

David Hilfiker: On Capitalism

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Old Testament reading: Exodus 20: "You shall not covet your neighbor's house. You shall not covet your neighbor's wife, or his manservant or maidservant, his ox or donkey, or anything that belongs to your neighbor."

Matthew 6:24: "No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money."

Over the past several years, as I've tried to understand the roots of American poverty, I've found myself increasingly interested in economics. In a time of such extraordinary economic prosperity as the United States is now enjoying, why do one out of five children live in families with incomes below the poverty line? Why do **half** of American black children live in poverty? Why has the gap between the rich and the poor been increasing? How is it possible that a young man could drop out of college to start a software company and twenty-five years later have assets of something like \$80 billion?

I'm sure any of you could add to the list of questions.

The questions, of course, are not merely economic. They are also moral, political, theological, spiritual questions. But we've built something of a firewall between the moral, theological and spiritual on one side and the economic on the other. We don't really allow the former to challenge the latter. Economics seems to be a "given," just one of the world's realities.

What happens if we break the firewall and require that economics measure up to our deeper values?

Economics comes from the Greek word that means "care of the household." The function of economics is to care for the household of humanity. It is how we organize ourselves so that the things that we need and desire are produced efficiently and distributed justly.

Virtually all of the world's economies are now officially capitalist. Since the fall of Soviet Communism, there are no other serious contenders. We have accepted capitalism. Period.

Reading some years ago in an older edition of the standard college textbook, Samuelson's *Economics*, I came across a list of the primary presuppositions of capitalism. Here is Paul Samuelson's list:

- First, capitalism assumes that the economic system works best if each person pursues his or her selfish good, that is, the greatest profit. In *The Wealth of Nations*, Adam Smith "proclaimed the principle of the 'invisible Hand'; every individual, **in pursuing only his own selfish good**, [is] led **as if by an invisible hand**, to achieve the best good for all..."
- Second, capitalism is driven by the profit motive. The **only** basis for making economic decisions is what brings the greatest profit.
- Third, in order to make economic decisions, everything must have a price, including human labor. "Money ... provides the measuring rod of values."
- Fourth, decisions about whom to produce things for are determined by supply and demand, by income relative to others. The distribution of goods and services, therefore, is determined by the distribution of private wealth.
- Fifth, wealth is primarily private property. "'Capitalism' got its name because ... capital or 'wealth'

is primarily the private property of somebody-the capitalist." The output of a business ... belongs to the "owner" of the capital.

These are the **values** that underlie economic decisions in a capitalist system. I understand that **individuals** who believe strongly in capitalism may not share these values, but they are nevertheless the basis for the system as it is. Let's break the firewall and ask how these assumptions stack up against Christian values?

- The first one, I think, is pretty clear. "Each person is supposed to pursue only his or her own selfish good," says capitalism. Jesus' second commandment is to love one neighbor as oneself. It's pretty hard to reconcile the two.
- Second, the **only** basis for making economic decisions is what brings the greatest profit. Again, it is pretty hard to reconcile this with a Gospel in which creating the Reign of God is the primary goal.
- Third, in order to make economic decisions, everything, including human labor, must have a price. Money becomes the measuring rod of value. This assumption is not so obviously contrary to gospel values until one recognizes that it means that the value of a human being's labor is whatever it will bring in the open market. If that happens to be less than the laborer needs to sustain self and family, that is not really a concern of the economic system under capitalism. So this assumption doesn't fit into gospel values very well, either.
- Fourth, the distribution of goods is determined by private wealth, that is, you get what you can pay for. If you don't have money enough to stay alive, that is not the concern of the economic system. Justice finds itself ill served.
- Finally, wealth is primarily private property. It belongs to its owner who can do anything he or she wants

with it. For the Christian, however, everything belongs to God.

However it actually operates in practice, then, our economic system is based in a set of five values, each of which runs directly contrary to the Gospel according to which we have chosen to live our lives.

Let me briefly describe another aspect of our economic system that is not technically an underlying assumption but is just as integral to the workings of capitalism. It turns out that capitalism **depends on** growth, that is to say that if the economic system does not continue to expand, the capitalist system will collapse. Once the basic needs of a population are met, however, there are only two ways that the economy can grow. One can find new markets outside the system in the underdeveloped world where there are still basic needs left or one can create new desire within consumers. The first solution, of course, is only temporary, quickly limited by competition from other economies. So one is left with the second mechanism for growing the system: creating within the consumer the perceived need for new products.

I read a fascinating book last summer entitled, *The Land of Desire*. It is essentially a history of advertising in urban department stores from about 1880 to 1930. It turns out that before 1880, there was not much advertising and most of what there was was confined to informing people of the availability of a product or comparing the value of one brand to another. Beginning just before the turn of the century, however, retailers began recognizing the need to create desire, to make us believe that we needed things that had previously been considered luxuries and to convince us that we could afford things we had not previously been able to afford.

If you look at contemporary advertising, you'll notice that most of it is designed to enflame desire. The Sports Utility Vehicle manufacturer doesn't really care whether you buy his

brand. He just wants to create in you the desire for a Sports Utility Vehicle, any Sports Utility Vehicle, and he knows he'll get his share of the market.

So, we have an economic system that **depends on** covetousness that cannot exist without inflaming desire. René Girard points out that mimetic desire (wanting to have what others have) is the essential source of violence in our world. We enflame that desire at our own peril.

Now, one **might** accept an economic system such as capitalism if it somehow worked to produce **ends** consistent with the Gospel. And I think that is what we have done for almost two centuries. Capitalism has been an engine that-whatever its underlying values-seems to have brought us from a world where almost all of us were poor to a place where only **some** of us are poor, which is nothing to be sneezed at, as my mother used to say. It's hard to argue against those fruits of the system. But that time in the history of the world is over. We now produce enough-in part thanks to capitalism-that no one in the world needs to be poor.

And yet poverty deepens. Misery deepens. The widening gap between the rich and the poor threatens world stability all over the globe.

What I'm saying is that we now have a system that bases itself upon assumptions that contravene the Gospel and that also produces deeply troubling results.

Why is that not more obvious to us? Why does that conclusion breed so much discomfort in us? The answer to that question, of course, is that our privilege **depends** on the system as it is, and that engenders what has been called the "epistemological handicap of the privileged." Epistemology refers to our ways of knowing, so our epistemological handicap is the difficulty we have in knowing certain things because of our privilege. One of the things we have trouble knowing is

the true nature of the system that provides us with our privilege.

OK, with fifteen minutes of a twenty-minute sermon gone, what is this besides another harangue against the world's injustice?

I would like to make a plea for Christian community. I would like to suggest that we who live in this economic system – an economic system that isn't going away anytime soon-especially we of privilege, desperately need one another's help in the struggle to follow Jesus. We are increasingly members of a society whose underlying values pull us insidiously away from following Jesus.

Jesus' words to the rich young ruler, for instance, send a chill through my heart if I take them seriously. It is even scarier when I realize that most of what Jesus said to people who have the kinds of privileges I do (affluence, education, leisure) are not particularly comforting. The comforting words went mostly to people who were being oppressed by the economic and political system.

And yet Jesus' words are supposed to be good news for all of us. And in our hearts we know that even the words to the rich young ruler are, or should be, good news. Most of us know that letting go of our wealth-giving it away-brings us freedom.

But **all** of us live in this society that not only tells us just the opposite but also uses every psychological trick in the book (including what are really hypnotic techniques) to get us to believe in the power of money and the value of consumerism, that work daily to enflame mimetic desire. In any given week we spend the vast majority of our time surrounded by those "powers" and very little time in an environment from which we receive some defense against them.

But that is where our small communities of believers could come in. We could help one another arm ourselves for the

battle with the Powers. To take one example: we could come together to explore with one another what it means to be a steward of the riches that we find ourselves in command of. Twenty-first century Washington DC is a slightly different place from first century Palestine. How is Jesus' word to be interpreted in our context? What does it mean to give our wealth away? Given our context, the specific answers to those questions (and how those answers are supposed to be good news) need to be wrestled with over and over. Those of us who are farther along the way can help those of us who are just beginning. Those of us who are struggling just to keep our heads above water financially may be able to offer something important to those of us who don't really have much experience with being poor ourselves. And all of us can help each other understand better what Jesus is trying to tell us.

We do not, I think, realize how desperately we are in need of protection from the Powers that surround us. Our communities of believers must become our most important sources of strength.

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On Alternatives to Capitalism

[In July 2004, a Web reader asked, "If capitalism and the values that uphold it are opposed to Christianity, then what politico-economic system is not? what economic system is in line with Christian values?" Here is Mr. Hilfiker's response]

The question you ask about capitalism is, perhaps, one of the most crucial ones we face. First, though, let me be clear about what I'm denouncing. I'm certainly denouncing the *unfettered* free market that we seem to be heading for, in which capitalism becomes not only the economic system but the *de facto* political system as well. And, while I may not "denounce" them, I certainly object to the major principles and values that underlie

capitalism. I don't denounce capitalism itself for two reasons. First, it seems to me possible to create a pretty decent economic system by using capitalism by *limiting* (but not eliminating it). Second, I don't presently know of an economic system that could work worldwide except for some form of capitalism.

So your question is appropriate and essential. What are the alternatives to the unfettered free market? It seems to me there are two kinds of responses: "refettering" the market and something brand new.

The simplest, most direct, and (theoretically) least controversial Christian response might be called "refettering the market." It is based on the recognition that there are certain things that "the market" just can't do adequately. A short list of these things might be:

- maintaining police and fire departments
- providing universal education
- maintaining a military (for those who believe in the need for a military)
- protecting the environment
- limiting the use of natural resources to provide a sustainable economy
- providing universal health care
- protecting those who for one reason or another cannot compete in the market
 - the mentally retarded
 - the mentally ill
 - the handicapped
 - the emotionally ill
- making sure that everyone who works full time gets an income adequate to survive on
 - redistributing income through taxation to reduce the levels of inequality in the society and to make sure that everyone receives of the bounty of the environment
- making sure that the public benefits from the private use of public resources
- the airwaves used by communication media
 - water
 - highways
- and many others

The response to these needs, it seems to me, is to use the power of government to force all of us to do the things that most of us recognize as appropriate: regulate the market and collect taxes to provide for these services that cannot be provided adequately by the

market. You will recognize that the United States government already recognizes the importance of many of these things on the list and fetters the market appropriately. European governments have recognized the importance of several more. The political system there is “social democracy” and while it operates primarily on capitalism, it fetters it.

So, in general, the first response is to refetter the market. I say *refetter* the market because it’s only been in the last generation that anyone has proposed that we actually move toward an unfettered free market. Adam Smith, one “father” of capitalism, assumed small businesses competing face to face with one another and with labor; he recognized the need to limit severely foreign trade, etc. In the US, the market used to be regulated far more than it is today: anti-trust laws were enforced; unions were protected, environmental protections were enforced, and so on. So the first response is to recognize the wisdom of the ages.

Although this is an important response and one that we must aim for in the present, it also seems to me that as Christians we need to be involved in *redesigning* the economic system completely. The problem, as I see it, is that capitalism is based on a number of assumptions that Christians cannot accept:

- the principle of selfishness (this is the famous invisible hand: it will be best for all of us if everyone just pursues their own selfish ends)

- the supremacy of the profit motive

- everything has a price (including human labor), and money is the measure of those things’ value

- the distribution of goods should be determined by supply and demand, ie according to the distribution of wealth: the rich should get better education, better health care, better legal protection than the poor

- wealth is primarily (or exclusively) private property and belongs to its owner. (The objections to this may not be evident, but it has to do with the ownership of public resources. For instance, who should benefit when a city invests in the downtown area and the value of private property in the area increases? Wealth has been created by the public and at present private landholders are the primary beneficiaries)

It stands to reason, it seems to me, that Christians should not accept an economic system based on principles that are antithetical to Gospel values. One could question that last assertion, but it seems to me valid. If it is true, then we need to be searching for new

ways of establishing the economy. As I mentioned above, I don't think such a system has been discovered (or at least put into general practice) yet. This new way may use some of the practices of capitalism—for instance, establishing the price of many things by supply and demand—but would be based in other principles.

What should that system be? Well, I'm no economist, and I don't know. It's clear that the kind of utterly centralized planning of state communism doesn't seem to work because it seems to lead to totalitarianism and is just an inefficient way of setting prices. Perhaps the major reason that nothing else has been tried in the modern era is the hegemony of capitalism. It's such an overwhelmingly powerful system that nothing else can grow in its presence.

There are some small experiments, however, and they have to do with decision-making by the people most affected by the results of the action. This gives far more power to workers, to consumers, to residents of the area where factories exist. There are some other experiments that are based on a local economy. (Wendell Berry has been a proponent of such experiments.) But all these things are in their infancy. As Christians, it seems to me, we need to be encouraging such developments.

This may be a much longer response than you bargained for, but I appreciated your question and wanted to write for my own benefit (and hopefully for yours) my own beginning responses.

Thank you for writing.

David Hilfiker