

## Book Reviews

### **God & Money: The Moral Challenge of Capitalism**

Charles McDaniel. 2007. Lanham, MD: Rowman & Littlefield Publishers, Inc. ISBN: 978-0-7425-5222-7, \$27.95.

*Reviewed by John Lunn, Hope College.*

Charles McDaniel writes that this book came out of his questioning how Christians can be attracted to the thought of Austrian economists Friedrich Hayek and Ludwig von Mises. In the book he explores the history of American Christian economic thinking to determine how different thinkers reconciled the teachings of their faith with these economists. He then examines the writings of Reinhold Niebuhr, G. K. Chesterton, and Pope John Paul II to find a preferred approach to economic issues for Christians. In sum, McDaniel argues that modern capitalism is a threat to Christian morality and that capitalism is not morally sustainable, so that another approach is needed. The Christian realism of Niebuhr, the distributism of Chesterton, and the economic personalism of Pope John Paul II share similar characteristics that can provide a frame of reference for Christians confronting modern economic life.

The first part of the book is entitled “The Economic Threat to Christian Morality.” In this part McDaniel documents that some American conservative Christians base their views on economics on the Austrian economics of Hayek and von Mises. He names several, including Catholics Michael Novak and Robert Sirico and Protestants Ronald Nash and Gary North, who have expressed admiration for Hayek in their writings. McDaniel describes how the Austrians brought about a “radical reformation” in economics by proclaiming “... the absolute sovereignty of the consumer and [in rejecting] a central premise of classical economics—that commodities of exchange have intrinsic or ‘objective’ value contained within” (p. 10). McDaniel argues that the attraction of libertarian or neo-conservative Christians, whom he labels economically conservative Christians, to Austrian economics is that Austrian economics is built upon naturalistic moral foundations. Morality is the result of an evolutionary process, according to Hayek.

Before going into Hayek in more detail, McDaniel traces out the American tradition of religious-economic synthesis. McDaniel argues that throughout American history, Christians have tied their economic ideas to some secular philosophy. He shows a vacillation over time between

a more communitarian approach and a more individualistic approach in the economic thinking of American Christians. McDaniel writes, “Disagreements over the ‘Christian way’ in economic life are healthy; too close alignments with secular theories that change with vicissitudes of history are not” (p. 61).

McDaniel then explores the affinity of some Christians for Austrian economics and Austrian social philosophy. Some Catholic conservatives see a historical connection between Catholic social thought and Austrian economics. For example, Sirico has written on the impact of the Scholastics of Salamanca on Austrian economics. Another connection between Christian thought and Austrian economics identified by conservative Christians is an emphasis on freedom. McDaniel also discusses the idea of creativity as part of the image of God in human beings and its contribution to the idea of spontaneous order. The latter, of course, is a key idea in Hayek as well as Adam Smith and others of the Scottish Enlightenment. McDaniel identifies another affinity that economically conservative Christians have for Austrian economics which is that the freedom of the market economy places a greater emphasis on religious traditions as a guide to behavior than would be the case with socialism.

McDaniel argues that there are contradictions between Hayek’s social philosophy and the Christian tradition. Hayek used the idea of spontaneous order to apply to institutions in general, which include religious institutions. Since there is no transcendent truth according to Hayek, Christian claims of truth will evolve over time and Christians will lose their moral stance. McDaniel writes, “Christians who accept Hayek’s view of the process by which values are transformed in human culture must engage the possibility that society will experience a profound moral alteration as stimulated by the rise of markets for new technologies, some of which will touch upon our very understanding of the human person” (p. 132).

McDaniel discusses some recent technological change to illustrate the dangers. He focuses on stem cell research, genetic engineering, and xenotransplantation (transplanting cells or tissues or organs between species). In a society where freedom trumps other values and where people quickly try to commercialize new technologies, Christians are liable to accept changes too easily rather than maintain a consistent moral stance regarding the new technologies. McDaniel cites polls showing that American Catholics support stem-cell research even though the Pope has made statements critical of stem-cell research.

Hayek’s value theory is a threat to Christian morality and tradition. McDaniel writes:

Evidence that the subjectivism of modern society increasingly impinges upon the moral voice of religious institutions offers considerable weight to Hayek's value theory. The evidence suggests that moral traditions are largely those distillations of individual decision making that have best contributed to group success, just as Hayek suggested. In his evolutionary moral system, such a conclusion is neither nihilistic nor tragic—it simply *is* (p. 125, emphasis in the original).

The second part of the book is devoted to exploring a better option than Hayek and capitalism. McDaniel looks to Reinhold Niebuhr, G.K. Chesterton, and Pope John Paul II as sources from which to draw inspiration for a better economic order—one that is more consistent with Christianity. While the emphases and approaches of the three men differ, McDaniel believes that there are shared principles that can guide us today in a search for a “third way.”

From Niebuhr, McDaniel draws on Niebuhr's insistence on the importance of a balance of power among the various interests of society as a regulator of social harmony, with his emphasis on the moral and social effects of technology, and with Niebuhr's assessment of the proper role of property and ownership in society. Chesterton also wanted to reconsider the role of property and to see property more widely distributed. Chesterton had a sense of proportion that modern capitalist society has lost.

The economically conservative Catholic writers want to claim Pope John Paul II as a supporter of capitalism, and perhaps even of Austrian economics. McDaniel argues that the late pope remained within traditional Catholic social thought and did not advocate capitalism, even though he strongly opposed the collectivism of Soviet-styled communism. McDaniel says that the pope consistently elevated labor above capital and focused on the dignity of the worker. Pope John Paul II said that when one talked about capitalism one had to say which capitalism was being discussed. One type of capitalism is an economic system that recognizes the importance of the firm and business, but also the responsibilities of business. Another type of capitalism provides freedom for the economic sector but is not circumscribed by a juridical framework that places it at the service of human freedom in all its dimensions. The latter is not desirable.

McDaniel concludes with a sketch of what a “redemptive economy” might look like. The market is not the only source of values in society. The fact that more of life is commoditized implies that the market has become too important as a measure of human values. The Christian churches need to articulate economic policies from the insights provided by the Christian

tradition. There needs to be greater accountability among the institutions of society. Neibuhr's Christian realism, Chesterton's distributism, and Pope John Paul II's Christian personalism can contribute to a redefinition of progress and social responsibility. McDaniel concludes "the redemptive economy insists that economic truth, as all other truths, can only be approximated by locating the intersection of seemingly contradictory human ideals, values, and beliefs, as best illuminated by the paradox of the Cross" (p. 310).

McDaniel offers some interesting challenges in his book. There is a problem if Christians alter the Christian tradition to align with a particular secular philosophy. I agree that some Christian writers try to align Pope John Paul II to Hayek and Mises, but it is not clear to me that they do so any more than Aquinas did when he used the Philosopher as a major authority in his *Summa*, or than Rudolf Bultmann and John Macquarie used Martin Heidegger in their theological systems.

Another question I have is whether the utilization of some of the writings of a philosopher implies that one must be affirming all the ideas of the philosopher. McDaniel's arguments certainly seem to suggest that he thinks this to be the case. As one who has used some of Hayek's arguments in my own writings, I certainly do not agree with all parts of his social theory.

I also question a central thesis of McDaniel—that the market economy is responsible for the willingness of Christians to favor things like stem-cell research even when religious leaders oppose them. In the case of Catholics, clearly the pope and Catholic teaching are opposed to many practices that American Catholics support. In the case of Protestants, there are theologians on both sides of the debate over issues such as abortion, birth control, and stem-cell research. I don't see these disagreements as arising from our economic system so much as differences in political thought and differences in theological foundations.

McDaniel follows the practice of other theologians who are critical of market systems in advocating a better or third way, but without providing many details about how the better economic order would actually function. At the end of the book I am left with no idea about how change could actually be implemented.

Finally, there is the tendency of some theologians writing about economic or political systems to make blanket statements that are excessive at best. For example, McDaniel writes "even at the dawn of industrial civilization, Chesterton recognized that the acceleration of commerce and the extension of the transaction into formerly sacred areas of life were

crowding out essential human activities. Modernity leaves us no time to hope or despair, laugh or cry, love or hate; we are left merely to transact” (p. 241). What does this mean? Yes, we live in a market economy. We also live in families, attend churches, volunteer in a variety of social and civic charities, and even spontaneously congregate in the face of a national tragedy, as Hope College students gathered in the Pine Grove on Hope’s campus the afternoon of September 11, 2001.

*God & Money* is meant to challenge economically conservative Christians. It is effective at presenting some of the inconsistencies between Austrian economics and Christian traditions. I do believe that McDaniel’s reading of Pope John Paul II is correct, although I hesitate to claim to understand Catholic social thought better than Catholic theologians. I also believe that McDaniel overstates the importance of market exchange relative to all of life, and understates the degree to which American Christians live and worship in community. ■

## **The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It**

Paul Collier. 2007. Oxford: Oxford University Press. ISBN: 978-0-19-531145-7, \$28.00.

*Reviewed by Ruth Uwaifo Oyelere, Georgia Institute of Technology.*

**I**n this detailed yet easy to read book, Paul Collier focuses on a group he calls the “bottom billion.” According to Collier, the bottom billion represents fifty countries with 980 million people, which have not experienced significant economic progress, and appear to be trapped at the bottom. Collier argues that these fifty failed states pose the real challenge of the developing world in the twenty-first century. This is because the rest of the developing world is growing and the income gap between the bottom billion and everyone else is rising precipitously. Hence, focus needs to be drawn towards this group.

The book is made up of twelve chapters divided into five sections. In the first section, chapter one provides both a motivation for looking at the bottom billion and a quick overview of the issues facing this group. Many casual readers of this book might assume the bottom billion consists of countries solely in Africa. However, part of the bottom billion live in Bolivia, Myanmar, Cambodia, Haiti, Laos, North Korea, and Yemen, though seventy percent live in Africa.

The second section consists of four chapters. Here, Collier highlights four traps that make it extremely hard to escape from the bottom and why the traps matter for G8 policy. He stresses that these four traps condemn these countries to their current status and, if left unchecked, define their future. In chapter two, the “conflict trap” is expounded. Collier argues, based on his research, that once a country has had one civil war, they are likely to have more. In addition, the poorer a country becomes, the more likely it is to succumb to civil war. The “natural resource trap” is discussed in chapter three. This trap is paradoxical to non-economists who are unaware of the Dutch disease and the difficulty of managing volatile resource revenue. In chapter four, Collier discusses the “landlocked with bad neighbors trap,” which is similar to the geography thesis of Jeffery Sachs. He then outlines eight strategies which these landlocked countries can use to improve their chances of growth. Chapter five gives examples of the “bad governance in a small country trap.” One of the interesting findings based on his research, noted in this chapter, is that the probability of turnaround in any year is extremely low for failing states. In the same

vein, he notes that democracy and political rights are not preconditions for a sustained turnaround in failing states. In contrast, turnarounds are more likely to be launched and succeed in countries having a larger population, and a higher proportion of that population with a secondary education.

In the third section of the book, Collier shares his views on globalization and how globalization affects the bottom billion. Collier suggests that globalization will not help the countries in this group because they have already been left behind by other developing countries. One of his controversial suggestions is giving these countries protection against competition from Asia. Collier's argument is that countries in Asia have become relatively wealthy by providing extremely cheap labor to the developed world, but as long as labor costs in these countries are still low, it will not be worthwhile for Western companies to move to bottom billion countries.

In the fourth section (chapters seven through ten), the different possible instruments to help the bottom billion break free from the four traps are discussed. Collier applies each of the instruments to each trap and highlights where each instrument's use has the most potential for success, and where they are more or less unproductive. In chapter seven, Collier argues that aid in most forms is ineffective and is only a small part of the solution. He provides arguments in support of a moderate shift from direct foreign aid to more technical assistance. The case for military intervention, despite controversy surrounding the use of this instrument, is put forward in chapter eight. Chapter nine is a discussion on laws and charters and how these can work as instruments. Collier emphasizes the need to establish a set of international standards for different important issues and scenarios facing the bottom billion, like natural resource extraction, democracy, budget transparency, investment, and post conflict recovery. Trade policy as an instrument is discussed in chapter ten. Collier highlights why trade openness is needed by the bottom billion. He emphasizes the flaws in the view that trade in general is bad for this group. However, Collier does not fail to mention how rich countries' trade policy impedes the development of the bottom billion and how their own trade barriers also amplify the problem.

In the final section, chapter eleven, Collier puts forth suggestions on what needs to happen if the plight of the bottom billion is going to change and who should make it happen. His two main recommendations, succinctly put, are, "narrow the target the world is focusing on to one billion versus five billion and broaden the instruments by shifting focus from aid to other policy choices."

Collier provides important lessons and insights in *The Bottom Billion*. One of the strengths of the book is its focus on the least developed countries as over against the developing countries in general. However, there are some shortcomings.

First, the focus on poor countries instead of on the very poor in any developing country could be an issue. The problem with the country approach is that a sizeable number of the very poor in countries that have high growth rates but high or medium inequality and an average human development index (HDI) get ignored. A good example is India, which is not part of the bottom billion. However, over thirty-four percent of its one billion population lives on less than one dollar a day. Similarly, Collier's view that the core problem in the bottom billion is growth raises some concern. I believe that, though growth is a condition for development, the main focus should still be development. For example, Botswana is cited as one of the success stories of Africa but inequality in Botswana is high. Additionally, the number of people below the poverty line in Botswana, despite over two decades of significant growth, is significantly high. Botswana has a life expectancy of less than forty years and its HDI is ranked 124<sup>th</sup> while its per capita income is ranked sixtieth. Development is still far off for Botswana and many other slow-growing African countries, though growth has continued steadily over time.

A second shortcoming is Collier's omission of the low human capital trap in his discussion on why these groups of countries are stuck in a poverty trap. Human capital is transmitted through health and education. Lack of education and poor health and nutrition create a vicious circle of low productivity and low growth and development. Hence, issues of health and education for the bottom billion are too critical to be left out in a discussion of traps faced by this group.

Third, and most significant, the book sometimes does not present the whole picture. This is quite worrisome because most people reading this book will assume that Collier is providing a thorough account of the events he depicts; this is not always the case. For example, Collier's account of the success of military intervention in Sierra Leone, achieved solely by the effort of the British Army, is one sided (see United Nations 2005). His account ignores the very important role of the ECOWAS Ceasefire Monitoring Group (ECOMOG) and United Nations Mission in Sierra Leone (UNAMSIL) in helping to restore order in this country over time. Another example is the elections in Togo mentioned in chapter eight. Collier makes the claim that Faure Gnassingbe did not win the election, but there is no substantial evidence to this effect. Though the election had

some problems—as do most elections in Africa and some elections in other developing and developed countries—there is no substantiated evidence that Gilchrist Olympio would have won. This is why this opposition leader, despite trying to rally protests post-election as is common in many parts of Africa when the opposition loses (the present violence in Kenya provides a classic example), agreed to work to end the violence quite quickly. Togo, since its independence, has maintained relative peace and, despite its small size and limited resources (hence its slow growth), has a medium HDI and medium inequality. I feel strongly that it is inappropriate for Collier to say that the only decisive contribution Faure (a graduate from George Washington University) would make is dying. There is little doubt that many people within this country supported his election and, in the two years following his election (2006 and 2007), GDP growth has at least increased between two to three percent, despite the negative effect of rising oil prices and volatile commodity prices for nonoil producing small African countries.

The last gap in Collier's book is the lack of mention of the role of past institutions with respect to some of the problems faced by the bottom billion today. Collier talks about the corruption of some governments of poor nations, but he does not rightly trace this extractive culture to its roots, which are found in colonialism. The recent work by Robinson, Acemoglu, and Simon (2002) provides evidence of the extractive institutions set up in Africa by the colonialists. Corrupt leaders are definitely one of the problems faced by the bottom billion. However, the growth and persistence of this kind of leadership is linked to the enduring nature of the extractive institutions put in place in Africa via colonialism. Understanding the starting point of this kind of extractive culture is important because it may provide insight into possible channels for changing this culture, which is paramount for this group's growth and development.

Is Collier's book of special significance to Christian economists? It depends on how you look at it. As Christian economists, we are concerned with not only the optimal or efficient use of scarce resources, but also living according to the principles of our faith as expounded in the Bible. This sometimes creates a dilemma for Christian economists in terms of what is the best policy action to prescribe or how to approach a given situation, proposal, or research agenda. The proper response to issues like those illustrated in *The Bottom Billion* depends on the knowledge of the economist, whether Christian or not, of the group of people this book is about, and expertise on issues related to economic development. One lesson economists, especially Christian economists, can take away from

Collier's book is the importance of providing accurate economic research that can withstand peer scrutiny.

That said, a Christian economist's utility function may look different from others and this means we may not always come up with the same approaches and policy solutions. One of the main theses from Collier's book is that aid is not effective and that other instruments should be used. However, the ineffective nature of aid in these countries is linked primarily to its medium of transfer—corrupt governments. If the Christian economist can provide an alternative medium of transfer, which has been proven over time to be effective, then direct aid could be a viable instrument from the point of view of the Christian economist. What might this medium of transfer be? We might explore faith-based, non-governmental organizations. Though there are arguments against the choice of faith-based organizations, the benefits of using these organizations are likely to far outweigh the potential concerns. However, there is a need to provide evidence of the effectiveness and successes of these organizations, not just with narratives, case studies, and descriptive statistics, as we commonly do now, but with rigorous econometric analysis. Who better to attack such a research agenda than a Christian economist, who has foreknowledge of the credibility of some of these organizations, and the success of programs in many countries in the bottom billion.

### **References**

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## **The Fear of Beggars: Stewardship & Poverty in Christian Ethics**

Kelly S. Johnson. 2007. Grand Rapids, MI: Eerdmans. ISBN: 978-0-8028-0378-8, \$20.00.

*Reviewed by John D. Mason, Gordon College.*

Kelly Johnson's agenda is the meaning and practice of godly stewardship today—a virtue, she notes, not provided by contemporary economics. Her quest into the intellectual history and theology surrounding stewardship begins (and, in effect, ends) by observing the disciplines of simple living mixed with occasional begging (what she calls “joyful begging”) embraced by Christian mendicants in the thirteenth century. These disciplines arose, she argues, to protest the socio-economic dangers lurking in an economic system structured upon private property and the use of markets. Joyful begging, then, serves two purposes, in the thirteenth century and today: (1) it joins Christian devotion to a critique of private property; (2) it challenges the life of the Church regarding ownership and stewardship.

Stewardship, properly understood, encompasses far more than annual pledges to one's local church (and other gifts of time and funds) as commonly understood today. A true steward stands willing to sacrifice her or his personal and communal (re one's church community) well-being, to assist those within the world community who are weak/poor/vulnerable—a necessary part of which involves working for economic arrangements that are personal and social rather than impersonal and individualistic. Johnson states: “the tradition of holy poverty, so esteemed among Christians, will have to be rehabilitated somehow, so that respect for beggar saints can be reconciled to a world in which property, impersonal exchange, and individual rights have become the building blocks of economic morality” (p. 69).

So it must be that Adam Smith's attempt (and, by proxy, work in mainstream economics to the present) to both explain and justify morally an economic system built primarily upon privately-assigned property rights and the systematic use of markets, cannot stand. To Johnson's credit she has read Smith (especially his comments on beggars). Economics fails in part because it does not appreciate the morally necessary role of joyful begging to help humanize an economy. Similarly, Smith's influential conception (Johnson's characterization) of a comprehensive network of markets for handling allocation and distribution problems within and across societies fails to observe how markets depersonalize and objectify

the various individuals who comprise an economy. The mendicant leaders of the thirteenth century presciently discerned these potentials several centuries before the rise of modern economics and market economies, and by their protests made clear that morally pleasing socio-economic structures must treat individuals in personal rather than impersonal ways.

Johnson resolves the “Adam Smith problem” (reconciling the self-interested and competitive individual of the *Wealth of Nations* [WN] with the individual who sympathizes with others in the *Theory of Moral Sentiments* [TMS]) in an interesting way—by finding no conflict. As I read her, Smith’s encouragement to empathize with others in effect serves as a clever ploy for winning general political support for the argument offered in WN; a truly empathetic person could not embrace the argument provided in WN. The very notion of an *impartial spectator* as a means for discerning moral obligation (Smith’s construct in TMS) must offend the God who calls us to fellowship and partiality for those who suffer, not to an impersonal individualism.

Johnson’s detailed examination of the etymology and changing meanings of *stewardship* offered the most helpful information to this reviewer. Her initial treatment grows out of the struggle within the mendicant orders over the ownership and use of property as the hard-working and simple-living brothers experienced economic success. The modern understanding of stewardship, however, comes not from the thirteenth century, but from the spread of Christianity to North America and the disestablished relationship between state and church—practically forcing church members to fund churches and para-church initiatives by their own efforts. Using Douglas John Hall’s theologically-oriented history, she notes that North American Christians have been given the gift of stewardship to act as stewards/servants (not owners) of our considerable wealth.

Taking issue with Hall’s historical rendering, however, she attributes the contemporary meaning of stewardship to those who possessed wealth—and who then developed teachings on stewardship to justify or rationalize their ownership of private property (a process, she acknowledges, that occurred in the mendicant orders as well). Johnson declares, “‘Stewardship’ [as understood and practiced today] signifies a turn from the material and political presence of the church as an economic community capable of material sharing toward the church as a spiritual association of individual property holders with primarily motivational rather than organizational impact” (p. 73). The theological father of this transformation is John Wesley, who viewed stewardship as money management dressed up in church language (and fully consistent with the private ownership of wealth and property), rather than the sacrificial behavior found in the

early mendicant orders. Johnson elaborates on the changing meaning of stewardship:

Stewardship, earlier in its history [The early face of the mendicant orders of the thirteenth century], was an appeal made by those who hoped to purify and/or impoverish the church. [By the 1960's] it is used as an attempt to build up that institution. It emerged as part of a justification of a claim against the wealth of the church: lay stewards have an obligation to care for the goods of the earth on behalf of God's work. Now it is turned into a claim the church makes on others: lay stewards have an obligation to use those goods *on behalf of God's work* (pp. 159–160).

I learned a good deal from Johnson's labors. At the same time, my questions abound. To argue that the Christian mendicants of the thirteenth century were protesting something akin to a modern market economy required remarkable powers of discernment on their part to anticipate at that very early date the socio-economic consequences of an economic arrangement put into practice in the nineteenth and twentieth centuries. If their actions represented protest (which seems plausible), the target far more likely was a political-economic system in which the wealthy few used their political privilege to limit economic opportunities for the masses the feudalistic reality which was undermined by the slow spread of markets, ultimately enabling the masses to grasp economic opportunity and escape from poverty in a way not possible before the widespread embrace of a comprehensive market system (as Adam Smith usefully described).

In this otherwise informative pursuit of the qualities of proper stewardship, she dismisses too casually the discipline of economics. Grounded upon the presumption that scarcity constrains all aspects of reality, economics offers the bedrock norm of efficiency—suitably described as *waste not*—which is indeed a virtue. We should allocate scarce resources and construct systems of allocation (variations of capitalism and socialism from roughly 1800 to the present) to achieve *efficient* (that is, less wasteful) outcomes. Other norms, such as a “preferential option” for the poor, are required for a society seeking to walk in the ways of the Lord, but a waste-not ethic must be one of the crucial norms a good (God-pleasing) society pursues in a world beset by scarce time and resources.

Johnson claims that little insight into moral obligation flows from formal description or definition (whether of stewardship or the preferred economic system): “Christian ethics, I contend, cannot be a matter of acts or virtues apart from a form of life and the unfolding of histories as pilgrimage.... attempting to understand the good life through abstract categories is likely to lead to distorted conclusions.” (p. 6) Embedded within her discursions

in intellectual history is a presumption, however, that an improved system of resource allocation exists other than that achieved through the use of markets premised upon private property. As much as she commits herself to the out-workings of a *pilgrimage* engaged in by devoted Christian women and men as the means of making the social order more sensitive to the needs of the poor, she rules out in *a priori* fashion the possibility that the pilgrimage could lead to a practical embrace of private property and markets (appropriately constrained) as the most effective instrument to assist the poor.

In rejecting these economic mechanisms, she implicitly embraces an abstraction—the presumption that an alternative form of workable personalized economic arrangements exists to coordinate the economic activities of an entire society (arrangements that somehow have been overlooked or denied over the past several centuries by socially-concerned students of allocation systems). It would have been very helpful, accordingly, for her to provide some evidence of the workability of this abstraction, lest we reach distorted conclusions. Her embrace of the life and teachings of Peter Maurin begins an answer to this question. Maurin was neither a collectivist nor a union activist; he offered as an alternative to the industrialized, union-infused contemporary set of market arrangements a system of economic personalism.

The social body with its common end is composed of persons, each created by God, creative and fundamentally free within her or his own calling. The well-being of the whole body depends upon the personal action of each of these souls as inspired by God, and that personal action can in turn flourish or suffer under the influence of other members. Therefore the shared goal of all is not in conflict with the good of each individual, rightly understood as the soul's own union with God through worship and charity, particularly the works of mercy. As each flourishes, the whole will prosper (p. 185).

Maurin called for widely-distributed small-scale ownership of production, where workers personally invested in their labor could do better and more enjoyable work; given its inherently alienating and depersonalizing potential, industrialized work simply would not be allowed.

There is a risk in asking Christian social ethicists and economists to review work in the other's area. My reasonably substantial experience participating in dialogue among these two camps generally finds the two sets of scholars operating on very different epistemological plains, with the ethicists speaking almost entirely to normative questions of what should be (if only we were more obedient Christians) and the economists

questioning the feasibility or workability of the ethicists' proposals. Here we are again! For example, I have struggled over the past few decades to discern the likely impact upon productive efficiency of a society mandating its producers to adopt *workplace democracy* (the way leading radical economists would redefine socialism, and one piece of a personalist economic order I presume). My reading of the relevant literature finds this otherwise compelling policy to create higher production costs, which then would leave that society more vulnerable to foreign competitors (and, thus, loss of the otherwise meaningful jobs). Is there not a better way to the same end? I submit that a policy providing all of a society's workers with good-quality education could achieve this desired end with a much less wasteful (inefficient) use of resources.

The question I returned to time and again as I worked through the chapters is whether she really commends the disciplines of the early mendicants to entire families today. Her answer—yes—comes in the penultimate chapter with an irresponsibly limited discussion of how this could happen practically, and how we might avoid the potentially severe implications of committing entire families to the disciplines of joyful begging. Another abstraction! Ah, but Mason is an economist and stuck in the mud of testing the claims of moral obligation by the standard of feasibility, asking whether the posited new ways would in fact make life better or worse.

On a plane ride home from an encounter between Christian economists and social ethicists some years ago I sat with a social ethicist friend. I posed to him my emerging insight into the awkwardness of the dialogue. His response was that he should not be bound in his work by a standard of feasibility; applying that standard was my job. My reply to him was that his moral pronouncements would receive little support among fellow Christians if they were not viewed as workable or feasible. Sadly, this is my reply to Ms. Johnson's work as well.

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### **The Vocation of Business: Social Justice in the Marketplace**

John C. Médaille. 2007. New York: Continuum International Publishing Group. ISBN: 978-0-8264-2809-7. \$34.95.

*Reviewed by Jim Wishloff, University of Lethbridge, Edmonton, Alberta.*

John Médaille, businessman and academic, has written a very thoughtful book on economics and business. Educators in these fields and concerned citizens alike will benefit from a careful reading of the text. The professed aim of the book is “a reform of business education” (p. xi). This task is important because business, the dominant social institution of our time, is leading us, or has already taken us, to what is, quite frankly, an untenable place. This is the state of affairs we face because economics, the discipline informing business practice, in insisting that it can be a science in the same way physics is, has become “an undisciplined conversation” (p. xii). That is, economics has not only lost its footing in ethics but in all reality, social and ultimate. Elsewhere (cited in Beed and Beed 2006, p. xii), economist Charles M. A. Clark has provided this description of the reigning orthodoxy:

Economics, as an intellectual discipline, had gone from studying the actual economy in order to move it towards normative goals, to studying a hypothetical economy in the hope that it yields insights that will help us promote normative goals, to studying an imaginary economy in order to justify the imaginary economy.

Médaille uncovers the intellectual drift that brought us to this point. He then endeavours to make economics a more disciplined inquiry using the tradition of Catholic social thought (CST). Given what is at stake—nothing less than the continuance of our civilization—this is certainly a study worth undertaking.

The book is separated into four sections. Part I, “The Historical Background,” goes over the history of our thinking since the Enlightenment. The fragmentation of first moral discourse and then economics is traced out. A history of property completes the section. For some, this overview will be too brief, but Médaille shows an excellent command of the material. He explains without oversimplifying and in the end lets those who have made utility triumphant hang themselves with their own analysis. Part II, “The Social Encyclicals,” offers a reading of three encyclicals: *Rerum Novarum* (Leo XIII 1891), *Laborem Exercens* (John Paul II 1981), and *Centisimus Annus* (John Paul II 1991). This gives a good introduction to what CST

teaches. Part III, "Toward an Evolved Capitalism," takes the opposing ideas of the first two sections and holds them in tension. This section is well written but a great deal of redundancy starts to creep in. In fact, this entire section could have been absorbed into Part I since it covers the same ground. This would have strengthened the historical presentation and tightened the whole book. Part IV, "The Practice of Justice in the Modern Business World," presents examples of how CST principles have been implemented. These include Taiwanese land reform, The Grameen Bank, The Mondragón Cooperative Corporation, Reell Precision Manufacturing, and Springfield Remanufacturing Company.

The strength of Médaille's presentation is the courage he exhibits in unflinchingly examining existing social reality. Our social structures are not leading us to a better world and Médaille is not afraid to take note of the alarming symptoms that really should be evident to all. Astronomical debt levels, family and community breakdown, maldistribution of resources, debilitating anxiety, environmental distress, mindless consumerism, and the need for deadly combat are not just signs of economic failure but also, and more significantly, signs of cultural breakdown.

This crisis, centuries in the making, is the result of profound errors in our thinking. The social order founded on these errors will be unstable. Again, Médaille does not pull back from exposing these mistakes. The metaphysical vacuousness of positivism left those in positions of power free to do whatever they wanted. With no restraint on human passions an economy founded four square on the seven deadly sins was created. Everywhere the human person is being pulverized because of this.

Médaille systematically dismantles the premises and conclusions of modernist economics. How can the individual be considered an isolated atom of materiality when what we are comes to us by gift? How can we countenance reduction of our personhood to the level of sheer animality and its pleasure/pain, fight/flight response when our experience is that we contemplate the transcendent purpose of our lives? How could we ever hope that individual perversity could lead to social well-being? How can there be no place for the family unit in economic theory?

Ludwig von Mises' utilitarianism is subjected to a withering critique (p. 169). The author's personal experience of growing up in New York is presented to illustrate how we have manufactured our way into scarcity by losing sight of the proper ends of economic activity (p. 156). The whole Enlightenment idea of a social contract is exposed as pure fiction (p. 205). Corporate concentration of economic resources confers a power that conscripts government (p. 296). A marketing industry that bombards

people with thousands of messages daily urging them to purchase things that will not contribute to their well-being is indicative of the insanity of the system (p. 190).

So things seem grim, and they are. Médaille accesses CST as a prescription for our malady. What truths of this tradition does he recall and what are their importance for clear economic thinking? Summarizing in point form:

- The Christian worldview is theistic. God exists as a Trinity of Persons, Father, Son, and Holy Spirit. In an act of divine love, God created the universe and all the beings in it (p. 30).
- The human person is made in the image of this Triune God (p. 10), possessing an integral wholeness (p. 27). The human *telos* is eternal life with God—i.e., sharing in nothing less than the very life of the Trinity.
- Human beings are social by nature. Human life is always life in community. The first of these communities and the basic social cell of existence is the family. Groups, intermediate between the family and the state, form another level of social existence—i.e., social life is highly textured (p. 142).
- *Justice* is the basic social virtue. It is absolutely required for communal stability to exist.
- The *common good* is the proximate end of every human community or society. That is, the community exists for the full and integral development of every one of its members.
- *Solidarity* links humanity together. Ultimately, all other human beings are owed our respect and concern.
- God has given human beings *dominion* over creation. This is achieved through *work*. Therefore, work is a duty. Work has a transitive (or external) and an intransitive (or internal) dimension. Our work both brings into being things that are good, useful, and beautiful and forms us in the process.
- *Property* is a *natural* but *not an absolute right*. Responsibilities in use attend to its possession and God originally intended creation to serve all of humanity. Ownership is subject to this *universal destination of goods*.
- Capital and labor must be taken together to create wealth but *labor has primacy*. Capital is a means or instrument in the process.
- People are owed a *living wage* from their work. It is only in families that the human race perpetuates itself so families must, at a minimum, have their material needs met.

To say that a tension exists between the assumptions of neoclassical economics and those just given by Catholic social thought is surely an understatement. An unbridgeable chasm exists, at both the ultimate level (one vision is atheistic, the other theistic) and the proximate level (we will pay as little in wages as our power allows us to get away with vs. we will be as generous to our employees as our financial condition allows). The heart of this opposition between the worldviews is *teleological*. To what end should the economy be directed? Médaille provides an answer:

The human person is the measure of all things. Since the human person is the measure of all things, and since the person exists within social structures, the measure of any social structure is how well it serves the human person” (p. 140).

It is possible to have such structures, and Médaille makes that evidence available. Here, though, I think he tends not to draw out the full implications of his analysis. The examples he marshalls, with the exception of the Mondragon Cooperative, are efforts at institutional change or action that adopt only one element or a small part of the total CST package. For example, Springfield Remanufacturing Corporation does extend ownership widely but the “Great Game of Business” they are playing is still to make as much money as possible.

The blind spot here comes about because Médaille, even though he insists on distributive justice (equity) and not just the commutative (or corrective) justice that neo-classical economics uses, leaves out legal justice, the third arm of Aquinas’ treatment of this cardinal virtue. This is critical because it is this form of justice that asks explicitly, what do I owe to the social whole? Organizationally, it is to ask all the questions of practical implementation of CST. It is to commit the enterprise to civic virtue.

This goes to the title of the book. Médaille, perhaps because of his own life in business, holds business in high esteem, as he rightly should. It is a noble calling. In the end the advice he dispenses is that each person engaged in commerce should try to brighten his or her corner of the business world. Your vocation is to perform the tasks that only you can do. But, really, will this be enough? If the present system is “just a pointless and unstable accumulation of things that have no meaning” (p. 170) then won’t the changes have to be more fundamental? If a “ponzi-scheme of consumer credit” (p. xii) is propping up the regime, then collapse is not just a possibility but a certainty. Christopher Dawson’s assessment provided in a quotation (p. 317) is more on the mark: our culture is dying because we have forgotten God. A true Christian social order, should we come to

possess the grace to construct it, would bear little resemblance to what we have built.

The book would be a good supplemental text in any number of courses—e.g., business and society, history of economics, principles of management. John Médaille has done a rare thing in this genre. He has communicated wisdom.

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## The Real Wealth of Nations: Creating a Caring Economics

Riane Eisler. 2007. San Francisco: Berrett-Koehler Publishers, Inc. ISBN: 978-1-57675-388-0, \$24.95.

*Reviewed by Tom Head, George Fox University.*

Any writer who uses a variation of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* for her own book title sets a high standard. She poses as one who will offer a new magnum opus, a pioneering work that will so shift our thinking that the discipline of economics will never again be the same. Has that standard been met? Time will tell, but my initial judgment is that Riane Eisler does not achieve the goal. She nonetheless has written a significant and provocative book.

The author's name is likely to be familiar to readers with a general interest in social thought. Twenty years ago she published *The Chalice and the Blade: Our History, Our Future*, a book that has become a classic in the literature of gender, power, and society. It should not be difficult to find a faded red paperback copy of *The Chalice and the Blade* on the bookshelf of a colleague in psychology, sociology, gender studies, or perhaps even on your own bookshelf. In that treatise, Eisler first articulated what she calls Cultural Transformation Theory, and its two models for understanding the structure of society and culture. The "partnership" model is one which links people in cooperative, caring ways, while the "dominator" model subordinates and devalues some, especially women and the feminine.

In *The Real Wealth of Nations*, "chalice and blade" meet "supply and demand" as Eisler attempts to apply her earlier insights to the not-so-modest task of changing how we think about economics and how we structure the economy. The ten chapters ramble around quite a bit. Chapter one, "We Need a New Economics," and chapter two, "Economics Through a Wider Lens," offer a logical enough beginning. Her discussion of economic maps and the distortions of models that leave out or undervalue the natural economy, the household economy, and what she calls "the unpaid community economy" offer a necessary and workable foundation for enlarging economics. However, chapters three ("It Pays to Care—In Dollars and Cents") and four ("The Economic Double Standard") are at best side excursions, with ultimately little value added.

In chapters five through seven, she gets back on track and focuses on the core of her argument by analyzing the economic components of the contrasting cultural paradigms of domination and partnership. These three chapters, along with the first two, are the intellectual meat of the book and

will be of most interest to social scientists wishing to project her grand theory into a research agenda. Chapters eight through ten are forward looking, first reflecting on technological change and the nature of work, next assessing where we are in our understanding of human behavior and organizational change, and finally ending with her thoughts on what each person can do in this caring revolution.

Overall, the book is a noble effort to bring perspective to a confusing array of global economic realities: a planet threatened, millions impoverished, devastating wars, healthcare crises, alienation, etc. As Eisler sees things, we human beings long to do good work, to care for ourselves, for each other and for the planet, and yet we often feel caught in a system that makes these good things so hard to achieve.

Eisler reaches deep into history, culture, and the human psyche to diagnose our economic dilemma and its intransigence. For her, what ails us can be understood only if we examine the beliefs, habits, and social structures that come out of the dominator-oriented cultures. The male-superior and female-inferior views inherited from domination have had disastrous effects on humanity. Some are obvious, but much of what she has to say about the damage of domination is not so obvious. It is buried in our unconscious minds, and a new understanding of economics, for Eisler, must begin with discovering and revealing unrecognized habits, values, and beliefs.

The alternative to the waste and misery of a dominator-oriented culture is the care and nurture of a partnership-oriented culture. For Eisler, the important debates in economics are not about capitalism versus socialism, market versus planning, or private versus public. They are about domination versus partnership, a distinction that cuts across schools of thought and political orientations. She sees modern economics as perpetuating the dominator story by not considering and measuring our caring—household work, childrearing, unpaid community service, and environmental stewardship. For her, the matter of relationships, and whether or not there is domination or partnership in the relationship, is the critical element in developing a new story for economics, a story that will move us toward a world in which we adequately care for ourselves, each other, and the earth.

As Eisler puts it, “this imbalanced system of values is deeply entrenched in our unconscious minds. Most of us aren’t even aware that much of what we value and devalue—and thus our economic system—is based on a system of gendered values. As a result, the devaluation of caring—and the real-life consequences for us all—remains largely unrecognized” (p. 42). And, of course, just tinkering with old economic models will not

suffice. This book really is an exercise in broad social thought as well as an occasion for the integration of religious perspectives and economic thought. Sadly, on this last point, Eisler seems unaware that there are thoughtful scholars whose lives have been devoted to such work. While she sharply captures ways in which the church has contributed to the dominator ills with which we struggle, she fails to explore how it might be the case that our flawed spiritual traditions might contain not only the problems but also the solutions.

For professional economists, and perhaps especially Christian economists, the temptation will be to dismiss this book as naïve, simplistic, and not even very well informed of the basics of economic theory. Yet, I think she offers some stimulating thought in a few areas. Specifically, what she does contribute can play a role for those working within broader social models and attempting to integrate the social sciences. Also, her demand that we *truly* build the natural economy into our economic models is essential, and, while she does not exploit this opportunity, it is a clear occasion to bring faith and science together in economic thought and practice.

For non-professional readers, Eisler's greatest appeal might be her call to informed activism. She invites the reader to be aware, to be awake, to be truly conscious of what we are doing. She believes that a truly flourishing and functional economy is possible and that personal action is part of that story. This is all for the good. But I would warn the non-professional reader not to depend too heavily on Eisler for an understanding of what the discipline of economics might contribute. Her critique of economics is just too uneven and idiosyncratic.

And for both professional and lay audiences, I will voice one last frustration. As much as I welcome Eisler's insights or perhaps *because* I welcome her insights, I was disappointed that there is so much redundancy in the book. She has a habit of repeating herself. For example, she needlessly recites again and again the problems with using national income accounts as measures of well-being; most informed and interested readers would know about this issue already and would not need to be reminded of it more than once. *The Real Wealth of Nations* would have been a much stronger book had it been edited into a clearer, better organized, and more forceful treatise with considerably fewer pages.

While, from my own perspective, Eisler's book did not come close to the standard of being a new *Wealth of Nations*, she nonetheless contributes unique and important ideas to the conversation. Whoever does author the new *Wealth of Nations* will need to consider Riane Eisler's challenging questions about caring for people and the planet.

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Wealth of Nations.* Indianapolis: Liberty Fund. ■

## **Economic Compulsion and Christian Ethics**

Albino Barrera. 2005. Cambridge: Cambridge University Press. ISBN 978-0-521-85341-5, \$80.00.

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**A**lbino Barrera's book on the needed Christian reaction to "economic compulsion" is extremely useful in drawing attention to forgotten aspects of our economic and social system, which result from the "adverse unintended ripple effects of the market" (p. 77). These aspects spontaneously call to mind the beneficial effects of the Invisible Hand that are said to ultimately eliminate these "ripple effects," so that each of us can enjoy his or her own search for "opulence."

Barrera sets out to correct these conventional misperceptions/exaggerations. He first emphasizes that mainstream economics does not discuss the "pecuniary externalities" that result from the mis-functioning of the market system itself, but usually concentrates on externalities caused by an identifiable economic agent towards others, such as the pollution caused by a factory (p. xii). He then calls our attention to "economic compulsion," a concept completely foreign to economic thinking as it (apparently) does not affect at all the working of the market system itself but "only" the living conditions of the human being confronted with physical and moral misery. This misery in turn results from changed economic conditions which the affected ones cannot alter.

The juxtaposition of "pecuniary externalities" and "economic compulsion" thus throws a new light on the "mis-functioning of the market system" (not mentioned by mainstream economists who tout freedom and autonomy, as Barrera points out on pp. 19, 22, 31) and its fundamental basic humanistic deficiency, as the market system is conceptually unable to take note that adjustments frequently imply "economic compulsion," viz. "non-economic misery."

This new perception naturally leads Barrera to describe the many aspects of this compulsion in part I ("The Nature and Dynamics of Economic Compulsion"<sup>1</sup>) and to examine in practical detail (in part II) how Christians must go about "setting the moral baseline and shaping expectations" necessary for the removal of this compulsion. Part III presents the "Contemporary Appropriations" of his analyses. The preface provides an excellent and detailed summary of the book. In the concluding chapter, the two objectives of Barrera become clearly apparent. A primary objective is expressed in the analysis of the market mechanisms of

exclusion and of the (Christian) ways and means to restore “God’s gift” of “Economic Security.” Secondly, and incidentally, he provides a critique of capitalism (in the concluding section of the book, p. 234), a system that is ultimately responsible for *not* emphasizing and correcting these “economic compulsions,” as the market system would if it were effectively consistent with its foundations.

Barrera’s emphasis on the full human aspect of “economic compulsion” and his critique of the ideological defense of the market system thus strongly sets the discussion at a different level from the one usually used by mainstream economists. This requires an effort to relate Barrera’s conceptual innovation to the theoretic approach used by rigorous market economists (who are very different from those who ideologically “tout the market system”) when they deal with the new issues Barrera raises. It is thus necessary to examine how “pecuniary externalities” and “economic compulsion” can be related to the “market failures” and “adjustment costs and benefits,” which rigorous market economists use but which are not mentioned in Barrera’s book.

In the first place, rigorous market economists emphasize, as Barrera does, that market failures and imperfections result in skewed adjustment costs and benefits. Thus, for example, imperfect non-regulated markets (oligopolies and monopolies) obviously function to the detriment of consumers and workers, as evident in the real and financial markets examined by Barrera (p. 57 ff.). More generally, market functioning is weakened by many imperfections—such as a highly unequal distribution of income, wealth, and human capital—the latter resulting from unequal access to education and social culture. Economists therefore emphasize the need for social interventions to correct these imperfections and thus to increase the efficiency of the market system; this entails a reduction of the likelihood of economic compulsion. It is thus crucial that market failures be redressed and not obfuscated, so that global efficiency can be increased and economic compulsion, which strikes the poorest, decreased. The difference between these economists and Barrera is that the former concentrate on the economic adjustment principles while the latter goes farther and derives from the failures of the market mechanisms the fact that some humans are trapped in compulsion. Barrera thus takes a necessary further step in the identification of social and market failures, which obviously need the special attention of social welfare agencies and Christians (as mentioned in parts II and III).

In the second place, it is clear that cyclical or more fundamental structural changes result in pecuniary externalities in addition to and beyond the above-mentioned institutional market failures. In this case,

changes in the underlying global conditions result in adjustment costs and benefits which are (a) the crucial factors of the adjustment process to the new conditions, but which are (b) also influenced by the above mentioned social and market failures (e.g. unequal wealth and power distribution). Powerful groups can indeed delay and warp economic adjustment in their favor and thus impose longer hardship on all, but especially on the poorest. Barrera emphasizes the complexities arising from inequalities to the functioning of the adjustment process. It is therefore important to look at the adjustment process very carefully and to realize that adjustment costs (for those whose position deteriorates as a result of the fact that their personal or professional assets have become less efficient and less demanded) occur generally at the same time as adjustment benefits. Moreover, this differential is imperatively necessary for the adjustment process to be as efficient and as rapid as possible. This differential indeed reduces the adjustment costs and enables the losers to gain through their “recycling” to new opportunities. While these *microeconomic* adjustment costs and benefits (i.e., those occurring on individual markets) should *not* be interfered with (to protect old and now obsolete advantages), it is also clear that *global* (macro) benefits have increased, so that increased income taxes (levied on the gainers) could and should be used to help the losers gain sufficient time and knowledge to improve their adjustment to new opportunities. In the 1960s, modern countries began to institute social processes to protect the losers. Finally, since social and educational inequalities characterize even advanced societies (as pointed out above), shocks that require adjustment worsen the existing imperfections and heighten inequalities, thus worsening and delaying the adjustment process in general, especially for the poorest members of society.

Two consequences must be drawn from this generally ignored conjunction of necessary adjustment and preexisting deep inequalities. First, more than ever it is imperative that market and social imperfections (such as social and educational inequalities) be continuously reduced in anticipation of inevitable shocks; i.e., reforms must be pushed through against the opposition of those who “tout the market system” as if it were eternally perfect, viz. immune to inequalities. Second, Christians must understand that their faith requires their involvement in these efforts (hence the importance of Barrera’s ethical investigation in part II) and that, in addition, they must help the poor to continuously develop greater autonomy through their investment in economic and intellectual means (i.e. assets). Barrera thus emphasizes correctly that the adjustment process conjoins pecuniary inequalities and economic compulsion.

This leads us, thirdly, to emphasize a novel aspect of the world

adjustment process. Our Western minds have been blinded by centuries of global economic progress, during which adjustment costs were always less important than adjustment benefits. Yet, changes in globalization may well usher in for Westerners periods of decline. Thus, several U.S. industries (e.g., the automobile industry) have suffered due to foreign competition, in part because their corporate leadership slept behind monopolistic protection (another market failure), while U.S. consumption remained at high levels thanks to credit card borrowings and current account deficits. Both features delayed painful adjustments which will have to be reversed and which will result in considerable economic compulsion, exerted on the less fortunate.<sup>2</sup> Barrera's contribution that economic compulsion is part and parcel of adjustment costs (p. 215) is therefore utterly timely.

The preceding analyses illustrate how much Barrera correctly emphasized in the economic analyses of part I the link between pecuniary externalities and economic compulsion. In part II of his book, he turns to show how the ethical foundations of economic security (the opposite of economic compulsion) are rooted deeply in human nature. In chapter three, Barrera shows that economic security is constitutive of the intended order in God's creation. It is about the satisfaction of one's basic needs (1) with the nurturing assistance of the community and (2) through one's personal effort, to the extent possible. He adds that "the goal is not the attainment of equality in distribution but the provision of a safety net of second chances" (p. 121). Furthermore, he states, "God's intended order includes (a) provisioning us with all we need in conjunction with our personal and communal effort...(b) the invitation to partake in divine governance by serving as an instrument through which God provides for us *through each other*" (pp. 109–110, emphasis added).

Barrera thus excellently describes the ultimately Christian foundation of economic security through the development of Christian love of neighbor, which associates humans to God's caring governance of humanity. What Barrera, however, does not emphasize is that economic security, this gift of God through human commitments, is in fact essential to the very nature of the market system. Indeed, it is this economic security which incites humans to depend ever more on the market—to rely on their co-exchanging and co-specializing brothers and sisters to avoid economic set-backs and eventually economic compulsion, rather than on their own solipsistic "filling up of their own granges" (Luke 12:19). It is the very capacity to depend on this gift of God, on the economic security resulting from increasing reliance on the others, that allows all to produce more efficiently and thus to overcome a bit more scarcity and to enjoy the other gift of God, "opulence," as Adam Smith used to say.

Barrera thus emphasizes again the deep links between the Christian ethos and true “market progress,” ultimately founded in the economic security provided by the civic culture that emerges from human nature potentiated by resolute Christian commitment.

In conclusion, *Economic Compulsion and Christian Ethics* shows that the market system is rooted in a very specific social system, capable of continuously providing the economic security required for the ever better functioning of the ever more complex market system. Market society must therefore strive to eliminate economic compulsion. Barrera emphasizes this on the very last pages of his work: “After all, the moral foundations of capitalism are *eroded* to the extent that market transactions are indeed *intrinsically coercive...*,” moreover, he states, “Attending to economic compulsion is about *ensuring fairness in the market-driven redistribution...*” and he adds, “In conclusion, mutual advantage is a key guiding principle undergirding the ideal of economic exchange.... The institutions and conventions that make the market what it is, are the creation of our *collective economic agency*” (pp. 224–225, emphases added).

### **Endnotes**

- 1 Economic compulsion is excellently defined on p. 16: “Thus economic compulsion is not... based... simply on opportunity costs but on the nature and severity of such opportunity costs,” and Barrera adds that “the autonomous agent is one who is not *always* struggling to maintain the minimum conditions of a worthwhile life. The more one’s choices are dictated by personal needs, the less autonomous one becomes” (p. 17, emphasis added). Barrera further analyzes economic compulsion: “Economic agents are compelled to find and complete transactions within a... predefined period in order to obtain recurring basic necessities.... They do not always have the option of waiting for the most propitious trades because they are bound by... a time constraint of having to eat and to be kept warm... on a regular basis” (p. 21).
- 2 The case of a global or macroeconomic deterioration of an economy/society (e.g., the U.S. in the future) is rarely discussed. In this less and less hypothetical case, the efficiency of investment and savings and of increased work inputs (as opposed to leisure and consumption) will also require a heightened increase in equality. Presently, the poorest are incited to consume, while the richest already transfer U.S. capital abroad, thus developing the competitive advantage of their capital and of the (utterly poor) foreign labor, which together drive the poorer U.S. sectors into increased borrowing. ■