

Chapter 12: The Neo-Conservative Response

To try to run an economy by the highest Christian principles is certain to destroy both the economy and the reputation of Christianity.

Michael Novak

Responses to Catholic Social Teaching

Since the social teaching of the Church is not in itself an “economic system,” it calls for a faithful response from the laity in order to bring it to life in the world. The content of this response is not dictated in advance but depends on the skill and perceptions of the laity. There is not necessarily one “right” way to realize the teaching in the real world, but human ingenuity and the freedom given by a proper understanding of economics will allow a variety of implementations, as we shall see. This does not mean that all responses are equally effective or equally embody the spirit and content of the teachings; any implementation will start with a certain *theoretic* approach which will give the boundaries to that implementation.

D. Stephen Long has classified the responses to Catholic Social Teaching according to three major traditions. He calls these “the dominant tradition,” “the emergent tradition,” and the “residual tradition.”¹ Long bases these classifications on the relation each tradition has to the dominant marginalist rationality of neoclassical economics. The dominant tradition, whether in its liberal, neo-conservative, or libertarian strains, completely supports the utilitarianism of the marginalist

revolution. In the emergent tradition, identified with “liberation” theology, certain aspects of marginalism are retained, while the residual tradition completely rejects marginalism. Before looking at some practical applications of Catholic Social Teaching, we will look at some of the more important features of both the dominant and residual traditions; our bypassing of the emergent “liberation theology” it is not meant to slight that view, which has important features of its own. But it is less relevant to a study of the relationship between business and the Church’s teaching, which is our main subject.

In this chapter, we will examine the dominant tradition through the lens of neo-conservatism. This is not to imply that neo-conservatism is the only strain within the dominant tradition, or even the best or most complete. There are indeed significant differences among the adherents of this tradition, mainly on public policy and economic matters, some being right-wing and some left, some “neoclassical” and some more “Keynesian.” Nevertheless, neo-conservatism has come to enjoy overwhelming power and hence it is the strain of the dominant tradition that one is most likely to encounter; it has become the “dominant” strain within the “dominant tradition. Indeed, the success of neo-conservatism is remarkable. Its major intellectual lights (Michael Novak, George Weigel, Alejandro Chafuen, for examples) work for “think tanks” well funded by corporate America and they have produced a large volume of

¹ D. Stephen Long, *Divine Economy: Theology and the Market*, ed. Catherine Pickstock John Milbank, Graham Ward, *Radical Orthodoxy* (London and New York: Routledge, 2000), 5.

influential works. There are also a number of influential neo-conservative magazines, such as *Commentary*, *National Review*, *First Things*, *The Public Interest*, and *The Weekly Standard*. The later is funded by Rupert Murdoch, who also supports neo-conservatism on the airwaves with the Fox News Channel. Neo-conservatives occupy powerful positions within the Bush administration and were crucial in the decision to go to war in Iraq, as well as being leaders in the battles over the president's tax and Social Security policies. Neo-conservative columnists such as David Brooks, George Will, Ann Coulter, and William Kristol are influential in public policy debates. Indeed, the close alliance between neo-conservatism and corporate America is no accident, since neo-conservatism is ideologically committed to supporting corporate capitalism.

The influence of the neo-conservatives, however, cannot be explained totally by mere marketing or political muscle. Rather, the neo-conservatives have tapped a strain in Catholicism that has been present in one form or another since the Enlightenment, namely the attempt to reconcile the Church to Enlightenment thought, a movement that is sometimes called "modernism." Neo-conservatism is, in a profound way, a right-wing version of the modernist crisis which was the subject of the first Vatican Council (1869-70). The modernists believe that the Church must accommodate itself to the modern world; they assert that a too strong insistence on dogmas is out of place in a pluralistic, multi-cultural and democratic society. As Michael Novak puts it, the "writers of the biblical era did not envisage questions of political

economy such as those we face today."² Furthermore, the Enlightenment beliefs of individualism, utilitarianism, and the divorce of faith and reason, ideas once considered controversial, have now become so commonplace that they are hardly subjects for debate anymore, but are the presumptions most people use in thinking and regard as "self-evident." This shift in thinking has allowed the neo-conservatives to make political alliances among a range of former liberals and social conservatives and become a powerful force. Many of the major figures in neo-conservatism are former liberals who were disappointed with the results of the "nanny state," a circumstance that leads to the joke that a neo-conservative is "a liberal who had been mugged by reality." But they have retained a basically "liberal" orientation, and that is especially true in regard to the Enlightenment dichotomy between "facts" and "values." Re-call Hume's "no ought from is" logic. Hume's disconnect of logic and morals relegated morals to the realm of private choice, while claiming an ability to look at "facts" or "natural law" unaided by authority or faith. This dependence on the so-called fact-value distinction is evident in the work that is often considered to be the founding document of neo-conservatism, Michael Novak's *The Spirit of Democratic Capitalism*, a work that is highly indebted to Max Weber's *The Protestant Ethic and the Spirit of Capitalism*. And since Novak starts with Weber, so shall we.

² Michael Novak, *The Spirit of Democratic Capitalism*, (New York: American Enterprise Institute/Simon and Schuster Publication, 1982) p. 335.

Weber's Question

Max Weber (1864-1920) was a sociologist of religion whose works occupy a pivotal position in the history of sociology; *The Protestant Ethic* is considered a classic in the field. The question that Weber poses is, "Why do Protestants in general and Calvinists in particular seem to do so much better in a capitalist economy than Catholics?"³ Weber notes that, "Protestants... have shown a special tendency to develop economic rationalism which cannot be observed to the same extent among Catholics."⁴ Weber takes as his prototypical capitalist Benjamin Franklin, whose "confession of faith" is that time is money, money begets money, idleness costs money, etc.⁵ In considering Franklin, Weber notes,

Let us pause a moment to consider this passage, the philosophy of which Kürnberger sums up with the words, "They make tallow out of cattle and money out of men". The peculiarity of this philosophy of avarice appears to be the ideal of the honest man of recognized credit, and above all the idea of a duty of the individual toward the increase of his capital, which is assumed to be an end in itself.⁶

The *summum bonum* of this ethic, "the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life," is "thought of so purely as an end in itself, that from the point of view of the happiness of, or utility to, the single

individual, it appears entirely transcendental and absolutely irrational."⁷

Weber contrasts this attitude with the Catholic one that is more content with a sufficiency of income and a greater leisure and joy in living.⁸ The Catholic businessman was more likely to be guided by traditional ideals than the Protestants, even though both were "capitalist." In speaking of the Catholic businessman, Weber says,

The form of organization was in every respect capitalistic... But it was traditionalistic business, if one considers the spirit which animated the entrepreneur: the traditional manner of life, the traditional rate of profit, the traditional amount of work, the traditional manner of regulating the relationships with labour, and the essentially traditional circle of customers and the manner of attracting new ones.⁹

Weber rejects the idea that the rationalism of the Enlightenment is sufficient to explain the acquisitiveness of Protestant capitalism.¹⁰ Rather, he traces the differences in Catholic and Protestant capitalism to what he calls the "ethical peculiarities of Calvinism."¹¹ The most salient peculiarity was the Calvinist version of the doctrine of predestination.¹² In Weber's view, this doctrine replaced the "Father" God of the New Testament with a transcendental being, "beyond the reach of human understanding, who with His quite incomprehensible decrees has

³ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons, 2nd Roxbury ed. (Los Angeles: Roxbury Publishing Co., 1998), 35.

⁴ *Ibid.*, 40.

⁵ *Ibid.*, 50.

⁶ *Ibid.*, 51.

⁷ *Ibid.*, 53.

⁸ *Ibid.*, 41.

⁹ *Ibid.*, 67.

¹⁰ *Ibid.*, 76.

¹¹ *Ibid.*, 87.

¹² *Ibid.*, 103.

decided the fate of every individual.”¹³ The individual believer thus experiences an unprecedented inner loneliness: “No priest... No Sacraments... No Church... ” can help him because none of these things are efficacious for salvation.¹⁴ This doctrine leads, on the one hand, to a negative attitude toward all things sensual and emotional, and on the other “it forms one of the roots of that disillusioned and pessimistically inclined individualism” which is part of Puritanism.¹⁵ The believer is required, however, to attain a certainty of his own election to salvation.¹⁶ How is this to be done? The answer is through “intense worldly activity”¹⁷ and success in the world. It is necessary to “prove” one’s faith in worldly activity and to create a spiritual aristocracy of predestined saints within the world.¹⁸ The gaining of wealth is a sign of God’s election,¹⁹ and it is to be combined with an asceticism which precluded idleness or the enjoyment of the wealth.²⁰

Although the capitalist spirit begins with a religious spirit, that religious spirit dies out and gives way to “utilitarian worldliness.” “What the great religious epoch of the seventeenth century bequeathed to its utilitarian successor was, however, above all an amazingly good, we may even say a pharisaically good, conscience in the acquisition of money...”²¹ This brings us back to Benjamin Franklin, who was imbued with this spirit of capitalism from which

the religious element was missing,²² Victorious capitalism no longer needed religious support and the freedom bequeathed by the religious spirit became a necessity that fixes man in an “iron cage” of mere acquisitiveness. In the last stage we become, “Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before achieved.”²³

The Spirit of Democratic Capitalism

This then is the thesis that Novak uses for his starting point. Weber, he states, discovered a new spirit within capitalism. But whereas Weber constructed a critique of capitalism, Novak produces a paean; he specifically rejects Weber’s conclusion that a capitalism based on the Protestant Ethic leads man into an “iron cage.”²⁴ Rather, he praises capitalism and urges the Church to embrace it; he finds an intellectual *lacuna* in the Church’s rejection of capitalism and wants the Church to “learn from America.”²⁵ The overriding theme of his book is that capitalism and democracy are inseparable, and that the Church ought to embrace both. Capitalism and democracy, Novak believes, spring from the same historical impulses that aimed at limiting the power of the state and liberated the energies of individuals.²⁶ Weber, for Novak, identifies capitalism as

¹³Ibid., 103-4.

¹⁴ Ibid., 104.

¹⁵ Ibid., 105.

¹⁶ Ibid., 111.

¹⁷ Ibid., 112.

¹⁸ Ibid., 121.

¹⁹ Ibid., 162.

²⁰ Ibid., 167.

²¹ Ibid., 176.

²² Ibid., 180.

²³ Ibid., 182.

²⁴ Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon & Schuster, 1982), 47.

²⁵ Ibid., 249.

²⁶ Ibid., 14.

a new spirit in the world, one that depends primarily on sustained growth.²⁷

The Fact-Value Distinction

Novak derives from the Weber the “fact-value” distinction. As Weber puts it, “The question of the relative value of the cultures which are compared here will not receive a single word.”²⁸ For Weber, this distinction is methodological; he merely means that in examining the effects of the Calvinism, he is not addressing its truth or falsity. But for the neo-conservatives, the fact-value distinction is *ontological*, a part of what “is”; facts are one thing, and values are another, and the two are not connected. For example, in Alejandro Chafuen, we read that there are two kinds of natural law, the “analytic” and the “normative.” The analytic natural law is the law of nature and the normative law, the rules of conduct.²⁹ The analytic natural law describes a strict unvarying regularity that holds in nature. Economic law, for Chafuen and the neo-conservatives, falls under the “analytic” natural law, and hence “no ethical judgment can invalidate an economic law.”³⁰ Therefore economics is sovereign and “value-free.”³¹ Chafuen

admits that he cannot find this distinction in the Scholastics, but asserts that it is implicit.³²

Since economics is sovereign and value-free, any attempt to impose an ethical or religious base is counter-productive. At the center of capitalism there is an “empty shrine” without religious symbols, which each person fills in for himself;³³ social and economic life is no longer covered by a sacred canopy. “The system of democratic capitalism cannot in principle be a Christian system... it cannot even be presumed to be, in an *obligatory* way, suffused with Christian values and purposes.”³⁴ Indeed, an attempt “to try to run an economy by the highest Christian principles is certain to destroy both the economy and the reputation of Christianity.”³⁵

We can easily recognize in Novak’s account of the fact-value distinction the dichotomies of the Enlightenment, the separation of faith and reason, the consignment of morality to the realm of private opinion, and the reduction of moral discussion to the attempt to impose one’s will on others. Recall that this fragmenting of faith and reason left no place for morality to stand, save in the individual will, and especially the will to power. Since he believes that is so, Novak can say that “claims on the part of groups to represent ‘conscience,’

²⁷ Ibid., 38.

²⁸ Weber, *The Protestant Ethic and the Spirit of Capitalism*, 29. It is an irony that Weber is not actually able to remain “value-free” in practice. *The Protestant Ethic* reads very much like a judgment on capitalism and Puritanism, which even Weber admits: “But this brings us to the world of judgments and of faith, with which this purely historical text need not be burdened” (p. 182). Indeed, the whole “fact-value distinction” is taken more seriously by critiques of Weber than it was by Weber himself.

²⁹ Alejandro A. Chafuen, *Faith and Liberty: The Economic Thought of the Late Scholastics* (New York: Lexington Books, 2003), 20.

³⁰ Ibid., 24.

³¹ Ibid., 25.

³² What Chafuen fails to recognize is that the possibility of two natural laws was indeed known to the scholastics in the form of the doctrine of the double truth (e.g., Siger of Brabant, 1235-1282), but was condemned as a heresy by the Church in 1277.

³³ Novak, *The Spirit of Democratic Capitalism*, 70.

³⁴ Ibid., 351.

³⁵ Ibid., 352.

'morality,' and 'principle' must be exposed for what they are: disguises for naked power and raw interest."³⁶

The Ideals of Democratic Capitalism

Novak identifies six ideals from Weber that constitute capitalism. The first and foremost is the commodification of labor as a condition for its freedom. He believes that the only possibilities for labor are commodification or peonage.³⁷ The others ideals are Reason, continuous enterprise, impersonality through the separation of the workplace from the household, stable networks of law, and an urban base.³⁸ Novak believes that Weber did not go far enough in his analysis of capitalism because he did not identify it as the system of economic and political liberty, describing it instead as the system of economic rationalism. Entrepreneurship, Novak believes, depends on practical intelligence and liberty, and these are sufficient to overcome the effects of what Weber calls the "iron cage."

Novak believes that a concept of sin is fundamental to economics and underlies all of its ideals; he believes that capitalism is the best system to confront the effects of original sin, not by repressing it, but by allowing it to flourish while placing a check on its power.

Every form of political economy necessarily begins (even if

³⁶ Long, *Divine Economy: Theology and the Market*, 11.

³⁷ Novak, *The Spirit of Democratic Capitalism*, 43. It is clear that Weber regards this new-found "freedom" of labor as only a mere formality (Introduction, p. 21) rather than an actuality. He does not present the dichotomy between the commodification of labor and peonage that Novak credits to him.

³⁸ *Ibid.*, 43-5.

unconsciously) with a theory of sin... The system of democratic capitalism, believing itself to be the natural system of liberty and the system which, so far in history, is best designed to meet the premises of original sin, is designed against tyranny. Its chief aim is to fragment and check power, but not to repress sin. Within it every human vice flourishes.³⁹

Novak's exact meaning is not completely clear. He does not explain why allowing "every human vice" to flourish will result in freedom or why the flourishing of vice should be considered praiseworthy. But Novak's meaning may be related to his view of the "doctrine" of unintended consequences, which he derives from his reading of Weber. Weber noted that the attempt to establish an acquisitive religion ended up destroying the religious base and leaving only the acquisitiveness. Novak seems to be extending this to say that any attempt to accomplish good things is likely to have unintended and disastrous consequences. Therefore, in place of a system that emphasizes the intentionality of acts or their goodness, the "best hopes for a good, free and just society are best reposed in a system that gives high priority to commerce and industry."⁴⁰

In addition, Novak identifies pluralism, community, virtuous self-interest, the communitarian individual, the family, and continuous revolution as the ideals of capitalism. In all of this, he detects the hand of providence— that is, God— working through a "system of natural liberty." In this, Novak is echoing the religious rationalism of the 18th and 19th century economists who identified economics with "nature and nature's

³⁹ *Ibid.*, 350.

⁴⁰ *Ibid.*, 89.

god” and who saw in such things as the “iron law of wages” merely the workings of God’s will for the poor.

The Economic, Moral, and Political Orders

A society is built up from the economic, political, and moral orders, and these orders are, for Novak, separate and distinct.⁴¹ Novak laments the encroachment of the political order on the economic and the growth of the federal government; he notes the government’s power to destroy whole industries, such as the nuclear power industry.⁴² In discussing the economic system, Novak notes that it is not a democratic system; businesses should not be run as democracies because democratic methods are not universally desirable; organizing industry democratically would be a “grave and costly error.”⁴³ Further, the encroachments by government impose unacceptable costs on business. Novak uses the example of requiring pollution controls at Bethlehem Steel. In noting the “red dust” put in the air by the smelters, he says, “Only in my adulthood was this same dust suddenly perceived as ‘pollution.’”⁴⁴

In discussing the moral-cultural order, Novak notes that it is “*the chief dynamic force behind the rise of both a democratic political system and of a liberal economic system.*”⁴⁵ He laments that business is not sufficiently supported by the moral system and that businessmen are likely to be portrayed as villains. He finds that the cultural system does not

have sufficient respect for businessmen, who, being men of action, do not make a moral presentation of themselves to the world. Novak laments the “burden of guilt” piled up on business for the problems of the third world countries whose problems “[third world leaders] do not consider attributing to themselves.”⁴⁶ He therefore concludes that the moral-cultural system is insufficiently supportive of capitalism, and that “Democratic capitalism is more likely to perish through its loss of its indispensable ideas and morals than through weaknesses in its political system or its economic system. In its moral-cultural system lies its weakest link.”⁴⁷

A Theology of Economics

Novak places the “empty altar” at the heart of Capitalism which requires “not only a new theology but a new type of religion.”⁴⁸ After all, the economy of the biblical nations was “an economy of caravans and traders,” and biblical writers “did not envision questions of political economy we face today.” This “new religion” cannot be associated with any particular denomination, since it is a religion of pluralism.

Yet if Jewish and Christian conceptions of human life are sound, and if they fit the new social order of pluralism, the widespread nostalgia for a traditional form of social order may be resisted... For the full exercise of their humanity, being both finite and sinful, free persons require pluralist institutions.⁴⁹

It is Christianity that must fit in to the new religion of pluralism while

⁴¹ Ibid., 171.

⁴² Ibid., 173.

⁴³ Ibid., 178.

⁴⁴ Ibid., 179.

⁴⁵ Ibid., 185.

⁴⁶ Ibid.

⁴⁷ Ibid., 186.

⁴⁸ Ibid., 69.

⁴⁹ Ibid., 69-70.

“nostalgia” for traditional forms must be resisted; the social order of pluralism becomes the standard by which we judge the faith. According to Novak, the emphasis on scripture has resulted in a “gap between the Word of God and systems of economic, political, social, and cultural thought.”⁵⁰ Since capitalism is necessary for political liberty and liberty necessary for capitalism, the role of the Church must be, *a priori*, to support capitalism.⁵¹ Of critical importance to Novak’s theology is the idea of man as co-creator with God. Capitalism, he believes, aids this relationship by allowing us to “create” as many goods as possible in an unending stream.

Novak’s “new theology” depends on six doctrines, which he addresses “in their Christian form”⁵² even though they represent for Novak something more universal. We must keep in mind, however, that for Novak capitalism does not depend on any specific religion and the “empty shrine” remains at its center.

The first doctrine is that of *original sin*.⁵³ An economic and political system must tolerate sin and allow vice to flourish; because of original sin, no system can be designed to suppress sin. The attempt to do so leads to the law of unintended consequences, the idea that the attempts to do good will only have bad results. Capitalism succeeds because it intends only the good of commerce,

namely, goods, and hence ends up doing good, namely liberty.

The Trinity: Novak labels the Trinity a “symbol,” since “no one has ever seen God.”⁵⁴ The point of this symbolic Trinity is to teach us about pluralism and unity and to show us how to act in community without compromising individuality. “Experience and Scripture alike suggest that what is most real in human life, of highest value, is a community of persons.”⁵⁵ Novak asserts that under capitalism, communities are transformed into “modalities unfamiliar in previous history” because they are not based on kith and kin, but on voluntary association.⁵⁶

The Incarnation: Novak takes a rather pessimistic view of the Incarnation; it is no longer the salvific act of a loving God but the ultimate demonstration of the futility of good intentions.

The point of the Incarnation is to respect the world as it is, to acknowledge its limits... and to disbelieve any promises that the world is now or ever will be transformed into the City of God. If Jesus could not effect that, how shall we? ...The world is not going to become—*ever*— a kingdom of justice and love.⁵⁷

Competition: “A political economy needs bold political leaders who thrive in contests of power... The will to power must be made creative, not destroyed.”⁵⁸ Novak finds support for this belief in the parables of the talents, of the foolish and wise virgins, of the prodigal son, of the workers in the vineyard who all received

⁵⁰ Ibid., 335.

⁵¹ Long, *Divine Economy: Theology and the Market*, 14.

⁵² Novak, *The Spirit of Democratic Capitalism*, 337.

⁵³ Ibid., 349-51. Novak actually makes this fourth on his list; however it is presented first in the text, and so will be listed first here.

⁵⁴ Ibid., 337.

⁵⁵ Ibid., 338.

⁵⁶ Ibid., 339.

⁵⁷ Ibid., 341.

⁵⁸ Ibid., 344.

the same pay, and in St. Paul's use of sports metaphors. The Christian is

... inspired to noble competition by the example of the saints who have gone before... The competition is relentless. Judgment is constant. Critics sometimes suggest that competitiveness is foreign to a religion of love, meekness, and peace. They have no idea how hard it is to be meeker than one's neighbor.⁵⁹

For all these reasons, it seems wrong to imagine that the spirit of competition is foreign to the gospels, and that, in particular, competition for money is humankind's most mortal spiritual danger.⁶⁰

The Separation of Church and State. Based on the "Render unto Caesar" text (Mt. 22:21), Novak believes that Christian values— or any other values— cannot be imposed on a society. The political system cannot be a Christian system. "On the question of abortion, for example, no one is likely ever to be satisfied with the law, but all might be well advised not to demand in law all that their own conscience commands."⁶¹ The economic system needs special protection *from* religion because, "No intelligent human order— not even within a church bureaucracy— can be run according to the counsels of Christianity."⁶²

Caritas. The purpose of *caritas* is to teach us realism.⁶³ *Caritas* is at the basis of contractual communities, which Novak regards as higher than natural ones. "Yet when they form communities, they *choose* them, *elect* them, *contract* for them. The natural state of political

community for persons is arrived at not by primordial belonging but by constitutional compact."⁶⁴ Our obligations in *caritas* are to raise the material base of society: "A system of political economy imitates the demand of *caritas* by reaching out, creating, inventing, producing, and distributing, raising the material base of the common good. It is based on realism."⁶⁵

Evaluating Neo-Conservatism

Capitalism and Natural Law

The major critiques of neo-conservatism are two-fold: it is not new, and it is not conservative. Or rather, what it seeks to "conserve" is the Enlightenment, and what is new is the presentation of 19th century Liberalism as "conservative." As such, neo-conservatism seeks to continue the project of the Enlightenment to subordinate society to a rationalistic economics, viewed as purely the operation of "natural law," and to continue the project of the modernists to subordinate the Church to the dictates of the Enlightenment. In fact, Novak himself states that "neo-liberal" would be a better epithet than "neo-conservative,"⁶⁶ and one is forced to agree that the tenets of Liberalism describe more accurately the actual content of the movement.

Of that content, a dualistic view of natural law is crucial. The Enlightenment sought to cut natural law and morality free from the base of religion and Scripture, to find a principle analogous to Newton's laws of motion to govern the affairs of men. This dualism

⁵⁹ Ibid., 347.

⁶⁰ Ibid., 349.

⁶¹ Ibid., 351.

⁶² Ibid., 352.

⁶³ Ibid., 354.

⁶⁴ Ibid., 355.

⁶⁵ Ibid., 357.

⁶⁶ Ibid., 406, n.2.

of physical facts and religious values is explicit throughout Novak's work. The "naturalness" of the capitalistic economic system is exempt from any critique and is indeed not really examined at all in the text, but merely assumed. Although other systems are critiqued, capitalism is assumed *a priori* to be the "natural system of liberty," and this "naturalism" isolates it from any theological critique because a "natural law" system is beyond such critique; one would not "critique" the theory of marginal productivity anymore than one would "critique" the orbit of Venus. But this immediately leads to a contradiction: If the theologian cannot comment on the economics, how can he give a theological defense or critique of *any* economic system? Wouldn't that be purely a matter for the specialists in that field, the economists? As long as the economists differ as much as they do, can a theologian committed to a "scientific" view of economics take sides on purely theological grounds? The very dualism which immunizes capitalism from critique also immunizes it from a defense, or even a comment, from theologians. It would be purely a matter for other specialists. The tenets of capitalism, such as marginal productivity, *cannot be assumed* to be a part of the "natural law," but *must be demonstrated* to be so, something which Novak never attempts, either on theological or economic grounds.

"Facts" without "Values"?

Novak's dualistic view of natural law depends on a fact-value distinction which cannot be defended, because there are no "naked" facts which stand apart from values. Take, for example, the statement, "The unemployment rate stands at 5.3%." This may *seem* like a

statement of "objective" fact, but in fact it conceals a host of value judgments. We must ask, for example, "5.3% of what?" Of all citizens? Of all adults? Of all residents, legal or illegal? Of all people who may want a job? But how do we judge who wants and does not want a job? Is a person counted in the workforce if they have not sought a job in one week? In two? In ten? And so forth.⁶⁷ Every perception of a "fact" involves value judgments; facts do not stand apart from values but are dependent upon them. The idea of a "natural law" that can be perceived without values always ends up merely hiding the "value-judgments" that a person is making behind a smoke-screen of "facts" which are not facts, but judgments.

The "Orders" of Society

Novak separates society into economic, moral-cultural, and political orders. However, it is clear that he subordinates the moral and political orders to the economic. He laments the "encroachment" of the political order on the economic⁶⁸ and finds that the moral-cultural order is insufficiently supportive of the capitalism, and, indeed, the biggest threat to its survival.⁶⁹

Novak discusses the moral and political systems entirely from the standpoint of the support they give, or ought to give, to the economic system. But certainly this is a reversal of the right order of values. There are indeed three such systems, and they are hierarchically arranged. But Novak stands the hierarchy on its head; he subordinates the political and spiritual to

⁶⁷ See Chapter 8.

⁶⁸ Novak, *The Spirit of Democratic Capitalism*, 171.

⁶⁹ *Ibid.*, 182.

the economic. Surely the purpose of an economic system is to provide the necessary material base for the political system (man living in community) and the moral system (man's quest for ultimate truth and meaning).

The reason for this inversion of right order lies in Novak's dualism. In the "fact-value" distinction, only "facts" can have a real ontological status while values fall into the realm of wishful thinking. Novak makes facts stand over and against values, and hence values must in some way always support "facts." But as already noted, these "facts" turn out to be value-judgments that are hidden behind a "scientific" smoke-screen.

The Empty Altar and the New Religion

Since for Novak the economic system is a matter of pure natural law, it is not an arena of human freedom. Rather, it is "scientific" and hence religion must conform itself to the findings of this science, just as in the past the Church had to conform herself to the findings of astronomy. Conforming herself will require the Church to adopt not just a "new theology" but even a new religion, since writings from the pre-scientific days of the "caravans" cannot help us today. With that in mind, Novak reinterprets the traditional Christian doctrines so that they will be supportive of capitalism and analogous to doctrines from other religions.⁷⁰ But to accomplish this, he must drain the specifically Christian doctrines of any specifically Christian content. For example, he discusses the Trinity and the Incarnation as "symbols" only, the former a symbol of pluralism and the later a symbol of the futility of

good intentions. According to Novak, because of the Trinity, "the mind becomes accustomed to seeing pluralism-in-unity."⁷¹ It is not quite clear how the three divine, co-equal, and co-eternal persons constitute a form of pluralism. But Novak is certain that they represent the superiority of voluntary associations over natural ones. This appears to be Enlightenment "social contract" theory projected back to the Godhead. But the social contract is pure fiction, and the Trinity is not an analog for such associations: the Father does not offer to beget the Son or negotiate his being with him. For our part, when the umbilical cord was cut, we were not greeted by a lawyer, explaining to us our rights and responsibilities under the social contract. Rather, we were received into communities of kith and kin and received from them gifts of life and language and culture. It is under the aspect of gift (that is, "grace") that we must relate Trinitarian love and community to economy. The question that the Trinity, the community of grace and love, poses for us is how we will be stewards of the gifts we have received and make them fruitful in a way that spreads God's gifts in the way he intends.

We can note Novak's pessimism on this very point; after all, he tells us, "If Christ can't bring about the Kingdom, how can we?"⁷² This bleak assessment of the Incarnation is really the utilitarianism of Mises rooted in violence and a false idea of scarcity. If the Incarnation was to teach us about "limits"—if there is no hope for a kingdom of justice and love—then marginal utility is the real lesson of the Cross. It is quite true, as Novak says, that

⁷⁰ Ibid., 334.

⁷¹ Ibid., 337.

⁷² Ibid.

we do not strive for utopia, but we *do* strive for the kingdom. The kingdom really is advanced (or retarded) by our actions here in the world. Each one of us has the material responsibility to bring about the kingdom, not indeed everywhere, but in our own little corner of the world. The kingdom is a realistic hope because it is based on the true nature of man. Its achievement is the perfection inherent in man's nature. Indeed, the full realization of the kingdom is obscured and delayed by sin, but its partial realization is ever present. We work with the full confidence that if we allow Christ to work through us, then we will really advance towards the kingdom.

As the doctrines of the Trinity and the Incarnation are drained of their meaning and allowed to stand as symbols for humanistic and capitalistic values (values which are deemed to be more fundamental) so too are the doctrines of charity, original sin, and the separation of realms. Novak also adds *competition* to the list of doctrines, which is certainly an innovation in Christian theology, or perhaps in any theology. One can chuckle at his idea of "competitive humility," but far more sinister is his use of this novel "doctrine" to sanctify the Nietzschean and Machiavellian "will to power."⁷³

Novak passes off Catholic Social Teaching's resistance to liberalism with the statement that the popes have resisted liberalism because they confuse it with anti-clericalism and because they misunderstand "Anglo-Saxon cultures."⁷⁴ However, neo-conservatism itself is largely irrelevant to the study of justice,

and this by its own choice. Neo-conservatives rarely speak on subjects like the "just wage," and then usually to question the whole idea or reduce it to irrelevance. From their perspective, this is perfectly logical. If liberalism is the true expression of Enlightenment rationality about the economy, then the concepts taught by the Church must be irrelevant at best and wrong at worst. Either marginal productivity rules our lives, or the freedom to construct just systems does. As a defender of the former view, neo-conservatism, ironically enough, really has nothing to say to the businessman as businessman. All that a businessman needs to know comes from utilitarianism, and no one can add to this, certainly not priests and prelates. The purpose of neo-conservatism is to serve this utilitarianism in the cultural and political spheres. Hence, its advocates absent themselves from the conversation about justice except to criticize those who view the economic sphere as an arena of human freedom where we can really use our creative talents to discover and implement just systems.

Novak's "altar" is not really "empty"; rather, Novak places the autistic, autonomous self on the altar so that each man can worship himself. And indeed, this is how it must be; man, being a spiritual being, cannot live without an altar. The altar cannot be "emptied"; it will have either an image of God as the mirror of man, or it will have merely a mirror, so that man can worship himself. It is almost too bad that the empty altar is not possible, because the nihilism of such empty worship would be preferable to the worship of the self.

⁷³ Ibid., 344.

⁷⁴ Ibid., 246.

Man as Co-creator

Novak identifies man as a co-creator of the world, and he is correct because man does indeed have “dominion” over the earth with the task of bringing it to natural perfection. But this “co-creation” is not a matter of producing the biggest possible pile of goods; rather, it must be directed towards the good, the true, and the beautiful. Co-creation is the work of discerning the possibilities inherent in the true nature of things and then using our creative talents and efforts to bring these possibilities to fruition. Thus this co-creation is a theological matter and cannot be referred to economics alone; it is never a matter of merely producing whatever can be produced, but of producing things that truly advance human happiness and complete the order of creation. To give a concrete example, Novak objects to the pollution controls at Bethlehem Steel. The question is, in the first instance, an empirical one: the “red dust” either is or is not pollution. But Novak does not face the empirical question; he merely complains that the “perception” of red dust as pollution is of recent origin, as if this were somehow germane to the debate. If it is indeed pollution (recently discovered to be so or not), then the discussion can proceed along both economic and theological lines. As an economic point, one would discuss the dust under the question of negative externalities; it would be a question of whether to place the costs of pollution on the polluters, in the form of removal technologies, or on the citizens surrounding the plant, in the form of higher cancer rates. As a theological question, one would ask both whether the “red dust” constituted a true “co-creation” (perfecting the natural order)

and where, morally, the costs should be placed. But Novak does neither; his point turns out to be ideological rather than theological, partisan rather than economic.

Allowing man to fulfill his role as co-creator is indeed one of the jobs of economics. But there is a real question as to whether the concentrations of wealth and power lead to more “co-creative” energy or less. Moreover, it is not clear that capitalism alone provides the only route for such creative energy. For example, many of the major technical advances in our society in the last 60 years were the result not of the free market but of government-sponsored research. Nuclear energy, jet aviation, transistors, miniaturization, much drug research, the internet, and thousands of other advances were the work of such non-market institutions as the government and the universities undertaking research that would simply have been too expensive and risky for a profit-oriented business.

Freedom, Formal and Material

For Novak, liberty is the highest good, but it is a freedom at odds with the Christian formulation. When the Enlightenment separated faith and reason, liberty lost its connection with virtue and became merely the formal ability to choose, not a freedom for any particular good.⁷⁵ Thus his “freedom” has no material content; it is a mere formality. But in Christianity, freedom has a material content; it is directed towards the virtues. Christian freedom is the liberty to explore truth and beauty in love. We have the ability to choose to do

⁷⁵ Long, *Divine Economy: Theology and the Market*, 15.

good or to do evil, but only one of these choices is true freedom. For example, we may choose to use cocaine or not, but one of these choices leads to slavery of mind and body; while the choice may involve a formal ability to choose, once the choice is made, we have enslaved ourselves and lost our freedom, at least to some degree. Christian freedom therefore can never be equated with the flourishing of vices. To illustrate the meaning of Christian freedom, take the freedom of a mathematician as an example. He is free to explore the infinite realms of his art; his research may range over number theory or lattices or topography or fields even now unimaginable to most of us. A lifetime would not be sufficient to scratch the surface of the truths to be revealed, and an eternity would be filled over and again with new wonders. But what the mathematician is *not* at liberty to do is to proclaim error; he is not free to say, "1 + 1 = 3." The very moment he does so, his very "being" as a mathematician is compromised and diminished. His error will corrupt all of his subsequent calculations, and soon he risks his whole standing as a mathematician and becomes a slave of error. He of course has the *ability* to proclaim such error, but this ability is not liberty. Liberty consists of free acceptance of the truth.

The point here is that freedom can be adequately described not by the mere ability to choose, but by the object of the choices. In other words, there is both a *formal* aspect of freedom (i.e., the ability to choose) and a *material* aspect (the things actually chosen). Some human choices, namely the choice of vices, tend to slavery and others, the choice of virtues, tend towards true freedom. Thus to fully describe freedom, we need both the formal element (the ability to choose)

and the material content of the choices (virtue or vice). The "choice" to either inhale cocaine as a powder or smoke it as crack indeed involves "free choice," but not real freedom. In fact it is slavery. And here is the poignant and tragic situation of man: his "freedom" paradoxically contains the possibility of the unfreedom of slavery. But until one realizes that the free choice is between freedom and slavery, one cannot frame the question correctly. True freedom is not compatible with the flourishing of all vices.

In considering any individual in relation to society, one may indeed make an argument concerning the indifference of the system to particular choices. Further, it is quite true that the state, whatever forms it might take, does not endeavor to stamp out all vice; such a task is beyond both the capability and purpose of a state. However, social questions are also involved in every choice. Is it true freedom to be able to display pornographic images on billboards or the airwaves? Certainly there are commercial reasons for doing so and one could argue, as Novak does, that commercial freedom must allow the flourishing of all vices. But such "freedom" leads to the cheapening of women and the commodification of sex. Such "freedom" advances the cause not of liberty but of slavery. Hence, it cannot be considered a purely "private" choice; *no* choice is purely private, but *every* choice has some public effect. We have already seen the problems of an undifferentiated "liberty" in regard to land tenure. The "freedom" of monopoly rights in land held without any claim of common values leads to the exclusion of others from owning anything at all and the imposition of the oppressive "Law of Rents." Therefore,

even at a purely practical level, the question of freedom is far more nuanced than neo-conservatism will allow.

Novak is convinced that an attempt to concentrate solely on social justice will lead only to injustice, and he may be right. But then why would an attempt to base an economic system solely on one part of justice—namely liberty—be exempt from the law of unintended consequences? Indeed, if one flattens all questions to the merely formal without attending to the material, one will not even be able to see the law of unintended consequences in action. All consequences, intended or not, reveal themselves only in the material realm; absent the material and there will be a blind spot in one's vision. For example, Novak reduces social justice to formal liberty: "Social justice means the freedom to choose one's own destiny, the right to the pursuit of happiness: The right to choose the meaning of life"⁷⁶ But even this limited definition ignores the material realm; to realize one's destiny, one needs material goods: an education, health care, meaningful work, and decent housing, among other things. If education is priced out of reach, health care unavailable, and one's job outsourced to India, then the formal ability to "choose one's destiny" will be an empty abstraction with no real meaning.

A Pharisaically Good Conscience

Weber noted that a practical result of Calvinism was to provide a "pharisaically good conscience" to a purely acquisitive spirit, the "Spirit of Capitalism." The thrust of Novak's argument is that the Catholic Church

must also conform itself to this spirit and must provide the religious arguments for its defense. Businessmen and women are themselves incapable of providing these arguments, Novak tells us, because they are men of women of "practical matters" unused to theoretical discussions. Aside from the condescension of this statement, it is questionable that theory and practice ought to be divided so that the Church has the role of defending businessmen, while the businessmen are relegated to mere practice. Indeed, businessmen and women who do not understand the world about them and are concerned only with a pure acquisitiveness, are likely to be ineffective in business as well as incapable of meeting the demands of this increasingly inequitable, unstable and dangerous world. The function of the Church is not to provide him or her with a defense that eases his or her conscience, but to form the conscience in the way of justice, a justice which, as it turns out, it also sound from a business and economic standpoint.

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⁷⁶ Ibid., 47.

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