

## Is Capitalism a Belief System?

Kathryn Tanner

40<sup>TH</sup> TRINITY INSTITUTE® NATIONAL THEOLOGICAL CONFERENCE

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I take the question for this session to be whether capitalist markets are shaped or properly informed by beliefs about the fundamental character of human life and its moral values and ideals. I believe the answer is ‘yes;’ and that it therefore makes sense to undertake a normative evaluation of them. In particular, theological understandings of human nature and of how human life should be lived become pertinent to a normative evaluation of markets. Religious people can assess on theological grounds the respects in which capitalist markets are good or bad, and offer suggestions about what can be done to make them better – more ethical, more humane, more conducive to the common good.

By answering ‘yes’ to the question for this afternoon’s session I am assuming that capitalist markets require moral justification; and that they, furthermore, are neither essentially amoral nor necessarily immoral. The current dominance of capitalist markets – the fact that they exist and blanket the globe – is, first of all, no argument in their favor. Alternatives exist to capitalist markets; not all societies have been or are at present primarily organized around the production of goods for sale in markets where the supply of goods produced and the demand for them find their regulation by way of an impersonal pricing mechanism. Capitalist markets do not have to exist. They deserve to exist only to the extent they are judged to be good or valuable.

In the second place, capitalist markets are not value neutral. They are not simply an amoral technical apparatus for allocating resources efficiently, one that leaves completely open what it is that human beings want and therefore judge to be of value to them. They instead constitute a very particular way of life, one that disrupts and disorients preceding ones. It is therefore always appropriate to ask why one should live this way rather than some other way, rather than the way people did before the coming of the market in which impersonal exchanges become the key to economic wellbeing and everything that makes for human profit has its price.

In the third place, I assume that basic market principles are not simply immoral, predicated on the widespread fact of vice and encouraging it. Along these lines, it is often maintained that capitalist markets presuppose purely self-interested – that is, selfish – actors, the pursuit of exclusively materialistic values, and a socially irresponsible go-it-alone individualism. Capitalism feeds, in short, on our immoral impulses.

But all that free markets absolutely require is individuals in pursuit of their own goals; those goals do not have to be selfish or greedy ones. Self-interested action becomes equivalent to selfishness only if the only thing one cares about is oneself; but human beings typically pursue, often in part for moral reasons, goals that include the wellbeing of others – the wellbeing at least of the family and friends they love—and the market in that case becomes a way of achieving those ends.

For similar reasons, the market need not be predicated on materialism; it simply presumes that people are motivated to better their condition, to improve themselves; and that the accumulation of material wealth, under market conditions in particular, is generally conducive to that betterment. This hardly implies, however, that people engage in market transactions only to meet their material needs. Nor does it imply that people want above all else to maximize their monetary wealth or income; they may well have ultimate life goals of a non-materialist – that is, of a spiritual or moral – sort.

Lastly, the market is individualistic in that it requires goal-directed behaviors and individuals generally are the only ones who intentionally act in pursuit of goals. It is also individualistic in assuming that individuals themselves are usually the best judges of their own interests. But, for all that, markets emphasize our dependence on one another rather than our abilities to rely simply on ourselves and our own resources. In markets I depend on the cooperation of others to achieve my own goals in that (for example) other people have to put products on the market whose purchase in some way contributes to my pursuit of my goals; at the same time others depend on my cooperation to achieve their ends in that (for example) the producers of those products turn a profit only if people like me want to buy them. In market society one is dependent on others for almost everything; one makes almost nothing for oneself. The productive resources I have, moreover, are employed within the highly refined division of labor of market society to such specialized effect that I am forced to depend on a host of others, all engaged in similarly specialized productive pursuits. And the other people upon whom I depend are not simply numerous but far flung; they extend beyond nearby family, friends and neighbors, to encompass potentially everyone on the planet in the case of globalized markets.

This social character of the market makes it a moral matter. The market is not just a means to goals that are subject to moral evaluation, of special interest because of its purported efficiency in allocating means to ends. The market is a particular system of social cooperation, and as such naturally raises questions about our duties and responsibilities to one another.

Instructive in this regard are early modern reactions in Europe to a burgeoning new market or commercial society (as it was called). The possible moral attractions of the market were a great part of its appeal; it was the market's potential moral benefits that made it seem a form of social organization or way of life worth keeping.

Crucial to this sense of capitalism's moral potential was the belief that markets had the capacity to channel in socially beneficial directions the behaviors of individuals acting in their own interest. Of moral import, first of all, was the sheer fact of social cooperation on such a basis. Rather than working against or blocking other people's goal-directed behaviors, people in capitalist markets naturally cooperated or assisted one another in pursuit of their respective goals, because of the way capitalist markets intertwined their achievement of them: furthering your own interests now depended on whether other people could further theirs, and the reverse—they furthered their own interests only as you were also able to. The particular character of this social cooperation was of added moral significance; this sort of social cooperation was based, in principle, on expectations of mutual benefit, rather than on any kind of effort at one-sided coercion. One got ahead with the help of others not by simply exploiting them or stealing from them or forcing their cooperation with threats of violence, but by way of voluntary exchanges, which all parties entered in hopes of being made better off thereby. The socially beneficial outcomes of market cooperation were also of moral interest. The market made everyone better off than they would otherwise have been if they tried to go it alone or live simply with the help of those near and dear. The market saved one, in short, from the constraints placed on pursuit of one's goals by the limited character of one's own direct supplies and talents and allowed one to benefit from the combined resources and skills of a great many others. Indeed, the whole of the productive powers of humankind were increased the more they were pooled via market transactions that drew upon highly refined divisions of labor. The quality, quantity, and kind of goods a market could provide were entirely beyond the reach or at least extremely difficult to achieve by individuals acting alone or in partnership only with nearby neighbors and kin.

On the question of individual morals, respect for the moral character of the market need not imply an especially high moral regard for self-interested behavior and its usual outcomes. Self-interest, when left to its own devices, clearly brings along with it socially destructive possibilities that people often enough seem willing to act upon: people often pursue their own interests at the expense of people whom they do not care about, when they think they will suffer no adverse consequences from doing so. Moral and religious norms are sometimes effective in keeping people from harming those they do not love when they do not stand to suffer any adverse consequences themselves, but the market gives them a self-interested reason not to: you need the people you do not love, and only when you contribute to their pursuit of their interests are they best able to contribute to yours. One of the good things about the market, then—"good" in a

moral sense – is the way that, often in league with other social institutions working for the same ends (the government, legal system, schools, and religious institutions), the market has the capacity to channel self-interest away from its socially destructive potentials.

Respect for the moral character of markets that are based upon self-interest is for this reason quite in keeping with a higher respect for the moral virtue of benevolence as a principle for social cooperation: the best society, as Adam Smith affirmed, would be one in which everyone benefited everyone else out of love. The problem, however, with benevolence as a principle for widespread social cooperation is that people, even when they hold a norm of universal benevolence, are in fact inclined to act in partial fashion, with favoritism towards themselves and the people closest to them. An actual society held together by love is therefore bound to be quite small and to lose, thereby, the enormous social benefits of more wide-ranging forms of social cooperation like markets with their capacity to include far-off strangers of diverse talents and resources.

Moreover, knowledge problems impede any effort in fact to do good to everyone without exception out of love. The wider a society of love becomes the less likely it is that one will be able to gather accurate information about what it is that particular individuals specifically need and want, since many of them must remain relative strangers. And even if one could figure that out, how one could actually get them all that they need and want remains a puzzle.

The moral significance of the market lies in the way it overcomes both these limitations, limitations of both love and knowledge, to produce an outcome approximating a universal society of love. In market society one benefits others without needing to care about them; one serves their interests in the market exchanges they enter into for their own benefit without having the intention of furthering their good but only one's own and that of the people one loves. Nor need producers, in trying to meet consumer demand, presume to know what is in consumers' best interests; consumers make their own decisions and producers figure out what those decisions are – and respond appropriately by putting on the market what they want – not by getting to know them better as people, but by way of an impersonal pricing mechanism. What people want is signaled by what people are willing to pay; the more they are willing to pay, the more such products become available for purchase, through the uncoordinated scramble of individual producers all trying to enter the market for such products and make a profit thereby. To the extent prices accurately reflect the real needs and wants of people, the problem of trying to do good without knowing how to do good is remedied here by a market in which supply rises to meet demand despite the absence of any coordinated moral effort in which the explicit intention is to benefit others. In sum, markets are moral to the extent they allow for the mimicking or good imitation of the ideal of a universal society of love under conditions of partial benevolence and limited knowledge.

Finally, while the market may not do much to make people more benevolent, it does not simply leave individual morals where it finds them. It may, for example, foster a spirit of

negotiation and compromise. To the extent one is willing to buy from anyone who offers the lowest price or sell to anyone who is the highest bidder, it certainly helps break social prejudices of exclusion. The market often prompts one to have to do with those one does not like and for whom one feels no personal affinity in virtue of shared background or experience.

Now as far as it goes and to the extent any of this is true, I don't think there is a great deal to object to here on religious grounds. Religion, importantly, just gives a particular twist, a deeper and fuller sense, to many of the moral concerns that underlie markets. For example, the market's respect for the freedom of individuals to decide for themselves their own life course is in keeping with, and deepened by, a religious understanding of the dignity of human persons. Typical of Christian accounts of that dignity is the view that every human being is made in the image of God in virtue of characteristics that render humans capable of shaping the character of their own lives in person-specific ways. Because, in imitation of God, they are made creatures of reason and will, creatures with rational volition, they are called to determine what is, by their own lights, really good and worthy of love, and to orient their lives accordingly around such judgments.

Moreover, the human impulse to better one's condition that capitalist markets suppose can be viewed in religious terms as part of a divinely ordained vocation, a way of participating, indeed, in God's own fundamental project of benefiting the world God creates. The intent of a benevolent God to extend the good of God's own life to creatures is carried out, not simply by God's creating us to be finite, particular versions of God's own goodness, but by God's generous inclusion of us in the project of bringing that goodness that God's intends in creating us to fruition. God creates us to be the active agents of our own lives so that we might contribute to, be included within, the divine project of creative benevolence through our own efforts to better ourselves, to flourish as best we can as the creatures God created us to be. Part of the way we imitate God, indeed, is in acting to bring about the good for ourselves that God intends (and thereby helping others in their own efforts to realize their good).

As capitalist markets also seem to recognize, we cannot better our condition in isolation from others. Because we are relational creatures, made by God for relationship with one another, we flourish only as we give and receive from them within an overall environment supportive of human flourishing. Indeed, we cannot flourish as individuals apart from the flourishing of the whole because we make up one body with it. We are one body in Christ. And therefore what affects others, for good or ill, affects me as well. The flourishing of the whole depends on the flourishing of all its parts, and when the welfare of the whole declines, the capacity of any of the parts to benefit is thereby diminished. My welfare and that of the whole, in short, are inseparable. Moreover, along the lines of what one finds in capitalist markets, here too this body flourishes when as extensive as possible, bringing into unity a myriad of diverse gifts, so as to encompass in principle the productive powers of the whole of humanity. In neither the body of Christ nor

capitalist markets does it seem best to limit human cooperation to closed communities excluding the stranger and those for whom one might otherwise feel distaste for cultural, ethnic, or social-status reasons – all those who make up one’s natural enemies.

Finally, while it often expresses far greater reservations about prudential calculation in general than is characteristic of the market (we hear in Matthew 6 and again in Luke 12 that we are not to worry ourselves about where our food and clothing are to come from – God will provide all, and much more than we expect, in due time), Christianity presumably would have little objection to measuring self-interested behaviors against the far greater moral objective of benevolent love. So much the better for self-interest if an economy organized through the self-interested behaviors of individuals manages to approximate a society of love without being directed by norms of love.

Christianity also no doubt shares with a moral evaluation of the market in terms of love a sense of how difficult a society of love is to achieve. Although Christianity may hold out in a more uncompromising way for love – we are confident we will at some point achieve it with God’s help – Christianity is certainly as realistic as the market about all the impediments here and now to it. We do not love others as we should, and cannot make ourselves do so, through any effort of will. We are partial to ourselves and those with whom we closely identify, in ways that effectively blind us to the sufferings of many. We believe ourselves to love when we act in fact from other motives. Even when well intentioned we rarely manage to do good to others. We deceive ourselves about what is in others’ interests, out of simple ignorance or sinful arrogance concerning our capacities to figure this out on our own. We are intellectually ill equipped and sinfully disinclined to consider fully the consequences of our actions. The good we would do, we do not do, because we remain of two minds and act at cross purposes with our best intentions, whenever, for example, nagging worries arise about the degree to which own own material or social interests will also be served. And so on. In sum, Christians hardly expects a society of love to be easily implemented!

If the market were able to make individual self-interest converge with the good of society as a whole, one might celebrate it for any number of the above-mentioned religious reasons. But real questions arise as to whether markets in fact effectively do this or are in principle capable of it. Religion helpfully enters the picture here to press such questions.

Even Adam Smith, for example, recognized quite importantly that a market propelled by individual self-interest would not produce the most social beneficially outcomes where systematic forms of injustice prevailed. Private and public interests are very unlikely to converge where, in other words, one group of citizens is being harmed for the primary purpose of advantaging another. Under such conditions, one segment of society gains, but society as a whole is made worse off.

What constitutes injustice – how injustice is more exactly defined and applied in particular cases – is of course a matter for dispute. Religion is important here for insisting that we consider such matters with care and according to the very highest standards of justice. Quite possibly, for

example, present terms of global trade are a neo-liberal version of the unfair terms of trade that Smith criticized when considering the mercantilist policies of 18<sup>th</sup> century colonialism. Laws regarding property rights are to be fairly enforced as a requirement for the efficient functioning of markets, but why not question whether the division of property that such laws presume is not itself based on some underlying injustice, the final product of earlier forcible expropriation, theft, or systematic fraud? Why, moreover, don't we calculate the costs in loss of productive power to society of work-place discrimination or grossly unequal opportunities for economic advancement? Can it really be in our economic interest as a society as a whole to lose the human capital, for example, of those who can't manage to find their way out of grinding poverty through the substandard educations our public school systems presently offer?

Even were underlying structural injustices not an issue, markets fail to produce the optimal social outcomes in any number of commonly occurring circumstances, which therefore invite religious and normative response in the effort to right the ship, usually by way of some sort of quite justifiable government intervention. Self-interest and the public welfare fall out of sync, for example, whenever benefits and costs are not effectively captured by market prices—public goods like roads and bridges are a very commonly occurring example of the former; environmental damage and resource depletion, all too common and pressing examples of the latter. Markets also fail where coordinated action problems arise, in the way some economists like Richard Posner argue they did in the recent credit crisis. It hardly seemed reasonable to forgo the incredible profits one's competitors were making through the writing and repackaging of subprime loans, even if one suspected such financial practices would eventually become unsustainable. This is a typical coordinated action problem in that it doesn't seem in one's interest to stop doing what everyone else is doing, even if one would like to, unless everyone else were to stop too. Getting everyone to stop at once—or not to start at all—and putting them all on some other path of, say, sound mortgage writing, requires some sort of governmental, non-market intervention that is normatively directed as a matter of policy even if the means taken to fix the problem are not. The end of social benefit has to be here a matter of explicit intention even if the 'fixes' do not themselves involve getting people to regulate their behaviors according to new norms, but involve, say, merely a change in the legal environment that alters what people now find to be in their self-interest. Religion can help here to raise our normative self-awareness about markets, to remind us, to bring forcefully to mind, what markets are for – the welfare of society as a whole—in times of market failure.

Finally, whether the coordination of self-interested actors in the market has the capacity to converge with the general welfare depends in principle on how one defines that welfare or wellbeing (the topic of the next session). Religion by urging us to consider the highest, most comprehensive standards of wellbeing calls the market to the highest account, possibly beyond indeed its inherent capabilities. I'd like to talk more about that tomorrow.

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