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PROPERTY AND POSSESSION
IN RELIGIOUS AND SOCIAL LIFE

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Avarice, Prudence, and the Bourgeois Virtues

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Introduction

What's an economy? The English economist Alfred Marshall gave in 1890 the simplest answer: it is the "ordinary business of life." Implicit in the answer is that love and faith and courage are not "ordinary." The business of saving one's immortal soul, for example, is counted extraordinary. So are romance and politics, clubs and churches, at any rate on their passionate side.

Definitions must leave out something. Yet Marshall's includes more than one might think. An economy is not merely the *bought and sold* business of life. And it is not, to mention a common misunderstanding of economics by non-economists, mainly about money. ("Money" understood as the medium of exchange, a temporary store of purchasing power, is viewed in economics as a veil, through which the economist discerns the ordinary business of making and consuming.) The economy includes, therefore, the household economy and the governmental economy, the provision for childcare in the home and the decision to make armies in Washington or Berlin.

Modern economics has defined itself, you see, as the science of the profane — at any rate "profane" in a theology that emphasizes asceticism and unworldliness as the path to the sacred; a more worldly theology is of course possible. Economics is the science of goods, understood in the economic sense as scarce sources of pleasure. The character of the pleasure is irrelevant, say the economists. If we get pleasure from priestly vestments in Communion, that's fine. The economist will turn to inquire about the supply and demand curves for vestments, which will determine their price.

The questions here are two: Can such an economics get along without a

serious inquiry into the sacred? "Yes, by God!" the economists reply. And can a God-centered life get along without economics? "Yes," the theologians reply.

Both, I think, are mistaken.

Economics without God

The deep structure of modern economics, viewed from theology, is, so to speak, Augustinian. People are born in sin (that is, greed). By the grace of God, and of market forces, the sin is transformed into social good.

The invisible hand is not a vague or stupid argument, and most non-economist intellectuals would do well to try to understand it before turning away. The argument is fundamental to a logic of property and possession. For the moment leave the deep meaning of the words "property" and "possession" aside, ignoring their social construction. Consider what happens when anyway they exist.

Among the important things that happen is exchange. Jones exchanges what she possesses, her labor for bread, or her dog for a sheep, or her loan for interest. (The money prices of all these, I repeat, are merely a convenience for what is more fundamentally an exchange of goods and services for other goods and services.) Jones works an hour in the Starbucks at University Village, earning \$8.00. She can buy with her hour's earnings four loaves of bread. (I anticipate another theme: a laborer in London in the 1770s earned a penny an hour, and would have needed the equivalent of *four hours* to earn even one loaf. It's a measure of how far capitalism has brought us in two centuries, 4:1 as against 1:4.) The grocer is made better off by the sale, or else he would raise the price of the loaf. He spends his "profit" on cappuccinos at Starbucks, perhaps, completing the circle rapidly. But, in any case, he is better off. So is she, the bread-buyer — or, again, she would not buy the loaves. So are the owners of the Starbucks, in accepting her offer to work for \$8.00 an hour. So is she, in offering it. So are the customers, enjoying their cappuccinos. So, so, so: exchange is, as the economists express it, "mutually beneficial." Mainstream economists therefore cannot make sense of the Marxist claim that exchange is exploitation. From their point of view, the value of what each gets is always higher than the money price that each pays, or else the deal would not have gone through.

"Mutually beneficial" does not mean "idyllic for everyone involved." A "free market" does not for example mean "equal exchange," whatever exactly equality would mean. There is no reason for Starbucks and Jones to have the same amount of money in the bank for a mutually advantageous exchange to

take place between them. We do not live in the Garden of Eden and should not judge economic life against perfection, especially such an impossible perfection as "equal" exchange. Utopianism, making the best imaginable the enemy of the actually achievable good, has been a problem in social thinking since 1789, and Christian social thinking has not been an exception. We live in a world of scarcity, earning our bread from the sweat of our brows. The economist says in her grim way: grow up; face it.

Free exchange is better than theft or charity or hierarchy as a system of doling out what nature and our sweaty efforts have produced. If Jones the bread-buyer can simply pillage the grocer, or throw herself on his mercy, or get the bread by right of her high status, the outcome is worse than exchange. Why? Because only exchange among the systems is mutually productive. Value is "created" (as economists say) by putting the bread in the hands of the person who values it most, but along the way in free exchange the bread is voluntarily brought into existence. A regime of theft, or high taxes, by contrast, discourages production and makes the exchange of what is produced less likely. No one is going to run a grocery store that is regularly pillaged, whether by gangs of toughs or by hoards of tax gatherers. One can explain in such terms the poverty of the Scottish Highlands before their subjection to the rule of law, and of many sub-Saharan countries now, and of most communist countries, and of inner cities.

Make no mistake. Private ownership is essential for this mutual advantage in exchange and this encouragement to production in profit. "Stewardship" will not do, for the reason that a common park is littered because no one owns it and no one therefore has an incentive to keep it clean. That's another thing that happens when property and possession exist: people take care of what they own. For the earth to be treasured, it needs to be treasure.

A famous passage in Adam Smith's *The Wealth of Nations*, first published in 1776, is usually understood to mean that the engine of mutual advantage is this sinful, Augustinian greed. Smith writes:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity. But to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens.¹

1. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Andrew S. Skinner and R. H. Campbell, vol. 1 (Oxford: Clarendon, 1979), pp. 26f.

Augustinians by the hundreds down to the Nobel laureate and leading misreader of Smith, the Chicago economist George Stigler, have supposed that "*The Wealth of Nations* is a stupendous palace erected upon the granite of self-interest."²

A structure as theological as this lurks just below the level of consciousness among economists.³ But below: the economists and calculators are damned if they are going to call on any virtue. The economists, Marxist or bourgeois, insist on being theorists of anti-virtues, as they view them. Out of your sin shall come a goodness wholly undeserved. Out of your individual greed shall come market efficiency. Out of your class interest shall come The Revolution. Unintended. Grace.

My own view and that of a tiny minority of economists is heretical and Pelagian. People are born with an array of virtues, the Pelagian economists claim; or at any rate, children acquire the virtues at their mothers' knees or teachers' desks before they enter economic society. We Pelagians think that grace comes out of being children of God, as we all are, not from a paradox of fallenness.

For example, the realm of caring is outside the market, having nothing to do with butchers and bakers, and it, too, is mutually beneficial. It is a virtue, nongreedy. Its working does not require an original sin; rather an original virtue. A mother gives food to her child, and comes away from the "transaction" satisfied. I do not mean to reduce the satisfaction to utility. On the contrary, her satisfaction comes from an identity fulfilled, not from the "pleasures" directly and dubiously earned from making peanut-butter-and-jelly sandwiches for her son's lunchbox. She loves her child. So we feminist economists retort to Smith, if Smith is read as ignoring caring, "It's from the benevolence of your mother, my dear Dr. Smith, that you expect a cooked dinner," the elder Mrs. Smith being the woman in his household. The deeper point is David Klemm's: Property as grace is given and received as a living symbol of divinity.⁴ The giver is enriched.

It needs to be realized how enormous the share of caring is in any econ-

2. Quoted in Samuel Fleischacker, "Talking to My Butcher: Self-Interest, Exchange, and Freedom in *The Wealth of Nations*," unpublished paper (Chicago: Department of Philosophy, University of Illinois, Chicago, 1999), p. 1.

3. Some other links between economics and theology have been brilliantly explored by Robert Nelson. See Robert H. Nelson, *Economics as Religion: From Samuelson to Chicago and Beyond* (University Park, Pa.: Pennsylvania State University Press, 2001), and his *Reaching for Heaven on Earth: The Theological Meaning of Economics* (Savage, Md.: Rowman and Littlefield, 1991).

4. See Klemm's essay, pp. 222-48 in this volume.

omy. After all, even most purchases in the marketplace and a great deal of income-earning are said to be for the benefit of someone other than the purchaser or earner. Parents, partners, children, friends, cousins, pets: we buy and sell for each other all day long. Something like a half of the marketed portion of national income is gotten on behalf of someone else. And massive amounts of caring labor, off the market books but not off the mind of economists nowadays, goes into every household of more than one loved one. Nancy Folbre, among other feminist economists, has emphasized the size of the caring sector, and has worried about its erosion by market substitutes.⁵ As did Adam Smith: "Domestic education is the institution of nature — public education the contrivance of man. It is surely unnecessary to say which is likely to be the wisest."⁶ One can argue about the matter. I would say that the market has widened the opportunities for caring; Smith thought so, too. But in any case the realm of grace is wider than secular economists believe.

The moral philosopher Samuel Fleischacker, however, has reinterpreted even the allegedly selfishness-recommending passage in Smith as Pelagian, as not supposing a sin in the original position of humankind. He notes that the very conventionality of the example — "Well, *of course* we address the butcher and baker in terms of what they can get from us!" — implies that Smith is not intent on stating the obvious, that butchers are in business for themselves.⁷ This obvious point was Bernard Mandeville's only one, elaborated well before Smith into an all-purpose ethical theory that some economists like Stigler have found congenial. Smith took considerable trouble to attack Mandeville,⁸ so his point can hardly be Mandeville's own.

On the contrary, Smith was pointing out that the *buyer*, who is the main character in Smith's parable, is "able to perceive, and address himself to, *other people's interests*."⁹ It is this faculty of imaginative entry into the interests of others that distinguishes in Smith's mind the human from the animal, and makes our form of cooperation in an economy so productive. A fair exchange does not show an impossible "equality" but simply the free speech to induce cooperation. The introduction of one satellite telephone into thousands of Bangladeshi villages (as a commercial service owned in each village by a local woman) has transformed their economies: now the farmers know if they are

5. See, for example, Nancy Folbre, *The Invisible Heart: Economics and Family Values* (New York: New Press, 2001).

6. Smith, *The Theory of the Moral Sentiments*, part 6, section 2, chap. 1.

7. Fleischacker, "Talking to My Butcher," pp. 1-2.

8. Adam Smith, *The Theory of Moral Sentiments*, ed. D. D. Raphael and A. L. Macfie (Indianapolis: Liberty Classics, 1982), pp. 308-13.

9. Fleischacker, "Talking to My Butcher," p. 4, italics his.

being cheated in a bargain, because they know the price in Dacca. According to Fleischacker, Smith "is interested in our capacity for being aware of other people's needs and feelings," the basis for commercial success. "Instead of an almost Ayn Randian exaltation of self-love, we may now see these famous lines as focusing on our capacity to be *other-directed*."¹⁰

Capitalism is commonly portrayed as selfish to the point of solipsism. It is nothing of the kind. It is the most social of systems. As Patrick Miller notes in his commentary in this volume on the trajectory of "Thou shalt not steal," "the economics of the straying ox" is more than a selfish matter. I have a religious obligation (foreshadowing, he notes, the New Testament obligation to love one's neighbor as oneself) to take care of another's goods: "I cannot hide myself from the reality of my neighbor's economic endangerment."¹¹ The "positive inducement to generosity" in the eighth commandment calls us to treat our neighbor as ourselves, requiring an imaginative leap that Smith called the impartial spectator.

* * *

Adam Smith and I, but no other economists, think of the place of an economy in a universe of good and evil in terms of the seven virtues Aquinas catalogued: the four "pagan" ones of courage, temperance, prudence (or wisdom), and justice, plus the three "theological" virtues of love, faith, and hope. The first four, the pagan virtues, glow in wily Odysseus or in the hero Gunnar of Njál's Saga, men showing the virtues of a military aristocracy; the last glow in the life and words of St. Paul, "Faith, hope, and charity, these three. But the greatest is charity." The theological virtues, notice, have a stereotypically feminine air, or at any rate are not the virtues of the soldier.

Thus:

Courage	Temperance	Prudence	Justice	Love	Faith	Hope	
Soldier	Inner-regard			Other-regard			Saint
Aristocrat							Bourgeois

Economics since its invention as a system of thought in the eighteenth century has been very largely about that third virtue of the seven, prudence, an androgynous virtue counted good in both men and women stereotypically

10. Fleischacker, "Talking to My Butcher," p. 4.

11. In this volume, see pp. 17-50.

viewed. You can call it practical wisdom or *ratio* or know-how or self-interest or competence or rationality. The word "prudence" is a useful, long-period compromise among the wisdom-words from *phronesis* in Aristotle to "maximization" in the modern economists.

Prudence is a virtue, which is not something most moderns, Left or Right, are willing to see. In the last two centuries prudence has come to be viewed as mere selfishness, the Ayn-Randian sort of behavior one could assume as normal to a commercial society, hardly a "virtue." But the ancients, I think, had it right. We want to have people around us who are prudent, who can take care of themselves — every parent knows that. Of course, we also want our children or friends to be courageous, temperate, just, loving, faithful, and hopeful. The point is that ethics cannot be reduced without grave loss to The One, to an essential juice of goodness in the style of Plato. And among the Aristotelian Many, I say, the virtue of prudence is not to be scorned.

The way most economists do their job is to ask, Where's the prudence? Adam Smith asserted in 1776 that "what is prudence in the conduct of every private family can scarce be folly in that of a great kingdom."¹² A splendidly useful principle. The blessed Smith, however, understood that we do want people to have a balanced set of virtues, not merely prudence. He was not a very religious man, it seems, but was nevertheless a professor of moral philosophy, and took his job seriously. I believe he was forming in all his works an ethic for a commercial society. But his ethic was not Prudence Über Alles. After Smith's death his followers came to believe precisely this, that prudence, or utility, rules. Their single-mindedness was part of a wider rhetorical development beginning around 1700 that has elevated prudence to the master virtue, the Platonic juice. (This at the same time that in other circles prudence was being reduced to the master vice, drummed out of the virtue corps.) You will find people in business schools arguing that the reason to be loving or just is that it is prudent — it makes money, doing well by doing good.

Economics has lost its ethical bearings, which is no wonder considering its fierce secularism. The philosophical movement fashionable in the middle decades of the twentieth century, Positivism, has squeezed out ethical and theological reflection. Yet ethics and economics overlapped at its beginning. No one seriously disagrees that Adam Smith invented economics. (True, not out of nothing; but the field came to exist after Smith in the same way that geology came to exist after his Edinburgh friend James Hutton; or that modern philosophy came to exist after his greatest friend, David Hume.) But Smith

12. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, book 4, chap. 2.

was not, of course, a professor of "economics," or even of its older title (before about 1870), "political economy." His first book, the book he regarded as his masterpiece, the sixth edition of which he finished shortly before his death, was not *The Wealth of Nations* but *The Theory of Moral Sentiments*.¹³

After the promising Smithian beginning, economics and ethics, the prudent and the sacred, have become separate spheres. They have drifted apart to the extent that economists regard themselves as defined by their amorality (and likewise that moralists think it frightfully vulgar to mention considerations of prudence). It's not unreasonable to suppose that the separation of spheres into a bourgeois business-place and a Christian home, a man's world and a woman's, had something to do with the drifting apart. Jeremy Bentham and his school were important, too. By 1846, Charles Dickens was noting sardonically that "some philosophers tell us that selfishness is at the root of our best loves and affections."¹⁴ Whatever caused it, the drift is fundamental to modern sensibilities. To be macho in the twenty-first century is to be some version of an economist. "Realists" in foreign policy, such as Henry Kissinger, scorn an interest in human rights for their own sake. One must have a utilitarian interest in everything. Oil, say.

My point is that Smith was right and later economists and calculators have been wrong. You can't run on prudence alone a family or a church or a community or a foreign policy or even — and this is the surprising point — a capitalist economy. Courage and love and the rest figure in any human group. You can't run human groups on love alone, either. Or on courage alone. It's the aloneness that's the problem. As Mary Midgley observes in her book *Wickedness*, evil comes from an unbalanced excess in what would in a balanced showing be a virtue.¹⁵ Think of how dangerous it would be in a platoon with Medal-of-Honor types all around you; or how tiresome to be a nun with Mother Teresa types all around you.¹⁶ Love alone is no excuse for an imprudent or unjust or intemperate act.

Prudent, economical, market-oriented, capitalist behavior *within a balanced set of virtues* is not merely harmless — it is virtuous; even, I am bold to say, in God's eyes. By contrast, the prudence-only behavior celebrated in economic fable is bad. Bad for business. Bad for life. Bad for the soul. We call it avarice.

13. The first edition of *The Theory of Moral Sentiments* was published in 1759, the last in 1790.

14. Charles Dickens, *Dombey and Son* (London: Penguin, 1985), p. 150.

15. Mary Midgley, *Wickedness: A Philosophical Essay* (London: New York, 2001).

16. Cf. Susan Wolf, "Moral Saints," in *Virtue Ethics*, ed. Roger Crisp and Michael A. Slote (New York: Oxford University Press, 1997).

This will not surprise an audience of theologians and biblical scholars. How does it change the economics? Radically. An economics that acknowledged the ethical wholeness of economic actors, in the style of the "social economics" described by Christine Hinze in this volume,¹⁷ would come to different conclusions about prudential matters, too. To show this in factual detail would require a long book. The best brief example is the economistic theory of voting popular nowadays among American political scientists. People are supposed to vote their pocketbooks, to be wholly rational in choosing a Gore or a Haider. But wait. Voting is itself an irrational act. Once in the voting booth, fine, one might be imagined to choose which lever to pull by judging the effect of this or that candidate on one's income. It's not how you or I vote, but at least it is not self-contradictory. But any single act of voting is so trivial in most elections that the expected gain to the pocketbook (that is, the dollar gain multiplied by the probability that one's vote will affect the outcome) is a matter of a few pennies. *Going to the polls is much more expensive than a few pennies.* A rational theory of voter participation, then, is wholly inconsistent with the facts. No one but a madman would set off for the presidential election saying to himself, "That creep Gore will reduce my income. I must go to the polls to stop him, and I will." He won't. The "rational choice" framework for politics is a rational theory for a population of madmen. *Sic transit Gloria hominis economicae.*

What is most my own is not my own, David Klemm reminds us in his essay in this volume. I neither produce myself nor belong to myself.¹⁸ Yes, and it is a truth that erodes the literally Godless utilitarianism of modern economics. A bizarre instance of what Klemm is referring to is the economic value of human life. Economists correctly observe that *some* valuation is necessary in designing, say, highways or air traffic controls. It is not literally the case that we design the autobahn with an infinite value of human life in view, or else we would require the BMWs to crawl down it at five kilometers per hour with a man waving a red flag in front of each. On the basis of *self* evaluations, such as how much one requires for entering dangerous jobs, the current value of life in the United States is one or two million dollars. But no one is an island; everyone's death diminishes me, for I am involved in humankind. The strictly correct economics, therefore, would include as well the values that *other people* place on me if I enter the profession of daredevil motorcycle jumping. This can be vastly more than the value I put. Technically speaking, lives are public goods, valued by the entire community. Even an apparently

bloodless calculation of the "worth" of a human life finds itself facing more than selfish prudence.

Economics needs a serious return to Smith and his preoccupation with character, and behind it an engagement with the sacred.

God without Economics

Any society, Christian or not, has both a sacred sphere and a profane sphere, a sphere in which love and obligation determine who gets what as against the sphere in which prudence and courage do so. And the two cannot be disentangled. We all live in families, and a church can be viewed from this social scientific perspective as a sort of family. Businesspeople cannot be routinely avaricious and remain in business, any more than a caretaker for a child can, or a dutiful daughter.

Many non-economists imagine that, on the contrary, avarice is necessary to keep the wheels of commerce turning, "creating jobs" or "keeping the money circulating"; that people must buy, buy, buy or else capitalism will collapse and all of us will be impoverished. It's a bubble theory of capitalism, that people must keep puffing, one version of the old claim that expenditure on luxuries at least employs workpeople. I say as an economist that it is mistaken. Nothing would befall the market economy in the long run if we tempered our desires down to one car and a small house and healthy foods from the Co-op. (And as the economist Robert Frank argues, taxing consumption to bring down rivalrous buying of Ferraris and other symbols of superiority would make us better off even without moderating our desires,¹⁹ though I doubt that rivalrous consumption is a very long-lasting or very important feature of high capitalist economies; notice, for example, that it's always those other, silly people, not we, who are keeping up with the Joneses.) Workers in a temperate economy would not become permanently unemployed.

The mistake is to think that the relevant mental experiment is that tomorrow, suddenly, without warning, we all begin to follow Jesus in what we buy. No doubt such a conversion would be a shock to General Motors. But, the economist observes, people in the Christian Economy would find other employment, and would choose more nonwork activity. It would still be a fine thing to have lightbulbs and paved roads and other fruits of enterprise (the commercial version of courage). "In equilibrium," as economists say

17. See pp. 168-88.

18. See pp. 222-45.

19. Robert Frank, *Luxury Fever: Why Money Fails to Satisfy in an Era of Excess* (New York: Free Press, 1999).

when making this sort of point, the economy would encourage specialization to satisfy human desires in much the same way as it does now. People would buy Bibles and spirit-enhancing trips to Yosemite instead of *The Monica Story* and trips to Disney World, but we would still value high-speed presses for the books and airplanes for the trips. The desires would be different, but that doesn't change how the system works best: private property (such as your labor, your ideas) seeking its best employment; consumers (such as you) seeking the best deal. I agree with Benjamin Hunnicutt in his remarkable books on the leisure history of Americans that long hours are connected to our great Need-Love for commodities.²⁰ People following Jesus would by contrast make the plain pottery that an economy of moderation would demand and spend more time with their children. But the point is that the pottery would still be produced most efficiently in a marketing, free-trade, private property, enterprising, and energetic economy. We would be richer, not poorer, in the things and deeds we value.

This should be good news for Christians. We do not need to trim our demands for ethical consumption for fear that such a policy would hurt the poor. We do not need to accept avaricious behavior because of some wider social prudence it is supposed to serve, allegedly keeping us employed. A commercial society does *not* need to foster vice and greed "in order to balance production and consumption," as William Schweiker speculates in his essay in this volume.²¹ The Dutch-English rhymester Bernard Mandeville, whom I have already introduced, articulated the mistaken supposition in 1705:

Vast Number throng'd the fruitful Hive;
Yet those vast Numbers made 'em thrive;
Million endeavouring to supply
Each other's Lust and Vanity
Thus every Part was full of Vice,
Yet the whole Mass a Paradise.²²

20. See, for example, three works by Benjamin Kline Hunnicutt: *Kellogg's Six-Hour Day* (Philadelphia: Temple University Press, 1996); *Luxury or Leisure: The Dilemma of Prosperity in the 1920's* (Ann Arbor, Mich.: University Microfilms, 1976); *Work without End: Abandoning Shorter Hours for the Right to Work* (Philadelphia: Temple University Press, 1988). Cf. Juliet B. Schor, *Why Capitalism Underproduces Leisure: The Economics of Output-Bias* (Cambridge, Mass.: Harvard Institute of Economic Research, 1986); and Juliet Schor, Joshua Cohen, and Joel Rogers, *Do Americans Shop Too Much?* (Boston: Beacon, 2000).

21. See p. 265.

22. Bernard Mandeville, *The Fable of the Bees*, ed. Phillip Harth (Harmondsworth: Penguin, 1989), sections 3, 9.

Mandeville's economics is wrong, though ever since a comfort to the trickle-down school. "Such is the system of Dr. Mandeville," wrote Smith in 1759, "which once made so much noise in the world, and which, though, perhaps, it never gave occasion to more vice than would have been without it, at least taught that vice, which arose from other causes, to appear with more effrontery, and to avow the corruption of its motives with a profligate audaciousness which had never been heard of before."²³ The ethics of the country club could not be better characterized. What is wrong in the economics is that lust and vanity are no better springs for an economy than love and temperance: as I said.

To repeat, it is not the case that market capitalism requires avaricious people. More like the contrary. Markets, I now am claiming, exhibit behavior that Jesus would have approved of — in fact, behavior that he did, textually, once in a while, approve of. In any event, I want to claim that the imperfect economy we now inhabit contains in its very functioning a large amount of God-regarding virtue.

Consider your own workplace. How does your office or factory actually operate? Really, now. With monsters of prudence running around taking care of Numero Uno? No, not really. We find the cartoon strip *Dilbert* funny because the avaricious behavior of some of its characters is over the top, crazy funny, unacceptably prudent. Workplaces are in fact more like homes. We are morally offended when our workmate complains about our dog in our office: what a nasty thing to do, we think; doesn't he realize that Janie is important to me; doesn't he care about me? A wholly prudential worker would not be capable of such sorrow and indignation.

The ethical wholeness of actors in a capitalist marketplace is not a minor, supplementary matter. The writer Don Snyder tried construction work to survive one winter in Maine:

There were six of us working on the crew, but the house was so large that we seldom saw one another. . . . Once I walked right by a man in my haste to get back to a second story deck where I had been tearing down staging. [The contractor] saw this, and he climbed down from the third story to set me straight: "You can't just walk by people," he said. "It's going to be a long winter."²⁴

Even in a workplace of men a tough, businesslike prudence cannot be all there is.

23. Smith, *The Theory of Moral Sentiments*, p. 313.

24. Don J. Snyder, "Winter Work," in *Survival Stories: Memoirs of Crisis*, ed. Kathryn Rhett (New York: Doubleday, 1997), p. 74.

I have a problem in making this point to my economist colleagues nowadays because they have forgotten that economics as an academic field and the market as an institution deal in fact with whole people. The economists since Jeremy Bentham in 1789 have posited a monster of prudence called *Homo economicus*. He is motivated by what C. S. Lewis calls "Need-Love," that is, an appetite that is satisfied by having a bite or getting a hug. (Economists since the 1880s have called the appetite a "utility function," and write down mathematical expressions for maximizing $U[x,y]$ subject to a budget constraint.) It has nothing of Appreciative-Love, the delight even in the mere existence of the beloved, a call to admire: "He fathers-forth whose beauty is past change:/Praise him."²⁵ Some economists have reduced religion itself to a Need-Love itch, and speak of "explaining" church attendance as people scratching it. I think non-economists can understand the situation on the ground better, since they have not acquired an educated inability to see that prudence alone does not work.

The simple point I am making is that markets live in communities of virtue. Supply and demand, money and prices, would still go on working if people had identities more complex than the windup toys of standard economic theory. An ascetic "prefers" oatmeal in her bedsitter to a six-course breakfast at the Savoy Grill. Yet she will follow the economist's Law of Demand about oatmeal, buying less if its relative price goes up. She comes to her "tastes" through religious conviction, but in the market the tastes do what they also do in people motivated in other, unchristian ways — by keeping up with the Joneses, or commodity fetishism, or unthinking acquisitiveness. These too are identities, ethical decisions, though we think poorly of them.

Oddly, the prudence-obsessed economists have themselves been forced recently in their very mathematics to admit that *Homo economicus* must live with an identity formed in a family within a community of speech constrained by virtues (a nonbeliever would call it, in summary, "culture"; a Christian would call it "a moral universe"). For example, in "game theory," an aptly named part of high academic economics, it has been discovered that games (such as the nuclear arms race or participation in an economy) cannot be played with prudence-only rules. They break down, just as they do in Dilbert's office or on the construction site that does not attend to love and justice, too. This is true even if one does posit a *Homo economicus*, as a purely hypothetical idea to be pursued as social mathematics.

Off the blackboard it is clear that real economies depend on real virtues.

25. C. S. Lewis, *The Four Loves* (San Diego: Harcourt Brace Jovanovich, 1991). The quotation comes from "Pied Beauty," a poem by Gerard Manley Hopkins.

Economists have recently discovered such notions as trust and institutions, noting what the rest of us always knew, that a deal in a market (such as your employment with all its formal and informal clauses) depends on both prudence and the other virtues. One must belong to a community, since no contract can be explicit about every aspect of a difficult transaction and even in buying a newspaper the agent trusts that you won't suddenly snatch the money back and run out of the store. When I moved in 1980 from Hyde Park in Chicago to Iowa City, I was startled by the reduction in transaction costs. Every transaction was easier. Checks passed, cleaning ladies worked hard, auto mechanics did what they said they were going to do. Moving back to Chicago in 1999, I observed the contrast again. It is why co-religionists or co-ethnics are often so successful in business. Their communities of trust give them cheaper loans and cheaper supplies and even insurance in disaster. If you are not virtuous you get dumped. The overseas Chinese do better as a minority in Indonesia, where they have lived without marrying outside their group since the seventeenth century, than at "home" in Canton. Mennonites made fortunes in eighteenth-century Holland. The orthodox Jewish diamond dealers in Brooklyn trade stones worth thousands of dollars on a nod and a trusted word. Any economy depends on ethical behavior. The other virtues do not drive out prudence or make the New York Stock Exchange into a love fest. The honest workman is still worth his hire. The margin call still comes due. But actual, capitalist markets depend on more than prudence. If one performs economic experiments on students and other hired victims, it has recently been found, the love, justice, temperance, faith, hope, and courage come pouring even out of the laboratories.

* * *

So far I have said things that are unpopular with economists but not with Christians. Now I must in fairness turn the tables. I say: Envisioning prudence within the other virtues *does not entail abandoning prudence entirely*. The mistake of thinking that economics must concern either Only Prudence, on the one hand, or No Prudence at All, on the other, is shared by hard Right, hard Left, and soft center, politically speaking, which is to say that it is shared by most intellectuals. Most intellectuals think that introducing *any* element of cultural autonomy is devastating to a material explanation of class behavior, say. If movie plots have *any* effect on working-class consciousness, well, their factory jobs just don't matter at all (thus the Left).

A balanced regard for prudence among the virtues has a large effect on how a Christian views the market. The balance can be put so: the market, and

the bourgeois ethic that supports it, must be given its due. It is not an invention of the devil. It is not intrinsically ungodly. In fact, as Max Weber noted a century ago, capitalism's practitioners have often enough been unusually godly folk. Yet the impulse among European intellectuals since 1848 has been never to give the market its due, and to feel in fact that one is being ethical only if one sneers at market outcomes.

The chain of reasoning against the intellectuals goes like this:

1. *Virtues underlay the market and its triumph c. 1830.*

Not vices, contrary to the cherished views of the intellectuals. Not imperialism, whether Iberian or Northern. Not the slave trade. Not the impoverishment of the working class. Not extractions from the Third World. Not the exploitation of women. As can be shown in statistical detail on each count.

2. *The triumph of the market was a necessary condition for modern economic growth.*

Marx and Engels say this, of course, in *The Communist Manifesto* — though from a perspective of year 2000, or even 1948, even their fulsome praise for the accomplishments of the bourgeoisie in “scarce two hundred years” down to 1848 looks like understatement. Modern economic growth did not depend on central planning, nor corporate welfare, nor, again, any sort of theft from the poor. Modern economic growth was not a result of trade unions or government regulation or the welfare state. It was a result of letting markets work.

3. *Modern economic growth has been much greater than most intellectuals realize.*

Let me go beyond a telegraphic style on this one. It is not true, as many Christians with social concerns believe, that the world is getting poorer. In the past two centuries and especially in the past fifty years, and most especially since the fall of Communism, it has gotten much, much richer. Globalization encourages the capitalist engine of growth. If people understood how generous the engine has been they would have less enthusiasm for protectionism or socialism or environmentalism or economic nationalism in any of their varied forms. But most educated people believe that the gains to income from capitalism's triumph have been modest, that the poor have been left behind, that the Third World has been immiserized in aid of the enrichment of the First, that population growth *must* be controlled, that diminishing returns on the whole has been the main force in world economic history since 1800. All these notions are factually incorrect. But you will find all of them in the mind of the average professor of theology or biblical studies.

Angus Maddison's recent compilation of national income statistics

worldwide, *Monitoring the World Economy, 1820-1992*, gives a way of measuring the generosity of the capitalist engine.²⁶ The central fact is well illustrated by the United States. From 1820 to 1994 the real per capita income of the United States increased by . . .

Well, take a guess. The exercise of guessing is important if you are to grasp the point. Do it, please, without examsmanship. What would you say? What is the rough magnitude of modern economic growth, 1820-1994, from Monroe to Clinton? What are we really talking about when we claim that globalization offers the world's poor a chance to be much better off? Take a guess, testing how close you come to the educated person's misunderstanding of the capitalist engine.

Fifty percent? A hundred percent? A doubling since the days of the Federalists? All right, two hundred percent, a tripling? Surely that is enough credit to give the bourgeois engines of economic growth?

No. *Sixteen hundred percent.* An increase by a factor of seventeen. (Recall our bread-buyers in Riverside, California, in 2000, and in London, England, in the 1770s: a factor of four times four — sixteen in that way of making the comparison.) In 1820 the average American, slave and free, produced \$1290, expressed in 1990 dollars, a little below the present average for Africa. In 1995 she earned . . . \$22,500.

If you do not find this figure impressive, I suggest you are not grasping it. It is utterly unprecedented. It dwarfs the impact of the invention of agriculture. It means that your great-great-great-grandmother had one dress for church, one for the week, if she were not in rags. Her children did not attend school, and probably could not read. She and her husband worked eighty hours a week for a diet of bread and milk (they were four inches shorter than you are). The scope of human life was radically narrowed — and is to this day in countries that have not experienced modern economic growth. You can say all you wish about the spiritual vacuum of modern life, and how we can't see the sunset in Los Angeles (in fact the environment has markedly *improved* in the past century: city air is cleaner after soft-coal and horse manure have been banished, and now auto and factory emissions are under attack; more people can get to the countryside; one *can* in fact see the sunset in Los Angeles nowadays: in fact I am looking at it right now). But the factor of seventeen represents an enormous freeing of people from drudgery and fear and insecurity.

26. Angus Maddison, *Monitoring the World Economy, 1820-1992* (Washington, D.C.: Paris Development Centre of the Organisation for Economic Co-operation and Development, 1995). The national income statistics cited below are all taken from Maddison's work.

Maddison's tables can be arranged this way:

The World Has Moved 1820-1992 from a Bangladeshi Living to a Mexican One

Year	World GDP/capita in 1990s US\$ (p. 228)	Comparable country now (pp. 194-206)	World population in billions of people (p. 226)
1820	\$650	Bangladesh	1.1
1870	900	(below Africa)	1.3
1913	1500	Pakistan	1.8
1950	2100	Philippines	2.5
1992	5100	Mexico	5.4

Source: A. Maddison, *Monitoring the World Economy, 1820-1920*

That is a very good thing, to go from the level of desperation to the level of hope. Notice the acceleration (greater in the past ten years) — except for 1913 to 1950, that era of de-globalization, of protection, of foreign policy governed by notions of economic nationalism now recommended by many progressives and conservatives together, and of the wars that come from the mercantilism of *Lebensraum* and the East Asian Co-Prosperity Sphere, the politics of a non-economic economics popular among realists.

As the first industrial nation and the champion of free trade Britain went from \$1800 in 1820 to \$3300 in 1870, nearly doubling in the face of exploding population — during precisely the half century in which the European avant-garde turned against free markets. British income per head was above all others until the New World's exceeded it (New Zealand in 1903, the United States in 1905, Australia in 1906: later the Antipodes slipped for a long while back into protectionist mediocrity). The rest of Europe did not catch up until after World War II — all the while the avant-garde complaining that Britain was "failing" economically. Now Britain wobbles upward with the other advanced industrial countries in a band plus or minus a few percentage points from the average, excepting the big, rich nation of churchgoers, which persists at 30 percent above the rest. So much for economic "failure" among the "Anglo-Saxon" leaders of industrialization.

Japan in 1870 was roughly at the present-day Bangladeshi level of income per head, the same as Brazil's in 1870. By 1939, it had attained the level of United States' income per head sixty years before (and was double Brazil's). In 1994, Japan had attained the United States' income level ten years before (four times Brazil's). It was a convergence through imitation, saving, educa-

tion, and work — which then its former colony South Korea repeated. Korea's income in 1952 was a desperate \$860 in 1990 prices. Now it is \$10,000. So much for the lasting effects of even an especially brutal colonialism.

If we can hold off neo-socialist attempts to divide the wealth before it is created, the whole world can be rich. If India can restrain its Gandhian impulse to throttle the market, it can adopt American ways of retailing and Japanese ways of manufacturing and German ways of chemical-making and enter the modern world of a wider human scope. India does *not* need to repeat the stages through which Britain and France have traveled (contra the pessimism born of London-School-of-Economics educations among Congress Party politicians that India needs to go slow, to plan, to wait before leapfrogging into a post-computer world). Countries are *not* "like trees" or "like people growing up." There is no racial or cultural reason why India cannot in five or ten decades have an American standard of living. The twenty-first century can be a grand alternative to the Century of Protection (and Slaughter) just concluded.

4. Modern economic growth has transformed the ethical universe for its beneficiaries, who are everyone involved.

Contra the accepted view, there has in fact been no worsening of income distribution. The gap between rich and poor is smaller, not larger.

For example, modern economies are now able to indulge their tastes (as economists put it in their cold way) for environmental change, social justice, human rights. Sine qua non. It is emblematic that the first industrial nation was the first to abolish slavery, even its slaves in the West Indian colonies on which — a cynical view would say (mistakenly) — its wealth depended. Until the rise of a market and bourgeois ideology, until those devout Quaker traders — even slave traders — around 1780, it had occurred to no one that slavery was anything but God's plan.

5. The Malthusian and now environmentalist notion that population growth is itself an evil and is the source of our poverty has been proven false.

The zero-sum politics of the 1930s is ever popular, because pessimism always sounds wiser than optimism, but has been falsified again and again. It is not the case that the final struggle of capitalism, no more than Armageddon, is upon us. On the contrary, the century beginning offers a prospect of ever-widening enrichment: India is starting to see explosive growth; China has been experiencing it now for ten years. And in such countries the environment improves when the people want it to, that is, when they become well off.

I realize that saying such things brings a hard, un-Christian tone into the analysis. But surely it is incumbent upon a Christian heart to help the poor *prudently*, not in order to save money but in order to really save the poor. Prudence, I said, is a virtue. In such matters, practical wisdom, knowing how to achieve a spiritual end, proves itself.

Here is a disturbing example. Forgiving Third World debt, most economists would agree, will not much alleviate Third World poverty. It may help a little. But it is only prudent to grasp why economists are doubtful it will help much. It may well be a good spiritual exercise for the rich countries to make the gift. I do not deny the seriousness of such a Jubilee gesture. In fact, I support it (many economists would not). But what of its prudential force?

In the first place, *cui bono*? Are the poor of Tanzania, say, helped by forgiving debt owed by their government? The forgiving of debt has an "incidence," as economists put it, which may not correspond to its apparent legal placement. You help "the country." But wait: who gets the benefit? If the poor in the countryside get it, good; if the thieves running the government get it, no poor person has been helped. So forgiving debt may not accomplish its ethical intention. Here is a concrete example of what economists mean by "efficiency" and what I am calling prudence: enriching the rich in Tanzania simply does not accomplish what its label claims; it is inefficient, inefficacious, imprudent.

And, second, look at the other side of the transaction. Will big banks continue to make loans to poor countries if the debts are forgiven? Is lack of access to the international capital market a good thing for the poor of Bolivia?

And last, and most important, the magnitudes involved are trivial relative to the poverty to be relieved. If the poverty of the Third World was in fact caused by debt to the First World no one but the worst sort of Benthamite could reasonably object to forgiving it. But it is not so caused. It is caused chiefly by kleptocratic governments or private interests in league with governments that make market exchange unprofitable, that make investment in making something to exchange silly, that encourage achieving private wealth at the cost of other peoples' wealth instead of by working and saving and inventing (economists know this last by the odd term "rent seeking").

The plight of the world's poor *is* indeed caused by insufficient Christian charity. It *is* caused by greed. But the greed and lack of charity is not that of the First World. A Christian economics should concern itself with the ethical grounding not of Danish journalists or American college professors but of African politicians and Latin American generals.

A similarly surprising calculation of prudence can be defended about concern for the environment. It is conventional to believe that in every way

the environment is under more pressure than in, say, 1900, that population growth is bound to continue toward catastrophe unless we adopt one-child policies, and the like. This is not factually correct. Birthrates have fallen extremely quickly in the modern world with rising incomes and standards of public health. Fertility has been falling like a stone in the Third World: from 6.2 live births per woman per lifetime in 1950-1955 to 3.3 in 1990-1995. (Over the same period it fell in more developed areas from 2.8 to 1.7.)²⁷ As economic growth accelerates, the number of mouths demanding it decelerates and then falls.

* * *

But if markets and capitalism and globalization make for riches, they also make rich people. (It should be pointed out, by the way, that *every* alternative economic system has also made some people rich: priests, say, or commissars, the emperor or the don.) Surely that is bad.

No. The indignation toward the rich — a strong theme, of course, in Christian and especially modern Catholic social thought — is based on a manna theory of riches. Riches fall from heaven, and it is only reasonable that heaven's rules be followed in its distribution. More for thee means less for me. Zero sum, as the economists have taught us to say.

But economists point out that the zero-sum manna theory is mistaken. To understand the mistakenness you need merely to grasp the first sentence of *The Wealth of Nations*: "The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes."²⁸ That is, people do not merely consume, as though manna were falling on them; they labor to make it. The economy has two sides, equal to the last penny as a mere consequence of double-entry bookkeeping: the consuming side; and the income earning, or goods-and-services-making, side. The economy is viewed by economists as a gigantic machine for making labor and capital and natural resources into consumable goods and services. Economists speak fondly of an "aggregate production function," $Q = F(L, K, T)$.

So what? This: We to some degree *choose* our incomes here on earth, and earthly rules are relevant if the encouragement to become educated and to work long hours is to be maintained. True, to be born into the American

27. Richard Easterlin, "The Worldwide Standard of Living since 1800," *Journal of Economic Perspectives* 14 (winter 2000): 17.

28. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*.

economy as against that of, say, Afghanistan, is a large gift of God. But within any economy one earns per hour what one's accumulated (and, yes, God-given) skills warrant in view of what other people are willing to pay. This assertion is called "marginal productivity theory," and is among the best-attested generalizations of economics. One then chooses, within socially approved limits (which are of course subject to ethical criticism), the number of hours one works at the hourly earnings of marginal productivity. The result of the two choices — the long-run choice to invest in skills and the short-run choice of hours of work — is income. $\text{Income} = \text{MP} \times \text{hours}$, according to this uncontroversial claim in modern economics. A doctor has studied hard and therefore gets paid a high hourly wage; being a workaholic type, she works many hours, too. So her income is immense.

Her income is immense, note, *because she offers services that her customers value highly*. In fact, by the logic of free exchange, the customers value the services *more* than what they pay — or else they wouldn't pay (setting aside for purposes of exposition the grotesque distortions that politically supported monopoly has introduced into the medical marketplace: unresponsive third-party payment, artificial scarcities of doctors, hospitals dominated by local medical societies). The wider point is that letting the doctor earn her immense income makes other people better off. (The point is known among political philosophers as the Wilt Chamberlain Example, after a hypothetical discussed by Robert Nozick.) One can therefore claim in a Rawlsian framework that leaving the rich worker alone (rich owners of unimproved land are another matter) does make the poor better off. They get the benefit of the skilled obstetrician. A society that does not expropriate rich workers will get more of them, "entry" into high-income fields. A society that, by contrast, "cuts down the tall poppies" (as Australians say) grows only stunted humans. The radical egalitarianism at the heart of much Christian social thinking is bad for the poor and bad especially for the rich and educated grandchildren of the poor.

Even in the Bill Gatesian extreme the inequality of incomes can be defended, and in such a religious society as America it has been especially easy to do so. We have been told since the muckraking journalists of the early 1900s that Andrew Carnegie and John D. Rockefeller were very nasty indeed — the equivalent of the evil global corporations or the evil computer millionaires of our own day. How else could they have gotten so rich?

The underlying notion is that the only way to get rich is to steal. But the theory is mistaken in a society that prevents most theft, whether with pistol or fountain pen. Property is *not* theft. If you buy your house low and sell it high, you are doing both of the people you deal with a favor. They didn't have

to enter their house deals, and by their willingness they show they are made better off. True, you get the profit — at least until more buyers low enter and spoil your game, turning the former profit into consumer gain from your competition. But whoever earns it, national product goes up. That's one way that capitalism works.

The other and very important way it works (and most of the explanation of the seventeen or sixteen growth factors in the United States since the 1820s) is by invention, which in a large view is just another form of buying low and selling high.

The American economy in the late nineteenth century was a deal-making, inventive place, and so its national product went up (though at a slower rate than, say, India nowadays). If one looks into the way Carnegie and Rockefeller actually made their money it turns out that it was mainly not by cheating but by finding ways to make steel and oil cheaper than their competitors did. Steel rails sold for about \$100 a hundredweight around 1870 and about \$25 a hundredweight by 1900. Crude petroleum sold for about \$3.50 a barrel around 1870 and about 90 cents a barrel by 1900. At the outset in 1870 the average American produced and consumed \$2460-worth of goods and services (in 1990 prices), roughly what the average Latin American did in 1950.²⁹ By 1900, with Carnegie's fortune already made and Rockefeller's almost made, the figure was \$4100. That's a rise of \$1640, or 66 percent in thirty years (Latin America from 1950 to 1980 did better, about 100 percent in thirty years). To put it another way, the entire flow of goods and services increased in America by \$214,000 million. Carnegie's \$300 million when he sold out to J. P. Morgan and his consortium in 1901 made him the richest man in the world, a veritable Bill Gates. But it was only one-and-a-half *one thousandth* of the rise in production he helped deliver. To put it another way, this richest man in the world possessed on the order of \$1 out of every \$20,800 of American human and physical capital (I am capitalizing income at 5 percent). And then he gave every dime away, in accord with his Gospel of Wealth — to the library in Wakefield, Massachusetts, for example, where I first read as a child the socialist classics. So, of course, did Rockefeller (well, perhaps not every dime), as a devout Baptist who raised his children to a gospel of public service.

It needs to be recognized how peculiar and God-saturated the American experience with capitalist fortunes has been. In France or Britain or Germany a fortune starts a dynasty. In America — and only in America — rich people endow colleges, finance hospitals, support the opera, build the church. It is our private impulse, often tied (as in the thousands of colleges) to a reli-

29. Maddison, *Monitoring the World Economy*, p. 196.

gious impulse. A French millionaire assumes correctly that the state will provide. He is more interested in buying that castle or that vineyard, playing at aristocracy. Rich people in America have more often exhibited a bourgeois virtue.

How Commercial Societies Make Virtuous Citizens

"Bourgeois virtue"? Yes.³⁰ We have a vocabulary of the virtues that honors the soldier or the saint, but not the businessperson. And yet we are all bourgeois now, or getting to be. We need reflections on a virtuous life in a commercial society that do not define voluntary trade as evil. Our nostalgia for pre-commercial virtues has been disastrous, I would say, causing 1914 and 1917 and much of our twentieth-century woe.³¹ It's been an odd development. People like Smith were devising a bourgeois ethic, but their project was abandoned in the nineteenth century and has never been restarted.

Modern capitalism is commonly seen, in the words of the legal philosopher James Boyd White, as "the expansion of the exchange system by the conversion of what is outside it into its terms. It is a kind of steam shovel chewing away at the natural and social world."³² I don't think so. I do not deny that an amoral capitalism, recommended by the prudence-only folk, is damaging, though I would add that it often does its damage through an over-powerful government, such as the independent authorities in the New York area run by Robert Moses. But the growth of the market, I would claim, can be civilizing, too. It's not the worst ethic to be trained to smile at customers and do an honest day's work. Dr. Johnson said, "A man is not more innocently employed than in getting money."

Such an understanding was a commonplace in eighteenth-century European thinkers (and beyond Europe: one finds similar remarks in Japan at the time). William Schweiker writes that "Hume introduces back into the discussion of commercial society . . . the connection between trade and the sentiments of self, the 'soul' as St. Ambrose put it. Unlike Mandeville, Hume declares that human sentiments can be tutored and enlarged" by commerce.³³ Yes, they can, and have been.

30. See Deirdre McCloskey, "Bourgeois Virtue," *The American Scholar* 62, no. 2 (spring 1994).

31. McCloskey, "Bourgeois Virtue."

32. James Boyd White, *Justice As Translation: An Essay in Cultural and Legal Criticism* (Chicago: University of Chicago Press, 1990), p. 71.

33. This volume, p. 265.

Take the crudest of the ethical effects of bourgeois society, the enrichment of the people. We are rich by historical standards. In the poverty of the eighteenth century, we were less Christian. In 1700, brutality toward the poor, viewed as members of a separate race, was normal, as were slavery and public hanging and systematic wife beating. Contrary to a theme in the Gospels, being desperately poor has not proven helpful to a social gospel. Rich countries, not poor, engage in welfare statism and foreign aid. As economists would express it, charity and fellow feeling are "normal" goods like housing or education; that is, the amount we "consume" of them increases as our incomes do. Secularization was once thought to be an inevitable result of economic growth, or "modernization"; church attendance fell in France and England, to the anguish of Christians and the delight of anti-clericals. But such speculations, it seems clear by now, were not correct. Enrichment does not appear to lead necessarily away from the Kingdom of Heaven. Religion, in one or another of its many definitions, appears also to be a normal good.

But the ethical and spiritual effect of participation in a market is more than this economic "income effect." Schweiker suggests that like other cultural practices, property and possession are about how people form their self-understandings. Indeed. The creativity that most of us are able to enjoy, creating ourselves in the process, is the making of children and the making of goods. Among the costs of sneering at the world's work is that it devalues the world's workers, making "mere" housewives and "mere" businesspeople feel inferior to artists and intellectuals and priests. The message of the Gospels is at least mixed in this regard. The honest workman is worth his hire and the manager is accounted shrewd who settles his master's debts at half their face value. True, the hostility to the rich in the Gospels is palpable, carrying on a Jewish prophetic tradition, and is notably more strident than in other religious traditions. (It is no accident, one supposes, that it was European Christians and Jews who in the nineteenth century invented socialism.) The message of literary modernism, by contrast, is unmixed. The only worthwhile life in Joyce's view is that of an impoverished artist. The European novel since 1848 has a bare handful of male bourgeois heroes working at their businesses: Silas Lapham in Howell's surprising novel, Tom in Mann's *Buddenbrooks*, Vic in David Lodge's *Nice Work*. Sinclair Lewis's *Babbitt* (1922) is only the most extreme and unrelenting of hundreds of literary assaults on economic life.

We intellectuals and artists should treat the bulk of the population with the respect due our fellow creatures. The respect, I have argued, has the practical advantage of the factor of sixteen or seventeen, and this has substantial and not obviously negative spiritual effects. But I am saying more: I am saying, as Montesquieu and Voltaire and other admirers of English liberties and

English commerce in the eighteenth century said, that *doux commerce* is no oxymoron. As Fleischacker puts it, speaking of one of Adam Smith's principal discoveries,

That commerce is a form of speech, and that it thereby represents the force most opposed to the human tendency towards oppression and violence is, I think, a great philosophical insight. By speaking [and dealing] with our fellow human beings, we . . . show respect to them and to ourselves. . . . Smith goes Montesquieu one better: the virtues of commerce include not just peace among nations, but the moral bases of individual freedom and self-respect as well.³⁴

I merely suggest here. I do not claim to have proven beyond the cavil that capitalism, markets, modern growth, globalization, free trade, and those bourgeois virtues are not the ethical and spiritual catastrophes that most intellectuals believe they are. To do so would take a book,³⁵ or more like a library. But I do wish to suggest that theology cannot get along without the systematic study of prudence; and economics cannot get along without the systematic study of God.

34. Fleischacker, "Talking to My Butcher," p. 17.

35. ~~*The Vices of Economists—the Virtues of the Bourgeoisie* (Amsterdam: Amsterdam University Press, 1996)~~

The Bourgeois Virtues
in draft 2004

Property and Possession: The Moral Economy of Ownership

ARJO KLAMER

Economists versus Theologians

When theologians and biblical scholars turn their attention to the institution of property, they are inclined to focus on the vices that it promotes, and the contributions from such scholars in this book are no exception. Property makes them think of greed and injustice and inequality, among many other things. Deirdre McCloskey, in contrast, represents in this volume the voice of the economists at the table. Representative of all economists she may not be, as she is more than willing to entertain the notion of grace and to consider the meanings of the Ten Commandments; nevertheless, she is enough of an economist to stress the efficiency of the institution of property. In her argument she subsumes that institution under that of the market — a common move but problematic nevertheless as we shall see — and shows that the latter has brought unequalled growth, improving the lot of everyone, the least well-off included.¹ During her oral presentation for this project she confronted the skepticism of the others around the table by asking how much better-off the average American of today is than the average American of one hundred years ago. After some guessed a factor of two, and one person tried ten, she was able to surprise by pointing out that the average American is now seventeen times better-off. Case closed? Not quite. The others at the table remain with their concerns about massive poverty worldwide and the widening gap between the rich and the poor both within the rich countries and among

1. Deirdre McCloskey, "Avarice, Prudence, and the Bourgeois Virtues," pp. 313-36 in this volume.

countries. McCloskey's solution — less government, more market, and therefore more private property — does not convince them. Suspicions toward the market remain strong, her eloquent argument notwithstanding.

The dispute is an emotional one. On paper the emotions do not show quite as much as they do in the face-to-face encounters. It is not that fights erupt or that people get personal — these are academicians after all — but the irritations are easy to detect. Irritations indicate that values are at stake and in conflict. McCloskey highlights the virtues in the sphere of the market whereas the theologians stress the vices. The conflict goes deep; it also goes back a long time. Aristotle was already quite explicit in his condemnation of market exchange as unnatural. Charging interest was a taboo for him. His moral condemnation resonates in the words of John Chrysostom, the fourth-century priest who is the subject of Margaret Mitchell's contribution.² Only with the Scottish moral philosopher Adam Smith did a more positive perspective on the market come in vogue. His *Wealth of Nations* (1776) made it possible to think of the market as the realm of prudence. The twentieth-century economists Friedrich Hayek and Milton Friedman identified the market with freedom, in particular the freedom to choose. Now the market is commonly held to be heaven on earth, a place to celebrate not only free choice but also self-determination, enterprise, and welfare. Even so, those who cherish and stand for principles like dignity and faith are often appalled. To them the market is rather a place of self-enrichment, individualism gone mad, alienation, and injustice.

The opposition shows in the concerns people express. Whereas many outside the economic profession will prefer to think in terms of equity and desert, economists in general focus on the efficiency with which markets allocate scarce resources. In their view markets, more than any other mechanism, generate the right incentives for people to do the best they can and to consume whatever suits them best. McCloskey adds a twist to the economist's perspective by addressing the virtues of the market. Her argument is that the market cultivates the so important and commendable bourgeois virtues of prudence, temperance, foresight, entrepreneurship, and the like. Although her preoccupation with virtues brings her closer to the camp of theologians, the gap remains, and so does the suspicion.

Given the history and depth of the dispute, any claim for a resolution would be pretentious. Even so, I would like to make an attempt to find common ground. To that end I will broaden the notions of property and possession.

2. Margaret M. Mitchell, "Silver Chamber Pots and Other Goods Which Are Not Good: John Chrysostom's Discourse against Wealth and Possessions," pp. 88-121 in this volume.

sion. I do so in the light of a *cultural-economic* perspective. This means that I will consider whatever people do and possess in the light of values, as actions that are directed at the good life, the good community, or the good society. Economic processes, then, do not have ends in and of themselves but serve other ends. People earn money not for the sake of earning money but in order to realize goods such as friendship and membership in a group. People own an economic good like a car not for merely economic reasons but ultimately in order to better their life — the car may give them a sense of independence or more time with the family. Pursue this line of thought and the need arises to broaden the economic notion of property and to think in the more comprehensive term of possession: the wealth of people does not just consist of their economic properties but also of their nonmaterial possessions. People do not only own houses and other economic properties but can be said to be "have" or "possess" faith, friendship, and a certain kind of knowledge. Many such possessions they cannot own by themselves; certain goods are to be shared with others or held in common with a community or even humanity. When we think of the good life, the enlightened life, as our main concern, then the nonmaterial possessions are most likely far more meaningful than all the economic properties we can list. The latter are, at best, conditions for the other richness, but may just as well stand in the way.

With its focus on the good life, the cultural-economic perspective may also be labeled neo-Aristotelian.³ The guiding question is "What are properties and, more generally, possessions good for?" (The "neo" alerts to the ongoing change.) Such a perspective may be more amenable to the theologians than to most economists. Then again, theologians may be deterred by the economic rhetoric in which I cast my argument. Whatever side you are on, please keep in mind that the objective is to indicate common ground for economists and theologians by broadening the notion of possession.

To Have and to Possess

Does it matter that one is rich or poor when hanging out at the beach? Recall the joke about the businessman who cajoles the poor man who is hanging out at the beach to pick up a business. When the poor man asks why he should do so, the businessman responds that when you are rich, you can afford hanging out at the beach, at which point the poor man observes that he is doing so al-

3. See, for instance, Irene van Staveren, *The Values of Economics* (London: Routledge, 2001).

ready. The joke makes us laugh at the paradox of richness. The poor man has already that for which the rich man had to work so hard. So he must be rich, too. The question is then, "Rich in what way?" What does the poor man have, or possess, that the rich man does not? Is it possible that he "has" more of what it takes to enjoy the hanging out? "Having" economic wealth may be neither a necessary nor a sufficient condition for enjoyment. Other capacities, personality traits, or values are called for.

"To have" is, I submit, "to own" or "to possess." This may seem strange at first; having a friend is not the same as owning him. Yet, having a friend implies having something like a companion, a friendly ear, loyalty, respect. Having a friend implies the ownership of a good called friendship, which is good for all of that. Others who do not have a friend will have to do without those "goods"; they do not possess, or own, or have what you have. We can "lose a friend" or "gain one." A friendship is worth something. (Mind you: that worth need not be validated in a market transaction. Valuation takes place outside the market, too, as I will stress later.) So the issue is to define goods in such a way that they comprise more than tangible things like cars and cupboards, and also more than all those commodities for sale, like haircuts and advice. Goods are all those tangible and intangible things that are good for something and therefore have value for one person or more.

The extension breaks with current conventions. In our capitalist societies we are inclined to reduce the issue of ownership to that of property rights to and possession of commodities (like houses, shares, and cash). The owner of the property right to a commodity is entitled to fruits of that commodity as well as to the right of selling it and appropriating the proceeds. Economists and lawyers have become very sophisticated in defining property rights. We can now even claim the rights to our ideas, inventions, and artistic creations, with the result that whoever enjoys them has to compensate us. In that way we can be said to "own" our ideas in the sense that they are our property. Property thus conceived is an institution that functions in and for the market. To define a thing, a good, or even a person as my property implies the possibility of selling the property on the market. The thing, good, or person is then a commodity.⁴

But why limit our possessions to commodities? So many other goods are of value even if we cannot trade them. When I speak of "my" child or "my" mother, I claim ownership in some sense. I do not legally own "my" child or "my" mother, of course, and certainly do not have the right to sell

them and keep the proceeds — at least not legally. Even so, I enjoy "my" child (at least most of the time); having a child entitles me to a sense of fatherhood. Likewise, I derive all kinds of values from still "having" a mother; some may argue that it is because I have such a good mother that I am doing so well economically and socially. To say that I "own" my child is to say that everybody else does not, her mother excepted of course. If you would claim "my" child, I would object vehemently and possibly violently. "Don't touch her; she is 'mine'!" If someone would claim my mother to be his, I will likely be confused, if not baffled, and subsequently, if I were to take him seriously, I would become angry.

Speaking of children, a mother, and a friend as if I possess them is strange. It is only strange, however, if we hold on to the economic and legal meanings of ownership. In the case of children and mothers, ownership has especially social and emotional returns. "Getting a child" gave me a sense of purpose in life as well as a sense of responsibility; it made me a father, and it has provided me with memories that can make me smile, laugh, and cry. Maybe having a good mother has been good for my career (the economic returns), but I prefer to think of the emotional stability, the trust, and the confidence that the "possession" has given me. (A therapist may see negative returns as well, but I prefer not to pay attention to those in this context.)

A broad notion of ownership is meaningful, and may alter our perspective on all kinds of issues. Say person A is economically rich but all alone and person B has no economic wealth to speak of but has a close family and good friends. Economically speaking, person A is the richer one; socially speaking, B is richer. Whom to envy? And what to say of person C who has little economic wealth and no friends but does have faith and spiritual awareness? Who would we say is the richest of them all? (Let me anticipate the standard criticism by noting that this is no excuse to give up the fight against economic poverty. Being deprived of economic goods is a sure bet for being without social goods as well. It is important to realize, however, that giving money and material things — the economic solution — does not suffice if the outcome does not include an increase in social goods.) Let us develop this.

Possessions Are Not Only Economic but Also Social and Cultural

Ask people about their possessions, and you most likely get a summation of things like compact disc players, cars, computers, bicycles, paintings, clothes, and appliances. "Possessions" make people think of tangible "goods"; people

4. Cf. Arjun Appadurai, ed., *The Life of a Thing* (Cambridge: Cambridge University Press, 1998).

materialize their possessions. A neo-Aristotelian perspective compels us to probe further and ask, "what for?" or "what good do these things do?" We possess things to certain ends; "goods" have to be good for something. Mainstream economists are satisfied with utility as the end: we possess a compact disc player or a painting because its enjoyment adds to our total utility. Alternatively, we could consider the immaterial "goods" that the possession of a material thing generates. The picture in my living room may not only generate pleasure whenever I look at it; it also gives me status (among those who know about neo-expressionism), a sense of being cultured, and financial security (in dire times I can sell it). All these are positive "goods." To some the picture may, incidentally, also generate negative goods, like snobbery and waste. These immaterial goods are values. They are the qualities that we attach to things in order to place these things in the field of values that we have.

This extension of goods to include values will meet with resistance from the majority of economists, satisfied as they are with the notion of preference and utility. As some economists have pointed out, however, the notion of utility is without content.⁵ Any utility will do; all utilities add up to form a single quantity. Such an abstraction permits an analysis that is focused on the constraints under which people operate and works well when "efficiency" is the overriding value. That more values are involved is the case made in an extensive literature.⁶ The inclusion of values changes the analysis. A more interpretive approach is called for to make sense of why people consume what they consume. It may involve relationships, knowledge, status, reputation, identity, honor, grace, and so on.

This need to go beyond the vacuous notion of utility and to consider the substance of our choices led John Rawls to speak of primary goods such as self-respect and, more generally, "rights and liberties, powers and opportunities, income and wealth."⁷ In his view we need to differentiate between

5. Cf. Marina Bianchi, ed., *The Active Consumer: Novelty and Surprise in Consumer Choice* (New York: Routledge, 1998).

6. See Jean Baudrillard, *Symbolic Exchange and Death* (London: Thousand Oaks, 1993); Pierre Bourdieu, *Distinction: A Social Critique of the Judgement of Taste* (London: Routledge and Kegan Paul, 1984); Colin Campbell, *The Romantic Ethic and the Spirit of Modern Consumerism* (Oxford: Basil Blackwell, 1987); Mary Tew Douglas and Baron C. Isherwood, *The World of Goods* (New York: Basic, 1979); Fred Hirsch, *Social Limits to Growth* (Cambridge, Mass.: Harvard University Press, 1976); Michael Hutter, "On the Consumption of Signs," in *The Active Consumer*, ed. Bianchi; Tibor Scivotsky, *The Joyless Economy: An Inquiry into Human Satisfaction and Consumer Dissatisfaction* (New York: Oxford University Press, 1976).

7. John Rawls, *A Theory of Justice* (Cambridge, Mass.: Harvard University Press, 1971), p. 62.

"goods" when we compare our possessions; the primary good of self-respect is to be valued most, regardless of individual preferences. Amartya Sen, too, argues that we should not just compare economic values (like income and wealth) when we assess distributive justice. He suggests we focus on differences in capabilities, or freedoms, like the liberty of political participation and dissent, the opportunity to receive basic education, and the freedom to live long and well.⁸ African Americans may be economically quite rich in comparison with many people in developing countries yet have a lower life expectancy than many people in China and parts of India.

We might extend these arguments and work toward a different classification of possession. First of all, possessions are not just those things that an individual owns; communities, cities, nations, and organizations have possessions as well, and they are of various kinds. In general a possession is anything that an individual or social entity has that generates something of value for that individual or social entity. I will call a collection of possessions "capital." Those who dislike the economic vocabulary may think in terms of power or capacity. The basic idea is that any possession enables the generation of values. I propose to start with a distinction of three kinds of capital: economic, social, and cultural.

Economic capital denotes the capacity to generate economic income or economic values. It comprises the possessions of land, factories, durable goods, and machines, as well as the possession of knowledge. Economists call knowledge "human capital." It is typically the possession that students forget when they are asked to calculate their economic capital, even though it is their most prized possession. Human capital is part of economic capital insofar as it is responsible for additional income.

I will not dwell on the issue of measurement although it plays an important role. During the first half of the twentieth century economists invested a great deal in the development of measurements of economic capital. Those measurements are still quite unsatisfactory as they insufficiently account for the value of human and natural capitals. Nevertheless, they seem to work as magnets in policy discussions. The very fact of their existence seems to award economic capital an exceptional status, so much so that objectives are often stated in these terms. Because there are no measurements for the other capitals, they are conceived to be vague and abstract. As a consequence, they usually do not figure in the final count. Even so, the privileged status for economic capital is dubious in light of earlier remarks on the nature of goods. Economic values, like the balance in a checking account or the number of

8. See, for example, Amartya Sen, *Development As Freedom* (New York: Knopf, 1999).

shares of a stock, have meaning only insofar as they enable the realization of other values. Having a large balance is nice, of course, but only insofar as it enables me to achieve social status, security, freedom to do whatever I please, friendship, a meaningful life, or whatever else matters to me. Economic capital, therefore, enables the generation of other values, like social values.

Social capital is the capacity to generate social values like friendship, collegiality, trust, respect, and responsibility.⁹ Pierre Bourdieu focuses on the benefits that people derive from participation in groups. Michael Walzer argues that membership in one or more groups is a person's most important possession.¹⁰ Membership is a social good, as are friendship and solidarity. Social capital enables a person to have an identity and to receive recognition, attention, care, and the like. Like economic capital, social capital needs to be acquired. In the language of economists, people need to invest their time, resources, and energy to build up their social capital. We go out for dinner, attend Christmas gatherings, write notes, give compliments, and exchange gifts, all to bolster relationships with family, friends, and colleagues. Economic value, therefore, can be a means to general social capital, and vice versa, as when a relationship produces a job or a profitable tip. People possess social capital, but organizations, cities, or countries have it as well.¹¹

Cultural capital is, in short, the capacity to inspire and be inspired. This, too, can be in the possession of organizations, cities, and nations as well as individuals. We may recognize cultural capital in the capacity to find meaning in a walk through the woods, a visit to a museum, or a church service.¹² Cultural capital enables us to award meanings to so-called symbolic goods and lifts us from the drudgery of daily life. It enables intellectuals to have those energizing sparks of insight and, if I understand the theologians well, enables us to experience the grace of God. Immeasurable as it is, cultural capital appears to generate the most important values of all, the values

9. Cf. Pierre Bourdieu, "The Forms of Capital," in *Handbook of Theory and Research for the Sociology of Education*, ed. J. G. Richardson (New York: Greenwood, 1985); James S. Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology* 94, supplement (1988); Alejandro Portes, "Social Capital: Its Origins and Application in Modern Sociology," *Annual Review of Sociology* 24 (1998); and Robert D. Putnam, *Bowling Alone* (New York: Simon and Schuster, 2000).

10. Michael Walzer, *Spheres of Justice: A Defense of Pluralism and Equality* (Oxford: Basil Blackwell, 1983).

11. The Human Development Index that the United Nations calculates for each country is a combination of social and economic indicators. Inspired by Sen's notion of capabilities, it does not come even close to being a measurement of social capital.

12. The concept of cultural capital gives rise to a great deal of confusion. I hope a general definition as given here suffices for the purposes of this exposition.

that can give meaning to our life.¹³ It tends to be the main concern in the writings of theologians and biblical scholars in this volume. Charles Mathewes, for instance, wants us to see how "vestigial theological, and presumably anti-worldly, beliefs" still motivate much of modern rationalistic and consumerist behavior.¹⁴ William Schweiker's concern is "simply to secure the integrity of life — especially human life — as the aim of, not the means to, economic activity."¹⁵ I would consider "integrity" a cultural value as I would "grace," the subject of the contributions by Kathryn Tanner and David Klemm.¹⁶

I hasten to acknowledge the shortcomings of these descriptions. I realize full well the difficulties of making the notions of cultural and social capital more concrete. Their immeasurability, at least for now, does not signify their irrelevance. On the contrary, the cultural and social values that they generate are crucial for the worth of our lives and the communities we live in. In the future, we need to negotiate about the meanings of these concepts and possible measurements. For now, the main objective of their distinction is to pinpoint the different possessions that we have. We can gain economic values yet lose social and cultural values, or, to put it differently, we can build up economic capital while decreasing our social and cultural capital.

Considering the three forms of capital, we will less quickly claim to be rich or poor. When I suggested this to a church group that dealt with issues of poverty, I was criticized for downplaying poverty. Although they had earlier agreed on the importance of cultural capital, the participants insisted on an economic interpretation of poverty. I pointed out how strange it was that in spite of their suspicion of the economic sphere all they cared about was economic values (money!). But why not think in terms of social and cultural values? Surely, hunger and deprivation are serious impediments for the capacity to live a long and meaningful life. Money can solve such problems, but membership in a strong community (like a church, a family, or a country) can be as important, if not more, and that not only because of its economic values. The practical problems remain. It is still so much easier to talk in terms of

13. The UNESCO, along with various statistical agencies, is currently working on cultural indicators. The proposed measurements concern thus far mainly physical quantities like production and employment figures for the cultural sectors. Such figures are only superficially related to the notion of cultural capital as defined here. See UNESCO, *World Culture Report: Cultural Diversity, Conflict, and Pluralism* (Paris: UNESCO, 2000).

14. Charles Mathewes, "On Using the World," p. 192 in this volume.

15. William Schweiker, "Reconsidering Greed," p. 254 in this volume.

16. David E. Klemm, "Material Grace: The Paradox of Property and Possession," pp. 222-48 in this volume; Kathryn Tanner, "Economies of Grace," pp. 353-82 in this volume.

money than in the terms that really matter. And, surely, having money enables people (yet can distract them as well).

The importance of social and cultural capital is illustrated by the performance of a British artist. He succeeded in destroying everything he owned — all his material properties, that is. In a London gallery, he cut up all his books, his passport, his bed, his clothes, his car, everything. Does that mean that he was left without any possessions? Of course not. For one, he has the identity of an artist. Because of this action he received a great deal of attention and has become a much better known artist. He owns this piece, the performance, and very well might derive economic value from it. He still has his social capital, as nothing of that went through the grinder, and probably this was in fact increased because of this performance. His cultural capital probably increased, too. His poverty, therefore, exists only in an economic sense and also then is only short-term, as he has maintained his human capital and that part of social capital that is economically viable.

The Economic and Social Values of Property

Knowing what our possessions are is one thing; knowing why and how they increase and decrease is quite another. Economists are specialized in the inquiry into the causes of the wealth of people, organizations, and nations. For that reason they developed an interest in the institution of private property, which is a legal determination of possessions, when they realized that this institution might be a factor in the accumulation of economic capital. They sometimes justify the focus on economic capital on the grounds that its accumulation is a condition for overall wealth and as such usually implies increased social and cultural capabilities. Whether that assumption is correct remains to be seen. Sen, for one, questions it.

The discussion of the accumulation of economic capital usually comes in the economic literature under the heading of efficiency. Economists have made it their preoccupation to study when and how the least amount of inputs generates the maximum economic outcome (or value). That is why they talk about the rationalization of production processes but also about the advantages of allocation by means of markets versus alternative mechanisms. When it comes to the generation of economic value, they find markets generally to be most efficient, more so than governmental bureaucracies or barter. That motivates the institution of private property, since without it markets would not be able to exist. A market exchange, after all, is the transfer of property rights. When I buy an ice cream, I acquire the right to do with it

whatever I please. I can eat it, throw it away, or, most likely, give it to my child. When I buy a property like a house I can occupy it or rent it to someone else. The transition toward a market society, as former Soviet countries are striving to accomplish, is mainly about establishing property rights. It remains a major issue in developed countries, as discussions on privatization and intellectual property rights indicate.

Privatization of public transport companies and distributors of energy serves the value of efficiency; at least, it does according to standard economic opinion. Privatization of property rights permits an exchange on the market. Privatized companies can be prized, and therefore they can be bought and sold. The claim is that the regime of the market stimulates efficient behavior of producers and accounts for better and cheaper products for the customers than would the case in a system that is controlled by governmental institutions.

The standard economic argumentation limits itself to economic values. As McCloskey argues, however, the argument can be extended to include the social and cultural dimension as well. Markets are social processes and as such can have an impact on social and cultural capital. Even Schweiker admits that markets can generate social goods like international cooperation and innovation, but stresses the social "bads" like avarice and greed. McCloskey's advocacy of the market does not only point at the tremendous gain in economic value but also at its importance for bourgeois virtues. It is in situations of markets that people learn to be prudent, entrepreneurial, diligent, and hard-working. In this extension of the argumentation we see how the institutions of private property and the market are socially and culturally embedded.¹⁷

When the infringement of copyright is the concern, the issue is usually not the damage in terms of economic value but a matter of desert: artists have worked for it and deserve to be compensated. Desert is a social value. It is the value to which Locke appealed in his justification of private property when he postulated labor as the condition of property. People earn the right to call a good their own because of the labor they have expended. Desert is a value that stresses effort and the importance of being recognized for it. This value also figures in Hegel's justification of private property. For Marx it was a reason to reject the capitalist mode of production as in that case those who produce the stuff, the workers, have no ownership of that stuff and so are robbed

17. Karl Polanyi, "The Economy As Instituted Process," in *Trade and Market in Early Empire*, ed. K. Polanyi, C. Arensberg, and H. Pearson (Chicago: Henry Regnery, 1971). This essay was first published in 1957.

of this essential human need to be affirmed in the possession of that which they created.

Another social value that figures in the justification of the institution of property is taking responsibility or taking care. As Aristotle already argued:

That which is common to the greatest number has the least care bestowed upon it. Everyone thinks chiefly of his own, hardly at all of the common interest; and only when he is himself concerned as an individual. For besides other considerations, everybody is more inclined to neglect the duty which he expects another to fulfil; as in families many attendants are often less useful than a few.¹⁸

Owners of a house tend to attend to it better than renters. McCloskey would speak of the virtue of prudence in this case. The institution of private property also evokes that most important value of liberty. The possession of money coupled with the right to purchase property rights frees individuals from social ties and obligations and allows them to arrange their possessions according to their preferences. As Hegel noted, "a person must translate his freedom into a personal sphere in order that he may achieve his ideal existence."¹⁹ Given its exalted status in modern life, liberty could be called a cultural value.

Collective and Communal Properties

Accordingly, the institution of private property does not just serve the value of efficiency but is motivated by and embedded in a system of social and cultural values. Like any such system it encompasses goods and bads. The economists tend to focus on the goods, such as the incentives that the right to property gives and the sense of responsibility that it generates. Leave it to theologians to show the other side of the coin; the institution of private property may also stimulate greed and injustice and it may undermine social relations and destroy communities.

The negatives may extend to the context in which private property functions. For example, the institution of private property may be an impediment to the realization of all kinds of valuable possessions. Take the possession of being in an ongoing intellectual conversation: I happen to value such a

possession highly. It works when others who participate make an effort, are committed to the theme, and share certain codes and certain values. A conversation is a communal thing and continues to be valuable as long as it maintains its status of a *res nullens*, a thing belonging to no one. An explicit determination of private property is most likely the undoing of the conversation, as it violates the value of sharing that makes it work.

Cultural heritage is another good that needs to be shared in order to be meaningful. I can cherish a Caravaggio only because the appreciation of his work is shared by a community of scholars, art critics, and curators. I can be a Christian and experience Christian spirituality only by virtue of a Christian community that has sustained the Christian tradition and practices. Likewise, I have a national identity only because I share it with sixteen million other people. I can express social and political values by virtue of a national community that in my case happens to be the Netherlands. The possession of the Dutch passport allows me to be proud of being part of a caring society; it also gives me the right of being ashamed for Dutch actions in the former colony Indonesia and more recently for the drama of Srebrenica. The shame is possible only because I can identify with and am part of the entity called the Netherlands.

Ownership, therefore, is not just an individual matter. Most of what we have, we own in common. In nature all things are held in common. On that principle nomadic people do not stake claims to territory. "Friends have all things in common," the Greeks told each other. When I claim that something is mine, I am telling you that it is not yours. With a good friend I would not make that claim, would I? Even if I can claim to have a friend, I do not own the friendship myself; at best my friend and I share the friendship.

For many goods the attribution of ownership is an issue subject to confusion and discussion. Take the university, an institution with which most readers will be intimately acquainted. Who owns it? Legally speaking, the university is a legal entity that is accountable in case one of "its" bricks hits one of "its" students. Yet, that does not settle the issue of ownership morally or socially. The settlement matters. When administrators act as if they are the owners of a business, they assume control, managing the business by hiring faculty to provide services to their customers, the students. When the faculty have a sense of ownership, they will act upon this sense by taking care of the research and the teaching, and they will be inclined to consider administrators as serving them, the actual owners. In that case the university is more like a cooperative, or an academic community. When politicians claim "our" university as a collective property, they will presume that they are responsible for its budget and its program (and will change the structure at will, as they re-

18. Aristotle, *Politics*, bk. 2.

19. Georg Wilhelm Friedrich Hegel, *Philosophy of Right*, ed. T. M. Knox, trans. T. M. Knox (London: Oxford University Press, 1967), sec. 41.

cently did in Europe by deciding on the Anglo-Saxon BA/MA structure with virtually no consultation of the university community). I presume that most readers will opt for the second version of ownership and prefer to consider their university a communal good. Market-oriented strategies that administrators as well as politicians tend to advocate will be anathema to them.

The assignment of ownership also matters in cases of intellectual property. To what extent can I claim ownership of an idea? Most probably, I could have had my idea only because of the ideas of others. Even if an idea is original, it will invariably incorporate ideas of others. And what if the idea can circulate only because of a discursive context that others have brought about? Should it not make more sense to speak of communal property in that case and of the development of that idea of mine as a contribution to that communal property? If I were to do that, I may be more modest than if I were to cling to the idea of authorship and intellectual copyright.

And how about the ownership of a business? When a business issues shares, it is legally owned by the shareholders. As David Ellerman convincingly shows, this is a strange construction in the light of any moral or social sense of ownership.²⁰ For why assign ownership to people who have not expended labor, often have no ties with the corporation, may not ever have visited its physical locations, and only have supplied money? Why should they be privileged over and above those who invest their heart and soul in the corporation or, at least, spend a great deal of their time in its physical locations and contribute in one form or another to its production? The assignment of ownership may have instrumental reasons (without such a deal people may not be willing to surrender their savings), but it lacks a satisfactory moral or social justification. The assignment of ownership to the workers matters. It matters for the culture of the organization, for the sense of ownership on the part of the workers, and, with that, their sense of responsibility. (How to run such a company is another matter. Worker-managed companies do have troubles with the management, and are not always equipped to adjust to changing circumstances as the tough choices are avoided. Then again, quite a few professional organizations like law firms and accountant firms are worker-managed and generally do well.)

20. David P. Ellerman, *Property and Contract in Economics: The Case for Economic Democracy* (Oxford: Basil Blackwell, 1992).

Concluding Remarks

The conception of ownership over and beyond the legal sense of property serves several purposes. For instance, it calls attention to a sphere of human interaction besides the spheres of the market and the government. Not all values are realized in market settings. On the contrary, the most important social and cultural values will be realized in nonmarket settings, as in communities of friends and colleagues, in village and tribal life, in national settings, in schools and universities, in clubs — that is, in civil society. The refocusing will reactivate the notion of a moral economy and motivate a re-evaluation of the values that really matter in the end. It will also help to mediate in the tensions that emerge when economists and theologians discuss the virtues and vices connected with the institution of property.

Economists stand confirmed in their faith in markets. McCloskey is right to point out that markets have proven to be quite effective in the generation of economic values. She goes further, however, by pointing to the social values that are realized in market settings, such as prudence. Yet, we can extend her analysis to consider goods and possessions whose values are realized outside the spheres of the market. Friendship usually does not come about in markets; even if it does, it certainly is not sustained by means of market transactions. Moreover, friendship is not a commodity that can be bought and sold. Nevertheless, friendship is an important possession that can generate all kinds of values.

Another extension to the economists' story is the notion of common property. Economists do have the concept of a collective good; clean air is the usual example. Clean air is of great value, yet paying for the maintenance of its quality does not make a great deal of sense for an individual, as others cannot be excluded from its consumption. That's why we say that clean air is collective property. My argument extends the notion of collective property to include all kinds of immaterial goods. Think, for example, of the atmosphere of a town. All kinds of people contribute to it, nobody owns it, and everyone, including passers-by, benefits from it. The atmosphere is what the citizens of the town have in common. I'd say that the atmosphere is part of the cultural capital of that town.

"Common property" differs further from "collective property" in the sense that it is restricted to a group of people. This means that other people are excluded from sharing it even if no property rights are established or trades involved. The example is a discursive practice. When I want to write and talk about the cultural aspects of economics, I benefit tremendously from the existence of a literature on the subject and of scholars with the same inter-

ests. It matters a great deal whether these other scholars have already made efforts to set up an association, to organize conferences, and to publish journals. Such efforts bring about a common discourse that I can join and that may get me attention for what I am doing, a reputation, maybe, and, who knows, a job. I would not survive for very long without such a practice. If I do not want to be excluded and ignored, I will have to invest in the social and intellectual capital that are particular for that practice, such as a shared literature (the classics), a certain vocabulary, methods of research, and so on. Yet, no markets are involved directly in realizing this valuable possession, and no government either. It rather comes about in a network of informal, scholarly relations.²¹ The same is the case for religious practices.

When we consider social and cultural values in addition to economic values, the disagreement on the institution of private property becomes a difference of opinion on the weighing of different spheres of value. The sphere of the market, in which the institution of private property has a seminal role, tends to favor the values of efficiency, liberty, and prudence; yet it may very well weaken and undermine other social and cultural values that do better in the public sphere where property is collective or in another sphere, the one that sustains common property.²²

Many questions remain, including questions about the interactions between the various forms of possession, about the precise role of markets in the generation of social and cultural values (to what extent do markets stand in the way, really?), and about the spheres that are most amenable to generating the cultural values that we consider relevant. In this essay, however, my goal was simply to point out a space that would facilitate a constructive dialogue among economists and theologians, and in that task I hope I have succeeded.

21. For an impressive account of how discursive practices come about, see Randall Collins, *The Sociology of Philosophies: A Global Theory of Intellectual Change* (Cambridge, Mass.: Belknap, 1998).

22. Cf. Arjo Klamer, ed., *The Value of Culture* (Amsterdam: Amsterdam University Press, 1996).