful person is. It is these assumptions that the bishops' letter calls into question. No wonder there is resistance.

The pastoral letter asserts criteria in terms of which the functioning of the economy can be judged. The fundamental norm is stated in paragraph 28: *The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured.* What the bishops are saying is that the economy is made for human beings, not human beings for the economy. But contemporary economic ideology is premised on the idea that the world economy is an inexorable, objective mechanism. We must adapt to it, not it to us. If we are not sufficiently competitive it will crush us and we will, heaven forbid, become a second-class nation. In the name of competitiveness we can export factories, lower wages, increase the pressure on professional employees, and forget about justice and charity. And if councils of bishops tell us otherwise, then they are ignorant of the real world and should stick to giving advice on sex and marriage, where they are really experts.

I believe that the economic pastoral raises important practical matters for discussion. But it is useless to start that discussion without facing the more fundamental issue: that the economic realm is not autonomous, that it exists under the sovereignty of God along with all the rest of our lives, and that economic decisions must be made, therefore, in the light of ethical criteria. Indeed what those who dismiss the letter challenge us to do may turn out to be a great blessing. For we cannot engage in the discussion in some narrow forum labeled "economic." We have first to vindicate our right to speak about economics by holding up our most fundamental beliefs about God and the world. The bishops view their letter as a call for conversion (paragraph 328). We will respond best to the letter if we combine spiritual renewal with practical citizenship. By strengthening our sense of who we are as Christians we will increase our capacity for profound vision and forceful action in the economic realm.

Let us look more closely at the origins of the ideology which prevents us from hearing how the Bible could help us in thinking about our economy today. In Charles Dickens's novel *Hard Times*, the utilitarian schoolmaster Thomas Gradgrind has named two of his numerous children Adam Smith and Malthus. From this we learn the depth of Gradgrind's devotion to the heartless principles of political economy. Yet in the light of the current understanding of late eighteenth-century thought we can say that Dickens was mistaken in subsuming Smith and Malthus under the same rubric. Modern as in some ways Smith was, there was a sea change between *The Wealth of Nations* of 1776 and Malthus's *Essay on Population* of 1798. Gertrude Himmelfarb, in Part One of *The Idea of Poverty* (Knopf, 1983), characterizes the shift as "from moral philosophy to political economy." There is a benign, optimistic, and profoundly moral quality to Adam Smith's notion of the invisible hand that was transformed almost into its opposite in the gloomy amoral scientism of Malthus's iron laws. This contrast is not a matter of merely antiquarian interest. Americans have never decided to this day which way to characterize capitalism or, more generally, economics. As a people we prefer results to philosophical consistency. But how we characterize the nature of the modern economy has important consequences for how we think morally about our society.

Adam Smith's economic views were part of a much larger conception of history which saw society as evolving toward a higher level of material prosperity and moral order. His defense of the free market was based on his belief in the virtues of the "system of natural liberty" that it embodied. Yet much as Smith admired the effectiveness of the self-regarding virtues in contributing to a productive economy, he never imagined that they were superior to the other-regarding virtues. It was, in fact, the effect of the invisible hand (we can almost write hand with a capital "h") to work for the general good. And where the market did not work for the general good Smith had no qualms about intervention by the state. He supported public assistance for the poor, public education, and even believed that should the division of labor reduce work to so narrow a compass as to limit the physical and mental development of workers, here too the state must intervene.

Malthus, on the other hand, worked out views in his theory of population that were later taken up by David Ricardo into classical economics. In this view the market worked in accord with iron laws that were by no means necessarily benevolent or worked for the common good, especially if one took the condition of the poor as an index of the common good, as Adam Smith did. For Malthus and Ricardo grinding poverty was an essential feature of a productive market economy and any effort to intervene on behalf of the poor would not only have disastrous economic consequences but would actually worsen the condition of the poor. Charles Murray's recent *Losing Ground* (Basic Books, 1984) is a footnote to the views of Malthus, Ricardo, and Gradgrind that Dickens condemned.

It is widely known that it was Malthus's theory of population that inspired Darwin's theory of natural selection. When in the late-nineteenth century Darwin's biological views were in turn applied to society in the form of social Darwinism, the full weight of biological science, of the notion of nature red in tooth and claw, reinforced the idea that social life was governed by the laws of competition and selection.

On the whole, however, it is the more optimistic view of Adam Smith that Americans have embraced. For a long time we have produced defenders of the market economy, what we call free enterprise, who proclaim that its invisible hand is the most effective means to moral and material progress in the history of the world, and we have numerous supporters of that view today, not least in the religious community. And yet, over two hundred years after Adam Smith's promise of an economy that would be so enormously productive that it would free us from material necessity, the dark shadows of the iron laws have begun to lengthen in America (they have never been absent in most of the world). Don't we have to regain our competitive edge, and doesn't that mean lowering our expectations, tightening our belts, and working longer hours for less pay? Otherwise, the iron laws of international economic competition will consign us to oblivion. Our economic survival is at stake. The Darwinian notes are clear. To the extent that we accept this view the ethical consequences are obvious. If it is a matter of survival, competitiveness is what is at issue. Who has time to think of justice, much less charity?

Joseph Schumpeter characterized capitalism as a system of creative destruction. It is enormously creative in giving rise to new products, new industries, new markets. But in the wake of the new there is the desolating destruction and human cost of what is necessarily destroyed. The destructiveness that has accompanied capitalist creativity has occurred everywhere in the world where the free market has entered. The suffering has been particularly acute in the early phases when land and labor for the first time entered the self-regulating market. Even where material prosperity has increased, the human costs have been enormous because of the disruption of communities and cultures as villages have been emptied, kinship ties broken, and vast urban aggregates have grown. And it was inevitably to government that society turned when it saw its very existence endangered by the growth of the free market. In spite of the bungling and ineptitude of government pointed out by Smith, the classical economists, and their successors to this day, it is to government that even capitalists turned and still turn when the destructive aspect of creative destruction threatens their very existence. Still more have the weak and the vulnerable turned to government as their only hope in a dark world. And so, in spite of the warnings of the economists, bureaucratic government has grown ineluctably as the market economy has expanded.

By the end of the nineteenth century bureaucratic organization was growing massively within the economy itself. Corporate organization was an effort to create order in the face of the

wild oscillations of the free market. At the same time, powerful nation-states acted to defend national interests in an increasingly competitive world-system, with the result that here too the Darwinian model of competition and survival has become widely accepted. Also in reaction to the sufferings caused by the early expansion of the market economy, the ideology of socialism developed as a counterpoise to capitalism and argued, in opposition to the orthodox economists, that a state-directed economy would be more just and humane than what was currently coming into being. But the experience of state-directed economies under the aegis of Marxian Communism has turned out to be so economically inefficient and politically tyrannical that most of the world agrees they are worse than the societies whose defects they were to remedy. Today we have learned that administrative bureaucracies can generate enormous power but that that power can be at least as destructive as the wealth generated by a capitalist economy. And today it is not only the shadows of the necessity of economic competition but the shadows of the competition of the great power states that darken the world.

Everyone knows that there is nowhere in the world either a perfectly free market or a perfectly administered economy. Where free markets are suppressed, they flourish underground. Yet markets everywhere need regulation and limitation or they will destroy the very conditions of their operation. Most policy debates in the United States and abroad, in Europe, Japan, the socialist nations, and even the third world, concern the proper mix of market and state and the mechanisms best calculated to effectively relate them. If the argument goes on in terms of economic and administrative efficiency alone, however, there is something drastically missing. What is missing is what Adam Smith, the moral philosopher, had not given up, namely concern for the common good, for the kind of society in which we live and the kind of virtues it encourages. That often missing third partner in the discussion is not the economy nor the state but the public, in a free society the citizens, who bring their ethical and religious insight to bear in common discussions about the kind of economic and political decisions we ought to make and the kind of world in which we want to live. But the question that must precede any serious effort to reflect ethically about our economic life is whether or not we have the freedom to do so. Is the economy governed by an invisible hand that operates on the whole for good but which requires active and thoughtful

intervention when it is destructive? Or is the economy governed by the struggle for existence with its iron laws, which we must blindly follow if we are to survive at all?

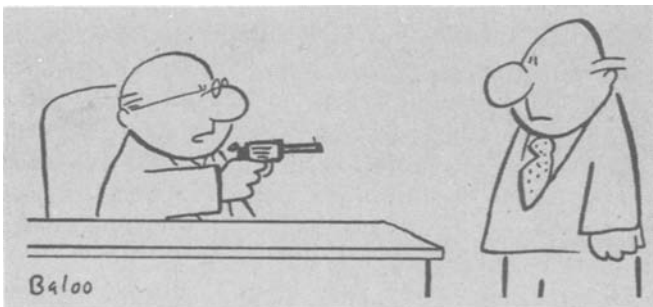
Much in our present atmosphere pulls us toward the second alternative. There is a widespread mood today among managers as well as economists that could be called neo-Schumpeterian because it stresses creative destruction so strongly. One major American firm is alleged to have adopted the motto: "Accelerate, automate, or evacuate." More formally, Harold Gross and Bernard Weinstein argued in an article in *Policy Studies Journal* (March, 1986) that:

. . . structural change manifested in the contraction and death of old enterprises and the birth and growth of new ones is compelling evidence of an efficient economy at work. Dislocations of workers and other productive resources that necessarily accompany structural change do not suggest an inefficient economy: quite to the contrary, they should properly be seen as symptoms of an economy experiencing renewal, however painful. The process of industrial change is *de jure* an efficient process. . . .

What the neo-Schumpeterians forget is that Schumpeter himself was profoundly pessimistic about the future of capitalism because he thought the "pain" involved in creative destruction was more than any modern population would bear and so they would opt for a state-directed economy. The defenders of "industrial policy" in our recent debates have been advocating a good bit more state intervention than the neo-Schumpeterians care for, though whether their proposals would be generally ameliorative in our present situation is an open question.

Japan is often offered as a model of a society where industrial policy has had remarkably positive effects, and certainly Japan holds the world's record for sustained economic growth since World War II and even before. Yet if we closely examine the Japanese pattern it turns out to have features that we may not at all wish to imitate. I recently saw an article in the financial section of the *San Francisco Chronicle* that argued that even if all Japanese restraints on trade were eliminated, the trade deficit would hardly be dented because the Japanese excel us in three spheres: their workers work much longer hours; their rate of saving is much higher; and their educational system is much better than ours.

It is true that Japanese workers work two or three hundred hours more a year than American or European workers. It is also true that Japanese unions are in effect company unions and collude with management with respect to long hours and the intensification of work. It is also true that opposition in a Japanese union is about as easy as in the Soviet Union. Is that the direction we want to go? The Japanese savings rate is high in part because the Japanese welfare state is the least adequate among advanced industrial nations. American welfare spending is also comparatively low but that is often explained by the



"Goodwin, I've decided to dispense with formality in your case."

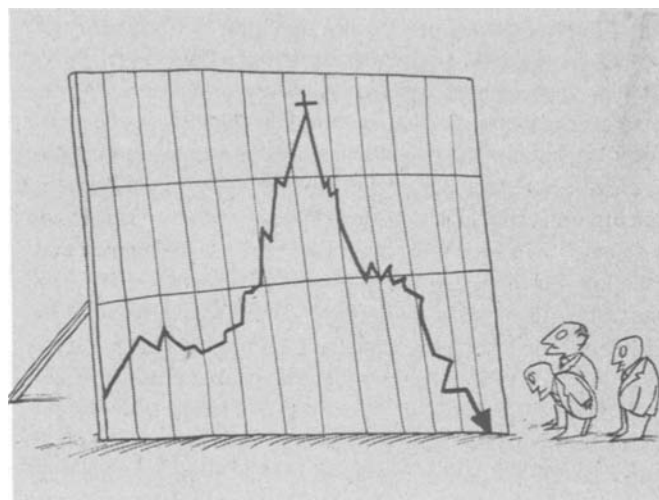
high rate of our military expenditures. Given the extremely low rate of military expenditure in Japan, their welfare provision is scandalous. Again, is that how we want to go? We may admire the Japanese educational system, but the Japanese themselves are becoming increasingly concerned with its high human cost. Winston Davis has recently described the cost in vivid terms:

No better example of the triumph of economic goals and values could be given than contemporary Japanese education. The costs of development, initially borne by women and peasants, now rest most heavily on school-age children. Over the years, the Japanese have developed an examination-based meritocracy to supply industry with the kind of "human capital" it needs. It aims at, and succeeds in producing, workers who are docile, group-oriented, and broadly but not deeply educated — or better — who are socialized in the technical and functional rationality of industry itself. To realize the bureaucrats' dream of making the twenty-first century the "century of Japan," the Japanese have, in effect, chained their own children to the walls of Weber's "iron cage." Some children spend as much time at their desks at school and in *juku* (after-school tutoring or cram schools) as English children did at their workbenches in the early nineteenth century. This system of "education" is probably the main cause of one of the country's most serious problems, violence in the home and at school. (Winston Davis, "Religion and Development: Weber and the East Asian Experience," in Myron Weiner and Samuel P. Huntington, eds. *Understanding Political Development*, Little, Brown, 1987.)

I suggest that those who would have us follow the Japanese educational model have some explaining to do.

But what the financial-page article did not mention is that Japan is a mobilized society, administered from the top down. It is in effect a one-party state, the Liberal-Democratic party having been in power continuously since the end of World War II with the exception of one brief period many years ago. The degree of mobilization by an interlocking state and corporate bureaucracy is probably more total than during World War II, and the purpose of all this massive mobilization is to out-compete the rest of the world economically. In the face of falling profit margins and intense competition from newer Pacific rim economies, the Japanese have not come up with anything new but only with the determination to bear down even harder than before. The Japanese have put competition and survival absolutely foremost. In so doing they have created a society most Americans would not want to live in.

If the United States is having problems in economic competitiveness, it is in part because of the enormous emphasis we have placed on military competitiveness with the Soviet Union. While we have not mobilized our whole society to the extent the Japanese have, we have created a military command economy which has made the Pentagon one of the largest state socialist enterprises in the



world, employing already in 1980, according to Seymour Melman in *Profits without Production* (1983), over 5.5 million persons: 2 million in the armed forces, 1 million civilian employees, and 2.5 million employed by military contract firms which have in effect been removed from the free market and receive direction from Pentagon bureaucrats. By concentrating our research and development spending in the military sphere to a degree far greater than the Japanese or the Europeans, we have hindered our civilian technology. The possible civilian spinoffs from military technological innovation are frequently not cost-effective in international competition since for the Pentagon money is no object, whereas the Japanese and the Germans are trying to create advanced civilian products as cheaply as possible.

I am not so foolish as to think that economic competition at home and abroad or the Soviet military threat are not real dangers. We live in a dangerous and rapidly changing world in which not much is predictable nor under anyone's easy control. Writing recently of this situation Robert Heilbroner has reminded us that it is unrealistic to expect any society to work well. The most is that we expect that it work well enough ("Realities and Appearances in Capitalism," in Robert B. Dickie and Leroy S. Rouner, eds., *Corporations and the Common Good*, Notre Dame, 1986). Yet, if we avoid any utopian expectations, I believe that it is still important to talk about the common good or even about the good society. We need a standard to measure where we are, even if we cannot expect to live up to it any time soon. Even more importantly, such discussion helps us break the demonic hold of the competition/survival syndrome, the notion that we are controlled by iron laws to which we can only adapt. Competition and even survival are not absolutes; we must always ask the cost. For what is a man profited, if he shall gain the whole world, and lose his own soul? (Matt. 16:26.) The bishops' pastoral letter is right to hold up to us another standard that ought to take precedence even over competition and survival. That is the standard of participation and solidarity, based on the fact that ultimately we are members one of another, members of the same body.

Jesus' teachings are so shocking just because he seems to fly in the face of the preoccupation of this world with competition and survival. Jesus was the shepherd who would leave the whole flock and go in search of the one lost sheep. Creative destruction for the sake of the competitive edge did not seem to be his style. Satan offered him all the wealth and power of this world. Jesus turned him down in order to take his place with the poorest and most marginal peasants of Galilee. For Jesus, women and children, blind beggars and lepers were all equally and imperishably valuable. It would be hard to imagine an ethic more utterly opposed to Darwinian selection, to the survival of the fittest, than the ethic of Jesus. Gertrude Himmelfarb begins her book on the idea of poverty with two quotes, one from Samuel Johnson in 1770, "A decent provision for the poor is the true test of civilization. . .", and the second from R. H. Tawney in 1926, "There is no touchstone, except for the treatment of childhood, which reveals the true character of a social philosophy more clearly than the spirit in which it regards the misfortunes of those of its members who fall by the way." It would seem that Christians even before the bishops' economic pastoral knew that "the preferential option for the poor" is an obligation that impinges on all of us.

Yet decisive as this implication of the teaching of Jesus is for us, there are two other implications of his teaching, that might enter into our discussions. It is not just that Jesus would have us remember the poor. He also wants us to remember the rich, how they imagine that their riches will save them, how they harden themselves with self-sufficiency, how they fail to experience the spiritual elation of the poor when the poor share what little they have with one another. Indeed, with our wealth and our technology we have elaborated a way of life that Jesus could scarcely have imagined, a way of life I and my fellow authors described in *Habits of the Heart* (California, 1985), and that Albert Borgmann has recently designated as "advanced poverty." The brute poverty in America and in so much of the world is a scandal, but the advanced poverty, the poverty of affluence that is so prevalent among the most educated and successful of us, is a scandal to which we badly need to attend.

Finally, I think we need to heed Jesus' warning that in attempting to save our lives we may lose them. Single-minded preoccupation with survival may set off just that train of events that could finish us. This is obvious in the nuclear arms race where the search for absolute invulnerability could destabilize the balance of power and produce total disaster. But the same could be true in the realm of economic competition as well. If every organization and every nation is bent only on its own economic survival we could produce a world economic collapse that would make 1929 look like a tea party.

Yes, Jesus is utopian. But he is also remarkably hard-headed. It is our task to bring his message, as spelled out for our times in the pastoral letter on the economy, to our fellow Christians and our fellow citizens. While it may appear to many Americans as bad news, I believe that we can show that in the world in which we live, it is the only good news there is.



"Yes, Charlie—I'm pretty sure she's giving me a cordless telephone."

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