



## Capitalism and Religion

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The subject is a major challenge for me, and my preparations were an intellectual adventure of unforeseen proportions.

I am neither an expert in moral theology or social philosophy nor am I one of those speakers who go from conference to conference all over the world to hand out advice they do not follow at home, which is why people there no longer believe them.

I would like to believe that I am someone who seeks answers, asks questions and learns, but also someone who provokes constructive engagement.

In fact the subject of "Capitalism and Religion" seems not very complicated. I just have to explain in five minutes what capitalism means and in another five minutes what religion means and then concentrate on the question what is compatible and what is not.

But when we start with capitalism we discover, that there are very different approaches to the subject and that you can define it in very different ways. Maybe there is more than just one variety of capitalism. The same holds true for religion. Is there such a thing as "the religion"?

### The law of the jungle?

Let me start with the term capitalism by quoting Jean Ziegler, a Swiss Professor working for the UN and publishing very popular books on the ugly Swiss and their horrible banks and firms, that are responsible for the starving of poor children all over the world. (Jean Ziegler in "Das Buch", a supplement to the magazine BücherPick "Unser Planet ist keine AG" ["Our Planet is not a Corporation"], May 2003).

Ziegler is a terrible simplificateur, but he is a gifted communicator of left-wing, late-socialist ideas and I do not exaggerate, when I say, that at least 75 percent of our European intellectuals, even in the non-leftist parties share more or less his opinions. The decisive passages of his argumentation are briefly quoted as follows:

"For the majority, globalisation means daily terror." "Hunger is created by people. It is the capitalist world order that is responsible for it. The right to life and death for these billions of starving children is decided by the lords of global capital. Through their investment strategies, currency speculations and political alliances, they decide every day who on this planet has the right to live and who is condemned to die. Money these days is nothing more than an expression of boundless greed and the will to power. The law of the jungle rules today, with the naturalisation of capital flows.... The reigning model of society is that of the gladiator. The strong are right and the weak are wrong.(...) Military power that was once built up to keep the Soviet Union in check now serves to protect the order of globalised financial capital. This colossal imperialistic apparatus is developing a life of its own, so to speak.... This leftover from the Cold War is coming back into favour in that it is combining its own power with the power of capital."

In the face of a Ziegler-style defamation of "globalisation", the "economy", the "profit motive" and "capitalism" all in one go, a critical analysis of his language suggests itself as one approach to a line of argument, since whoever takes the terminology of authors such as Ziegler at face value will already find himself stuck in a maze of misunderstandings. In the last century, the Left has won in its "long march" through the language (and they have successfully used this language to transmit their reading of history and economics in most of our schools in Western Europe). As adversaries of these false doctrines, we must time and again speak in the language of our opponents if we do not systematically reject it. The confusion already starts with the way they use such terms as "capitalism" and "the economy".

There is no such thing as "the" economy or "capitalism" as a monolithic concept. They are polemical constructs, the projection of a conspiracy theory. Money as an institution exists; it is an ingenious invention, on a par with the wheel, language or writing. If someone describes it only as the source of all greed, then he must be able to offer functional alternatives. — Let us give to the Emperor what belongs to him and to God what belongs to God. — The state as an institution exists, also a human accomplishment (which is possibly overvalued, by the way). But an institution called "the economy" does not exist. Economy as a component of culture is a highly complex process by which needs are satisfied through exchange and division of labour. The notion that "the economy" or "the world economy" can be "manipulated" by a couple of superpowers, is based on a dangerously naïve overestimation of how controllable highly complex phenomena are. Shimmering through this belief is the expectation that all you need to do is replace these greedy powers with a reasonable, intelligent management crew (with experts like Ziegler), and presto! the planet would be saved and all evils vanquished.

My own approach to capitalism is that it is the essence of private property and open markets for products, finance and labour. Capitalism is what happens, when you open these opportunities by removing the institutional obstacles. Capitalism has not to be organized by a central political power. And Capitalism tends to globalisation but it creates absolutely no need for a global government.

Is Capitalism just the opposite of Socialism or are, — from a religious point of view —, both ideologies just the two materialistic and rationalist errors of the 19th century — not so far away one from each other? This is my answer: Capitalism is not an ideology, nor a dogma that is to be believed or not. Capitalism is just what happens in world that has invented or discovered money, credit and the division of labour, when you stop to intervene by governmental coercion.

It's not a question of one ideology prevailing over another, nor is it a question of loyalty, but rather a question of empirical plausibility, whose answer is based on empirically verifiable facts and longer-term comparisons of orders. Which principle (I hesitate to use the static term "system") leads to greater prosperity, also for the poor, and to greater progress in measurable criteria (infant mortality, life expectancy)? Which territorial authorities, using which regulatory models, have generated pressure to emigrate? And which have generated pressure to immigrate (voting with one's feet)?

### Capitalism, love and charity

I once had to answer in an interview two very basic questions asked by a very nice female journalist in Ukraine. First question: Do you believe in market? Second: Do you believe in Love?

I admit, that I was a little bit disturbed right then, but I will never forget the questions and the person who asked me.

I am convinced that the second question has to do with religion. Maybe it is the most important question in life, because your happiness depends on the answer you find. My answer of today would be : If Capitalism (it means free market) is not compatible with love and charity then I do not believe in it.

In the following remarks I concentrate on Christian Religion and I focus especially on Catholicism, because it makes the task more difficult and more challenging, especially for a Swiss protestant coming from the more pragmatic and communitarian Zwingli-Confession, it means neither Luther nor Calvin. I do not agree with Max Weber, that Capitalism is rooted in Calvinism. Modern Capitalism has his historical roots in Italy and Spain, the school of Salamanca, Genova, Florence and Venice, the first Republic of merchants — no protestant background at all...

Let me now quote another Swiss, whom I prefer much to Jean Ziegler. It is John U. Nef (1899 — 1989), a Professor of Economic History at the University of Chicago University in the middle of the last century, who wrote several books on the History of Civilization, which in his opinion cannot be isolated from the History of Christianity. He was a close friend to Marc Chagall. John Nefs family has its roots in the same village in Appenzell as I do, so we must be somehow related but I did not found out how close. Anyway, I like his arguing and I feel very close to it:

I quote: "According to Christian theology, what makes charity the first of the virtues, is that it is the only one which is the same here and in heaven. It is consequently of all the virtues the one that links man most closely to God.

If charity and love become guides, that is the surest way of making the eternal values count in the temporal world... In order to gain love it is necessary to deserve it. The way to deserve it is to give it, not for the sake of any return but for the sake of loving itself " (John U. Nef, A Search for Civilization, Chicago 1962, p.11.)

My aim is to explore the common ground shared by Christian Faith and Capitalism. Not coincidentally, I found a nice motto in the works of Aristotle, which reads as follows:

"Unity and harmony among things and people that are different can be achieved only by maintaining their diversity and singularity." I have called my examination of the subject an adventure, and I trust you will allow me to recount one key experience in advance. Studying the "Catholic social teaching" I was confronted with the three principles of this theory: personalism, subsidiarity and solidarity.

## **The Christian concept of man**

In the source material and commentaries I then read that it is not a closed system (in the works of Cardinal König, for example).

The Catholic concept of man and the Christian concept of man in general stand in an open relationship with the living God and the story of his incarnation and cannot therefore be dogmatically fixed once and for all.

Via the alternate route of social thought, which I by all means view sceptically, I advanced to the works of Thomas Aquinas and Augustine, which, for all their temporal limitations, still and increasingly contain much of importance, also for classical liberalism and capitalism, such as the distinction between actus and potentia, the distinction between knowledge and belief in the works of Thomas Aquinas and the distinction between civitas dei and civitas terrena in the works of Augustine.

But to return to the subject: in historical terms, the three principles of Catholic social teaching are arguably a critique, a specification and a concretisation of the slogan of the French revolution. Instead of "liberté, égalité, fraternité", it is "personalism", "subsidiarity" and "solidarity". The Jacobin battle cry, which incidentally is said to have been coined by a Catholic priest, also allows itself to be specified and updated from a classical liberal viewpoint. Here is my personal proposal:

## **Openness, Diversity, Voluntariness**

Instead of liberty: openness. Instead of equality: diversity. Instead of fraternity and sisterhood: voluntariness in the sense of the absence of coercion.

In this form this still sounds very abstract, and so I would like to make it more concrete and thus more attackable:

Openness is the principle of anti-totalitarianism and anti-dogmatism. The belief that man is constantly searching for the truth and the good — and that while there are convictions about this, there is no definitive proof and no conclusive knowledge.

Diversity is the belief in pluralism which is not identical with relativism and nihilism. The diversity of mankind is part of the order of creation. It is risk and opportunity at one and the same time.

Diversity also means — and I will come back to this later — a diversity of order systems in society, a coexistence of economics, politics and ethics, which though they are related to each other, do not form a universal hierarchical system.

Man is homo oeconomicus when he maximises benefit, homo politicus when he makes and applies law, and homo religiosus when he believes, hopes and loves; he is always the same person, but the challenges posed by the three realms of life are to be distinguished.

Voluntariness: this refers to autonomy, and in particular personal autonomy.

When I wish to explain the classical liberal standpoint to someone, I ask them to pick up a code of civil law and read the categories — only the categories:

Person, family, inheritance, property, contract/liability, companies, securities and back to person.

This, in a manner of speaking, is a list of to dos in view of personal autonomy, as it has been discovered — not invented — in the course of cultural history.

I would now like to compare the three principles of Catholic social teaching with the three principles of classical liberalism aforementioned, the historical root of capitalism.

## **Personalism**

The principle of personalism ties in with the dignity of the human person, which is modelled on God's likeness and presupposes free will. In the Encyclica Gaudium et spes it says: "Hence a human being's dignity demands that he act according to a knowing and free choice that is personally motivated and prompted from within, not under blind internal impulse nor by mere external pressure." The principle of personalism is based on natural law, and natural law is an important root of both liberalism and Catholicism, despite the fact that it is open to interpretation, and despite the fact that there are liberals who are sceptical of all forms of natural law. The majority of classical liberals were, however, staunch advocates of a natural law. And the principle of personalism does not stand in fundamental contradiction to the

core classical liberal content in the categories of our civil law, which is rooted in Roman law and remains a handed down, Christianity-tinged cultural asset of the highest order (comparable, perhaps, with the fund of classical scientific knowledge).

In summary, there are no fundamental tensions or problems between the principle of personalism in Catholic social teaching and basic capitalist values.

On the contrary, the principle of personalism corresponds extensively to the classical liberal concept of the responsible individual and his integration in the community on the basis of personal autonomy.

## Subsidiarity

Now to the second principle of Catholic social teachings, the central principle of subsidiarity.

It forms a link between personalism and solidarity and establishes a kind of correspondence between the “physics” of the personality and the “metaphysics” of solidarity. Subsidiarity also assumes a relative independence of realms within society (state, economy, socio-culture) and even establishes a hierarchy at the expense of politics. Politics which imposes coercion is always to remain subsidiary to economics on the one hand and ethics on the other. Politics should step in only where necessary.

But what is necessary? Herein lies the practical weakness and the political popularity of the principle.

It becomes arbitrarily applicable. Who decides who is unable to cope and to what extent? Who decides what constitutes need in a specific case, need which demands a helping or punitive intervention?

The political and practical significance of the principle of subsidiarity is highly dependent upon three factors: the instances applying it in each case, the premises that are presupposed (concept of man) and the competing principles with which it is combined. Those who view the principle with the greatest possible scepticism and intellectual distrust will be appalled by how little content there is in this. But does not this apply — more or less — to all principles? They help in deliberation and decision making, but offer no guarantee of correctness. Those who approach the subsidiarity principle with a little goodwill and trust and endeavour to take it radically serious enough in terms of the history of meaning and ideas will perhaps arrive at the political structures and processes which optimise its use and prevent abuse.

To summarise, from the classical liberal point of view there is formal agreement with the principle of subsidiarity, but also a substantial need for interpretation that is open for both sides.

## Solidarity

The profoundest problems between classical liberalism and Catholic social teaching are raised by the principle of solidarity. *Solidare* means to join together firmly. On a voluntary basis as a free, humanitarian option vis-à-vis our fellow man, liberals, too, can subscribe to the principle of solidarity. But fraternity has been a problem ever since the time of Cain and Abel. It is no coincidence that during the French Revolution the lack of fraternity was punished with the guillotine, and there is a saying that goes: “Be my brother, or I will kill you”.

Solidarity, if it is not combined with voluntariness, embodies all the tensions between contrasting notions of justice that lie at the root of envy and hate: Cain and Abel...

All other principal concerns of Catholic social teaching which are derived from the three main principles are nothing more than concretisations of notions of justice in light of the principle of solidarity.

They combine relatively unchangeable and unprovable faith convictions with the latest social scientific knowledge and error.

- Linkage of the religious and social dimensions
- Option for the poor
- Linkage of love and justice
- Promotion of the common good
- Political and economic co-determination
- Economic justice
- Social obligation of property
- Solidarity with poor nations

In summary, from the classical-liberal viewpoint there can be no objection to the faith-based desirability of these postulates and the objectives of solidarity, as long as they appeal to the individual person rather than being addressed to the state with a claim to universal validity.

When it is a question of linking knowledge and faith, scepticism is called for in relation to knowledge, which is always imperfect. This was recognised long ago by Thomas Aquinas, but the Catholic Church has not always adhered to it. Do we know what the common good is? Do we know what really and effectively helps the poor? Do we know where the boundary is between what is “well meant” in terms of the ethics of conviction and what is counterproductive in terms of the ethics of responsibility, say in the area of foreign aid or the welfare state? Is it not true that precisely the welfare state has sometimes destroyed more than it has created in the social realm? From the classical liberal standpoint the principal weakness of Catholic social theory is not its reliance on the certainties of Catholic faith, but the uncritical incorporation of time-bound scientific and ideological trends.

## Justitia et pax

This brings me to the final and most important point: the relationship between justice and peace. This is perhaps where the subtlest, yet most profound tensions between classical liberalism and Catholic social teachings are to be found.

To illustrate these abstract considerations I would like to begin with a striking depiction that I found on a coin.

This coin originates from Gdansk and was struck in the sixteenth century. It shows a scene from Psalm 85: “Justice and peace will kiss”.



My thesis is that the principles put on a par with each other in Psalm 85 (the kiss as a symbol of affinity, harmony and exchange with no hierarchy) are applied with the priority on justice in Catholic social theory and with the priority on peace in liberalism.

Catholic social teaching strives to come closer to peace through the guarantee of justice. Classical liberalism strives to come closer to justice through the guarantee of peace. Or put in even shorter terms: first justice, then, as a consequence, peace — peace with the proviso of justice on the one hand. On the other, first peace, then, as a consequence, justice through equalisation in infinitely diverse, spontaneous exchange processes.

But the picture tells us even more. The citizens of Gdansk were good liberals as long ago as the fifteenth century. The inscription reads not *lustitia et pax*, but rather *Pax cum iustitia, coronat fora, templa et rura*. Peace with justice crowns marketplaces and courts (symbol of the state), *templa* (churches) and fields (symbol of economic production).

Here, the philosopher will discover the three Aristotelian categories of politics, ethics and economics (the just, the virtuous and the useful), the historian the three medieval estates (the nobility, the clergy and the peasants), and the political scientist perhaps the three crises of post-socialism — the political, the socio-cultural and the economic.

The damage in the social realm is, after all, extraordinarily severe. It is one of the tragedies and paradoxes of history that, of all ideologies, it was socialism, aspiring to make people more social, that left behind the deepest social misery, the greatest mutual distrust and the crassest individual egoism.

Whether and how new trust can form in this misery, and on what prerequisites it is based, is an open question that must be answered in different ways in different political and economic environments and can be answered only in a differentiated way. The mutual contingency of constitutional order, private property, contract and market, in particular, is of central importance.

### **Fora, templa, rura**

And once again, the picture on the coin harbours something striking:

*Fora, templa, rura*: the church stands between the state and the economy. Can and should it influence political and economic powers by linking itself to them? From the classical-liberal point of view the answer is no. The church lives on the collective faith of its members, faith which is based on voluntariness. It has an impact on people who are *homines religiosi* and on those who as *homines religiosi* become active in politics and business voluntarily and on a contractual basis.

This is an enhancement, not a devaluation of faith, which in the liberal view prevents from being compromised by the political idea of coercion and the economic idea of benefit.

The postulate of a differentiation between rather than a separation of politics, economics and ethics is not just a liberal one, incidentally.

We also find it in the thinking of Catholic social ethicists such as Oswald Nell-Breuning. State and business should not spend too much “ethical energy” in maintaining their respective orders, energy which people need and should use in their social environment. The basic values of the Catholic Church are rooted in faith convictions and are compatible with classical-liberal convictions when the Catholic Church refrains from universally enforcing them via the political system with statutory norms.

Genuine faith can survive only as a freely chosen personal belief, a belief that permits and seeks competition with other beliefs. This is also my personal interpretation of believing in God.

The Gospel, the “*Evangelium*”, that is the “good message”, is to be spread across the world to allow the message they bring, in competition with other messages, to permeate among those willing to accept it. It is a question of competition between human role models, a competition in ethical practice.

The spiritual power of Christian convictions should be immediately recognisable in society and in business by its fruits, and it has to avoid taking the wrong path via the political system and the constraints of binding law.

What survives and develops is not hierarchies and organisations, but convictions. The realisation and development of basic religious values and convictions require neither a coalition with the state bureaucracy nor money from the public purse. In the long term, both become a hindrance rather than a help.

What is needed is convinced and convincing believers and an environment in which doubt and scepticism can be freely expressed and practised. Embedded in a spontaneous order system that leaves open the individual and collective search for eternal truth and life's meaning, any conviction whose ideas and human embodiments are sustainable and future-oriented can survive and grow. In matters of faith, state coercion of any kind should be avoided, not primarily because this impairs the state, but because coercion undermines free will

as a basis of faith.

## Knowledge and faith

Since Thomas Aquinas we have understood the huge significance of separating knowledge from faith. In the search for truth, we need the liberal spirit of openness; in our choice of conviction, we need the liberal spirit of voluntariness; and in order to improve time and again, we need the liberal spirit of diversity. In an environment of ethical relativism and nihilism, a liberal society loses its powers of survival.

Ultimately, openness, diversity and voluntariness are formal principles that should be filled with content and convictions that we have chosen ourselves.

Classical Liberalism does not have a problem with convinced and convincing Catholics if they fully accept the boundaries of religious freedom and freedom of conscience. Whether Catholicism has a problem with convinced classical liberals and supporters of capitalism, I cannot say from a liberal point of view.

## “Third way” – a seductive model

I have talked about the various tripartite principles. In the interest of provoking a discussion, I would like to conclude by commenting on yet another triplet.

I often come across a tendency to search for a “third way” between socialism on the one hand and individualistic capitalism on the other. From this point of view the third way is the “Christian-social-way” the so called “social market economy” that ends by being neither social nor economically reasonable because it cannot be paid for anymore.

I contrast this seductive model with an alternative. On the left-hand side we have materialistic totalitarianism and on the right dogmatic totalitarianism, which blends knowledge and faith and consolidates them in nationalistic and religious dogmas. Socialists and nationalists are attractive, yet dangerous coalition partners for convinced Christians. They sometimes want similar things, but have different motives and methods.

Classical Liberals are often uncomfortable partners for convinced Christians because they refuse to take the attractive path to good via collective coercion, though they are dependable and safe. Midway between left-and-right-wing totalitarianism stands radical liberalism, with its open, diverse and voluntary-based state order system, which offers room for strong faith-based convictions, including those based in the Catholic faith.

My yardstick when I apply my three liberal principles — openness, diversity and voluntariness — is a sentence by Augustine: in necessariis unitas, in dubiis libertas, in omnibus caritas. “In necessary things unity; in doubtful things liberty; in all things love”:

What does mean Love? Love of God, love of one's neighbour and love of self. In the debate between humanist agnostics and convinced Christians (both can be convinced liberals), the question of the relationship between love of one's neighbour and love of God plays a central role. The agnostic develops an ethics based on the harmony between love of one's neighbour and love of self, the Christian draws from the love of God the power for the love of one's neighbour according to the yardstick of love of self.

The illustration on the Gdansk peace coin I referred to earlier contains a clue to this question, too. The two commandments “love of one's neighbour” and “love of God” are shown as tablets of the law on which rest peace and justice, peace on the love of one's neighbour and justice on the love of God.

Can there be love of one's neighbour by the yardstick of love of self without love of God? Can a Christian accept that God's spirit of love can take effect in people who do not know God or reject Him?

## Peaceful cooperation

Can a Christian foster a community with non Christians on the basis of the second best of peaceful cooperation, which combines self-interest and sympathy, or is it his first duty to convince and convert his counterpart prior to cooperation? The question is relevant not only for Catholics, but also for Christians all over the world.

As a classical liberal I put the principle of openness in first place, and I put personal openness before conversion. For me the basis of faith is openness for the living God and for engagement which is repeatedly surprising (and rationally not fully comprehensible) and interrupted by periods of doubt. In periods of doubt the Christian can relate to people of no faith or of other faiths. The “openness for God”, for a God who doubtless knows him, but whom he never fully recognises, is also the basis for openness vis-à-vis our fellow man.

I do not believe in Capitalism, because it is not a dogma but only a deeply rooted experience of the last 250 years. But I am convinced, that it is the only viable and sustainable way to an improvement of the economic conditions of mankind.

But I believe in Love and Charity. Maybe you cannot explain it in a materialistic and rationalistic way. But — in my opinion — it makes it even more valuable and desirable than if there were a clear explanation.

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