

## FOREWORD

The following pages contain an edited version of lectures presented by Dr. B. Goudzwaard at an economics and politics seminar sponsored by the Institute for Christian Studies in the summer of 1972.

Dr. Goudzwaard has served for several years as research secretary of the Anti-Revolutionary Party, Holland's oldest political party, and later as a member of the Dutch Parliament. In 1971 he was appointed as professor of economic theory in the department of social studies at the Free University in Amsterdam. A Christian Political Option is an English revision of one of his many publications in economic theory and political practice.

It should be emphasized that the lectures were presented from a skeletal outline. What is made available here has been compiled from tapes and lecture notes. We are grateful to Dr. Goudzwaard for permission to give this material a wider distribution.

The lectures presented by Mr. Sander Griffioen on the origins and growth of revolutionary thought, presented at the same seminar, have also been issued by the Institute for Christian Studies.

c o n t e n t s

One	WHAT IS ECONOMIC LIFE?	1
1.	Introduction	1
2.	The Neo-Kantian scheme of noetical and empirical object	1
3.	The norm of stewardship	2
4.	The Kernel of the economic aspect	3
5.	The dominance of the "I -It" relation in western culture	4
Two	APPRAISAL OF ECONOMIC LIFE BY THE CHURCH	5
1.	The early Christian church	5
2.	Augustine and natural law	5
3.	The medieval period and the rise of capitalism	9
4.	Reformation and economic life as vocation	11
5.	Notes	15
Three	THE ROOTS AND MARKS OF CAPITALISM	18
1.	Monetization	18
2.	Capitalism: an attempted definition	21
3.	The spiritual origins of capitalism	22
4.	Capitalism as a violation of "sphere-sovereignty"	24
5.	Capitalism and "de-vocationing" of labour	25
Four	AN APPRAISAL OF SOCIAL PRACTICE AND ECONOMIC THEORY	27
1.	The effects of sin in society	27
2.	Restrictions and antinomies in the social sciences	30
3.	New developments in economic theory	33
4.	Intermezzo: profits and surplus	35
5.	Economic institutionalism	40
6.	Towards a Christian approach	43
Five	STRUCTURAL CHANGE SINCE THE INDUSTRIAL REVOLUTION	47
1.	Changes in capitalist practice	47
a.	External relations between enterprises	47
b.	Relation between state and industry	50
c.	The internal structure of industry	53
d.	The new society: economic corporatism	55
2.	Developments behind the Iron Curtain	56
a.	The problem of coordination	56
b.	Liebermann's proposals	59
3.	The convergence theory	61
4.	The dialogue between east and west	62

Six	THE FUTURE OF CAPITALISM	67
1.	Increased income, consumption, and advertising	67
2.	Growing complexity of the economic system	69
3.	Continued inflation	69
4.	Symbiosis between government and industry	71
5.	Partial convergence between east and west	73
6.	Cleavage between developed and under-developed regions	73
7.	Collision between economic expansion and its natural limits	74
Seven	RELIGIOUS ATTITUDES OF OUR TIME	79
1.	Crisis in the idea of progress	79
2.	Piece-meal solutions and marxist remedies	
3.	Searching for Christian alternatives	
4.	Tasks for the Christian community	

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for ensuring transparency and accountability in financial operations. This section also highlights the role of internal controls in preventing fraud and errors.

2. The second part of the document focuses on the implementation of robust risk management strategies. It outlines various risk assessment techniques and provides guidance on how to identify, evaluate, and mitigate potential risks. The text stresses the need for a proactive approach to risk management to protect the organization's assets and reputation.

3. The third part of the document addresses the importance of effective communication and reporting. It discusses the need for clear and concise communication channels and the role of regular reporting in keeping stakeholders informed. This section also touches upon the importance of data security and the need for strong cybersecurity measures.

4. The fourth part of the document discusses the importance of continuous improvement and innovation. It encourages organizations to regularly review their processes and procedures to identify areas for improvement and to embrace new technologies and practices. This section also highlights the importance of fostering a culture of innovation and learning within the organization.

5. The fifth part of the document discusses the importance of ethical conduct and corporate social responsibility. It emphasizes the need for organizations to adhere to high ethical standards and to be transparent in their operations. This section also touches upon the importance of contributing to the community and the environment through various social responsibility initiatives.

WHAT IS ECONOMIC LIFE?

1. Introduction

In evaluating economic life from a christian point of view, it is necessary to know what economic life is. But this is a difficult matter because of the various interpretations as to what economic life is all about. For example, there is the common view that economic life is that part of life which deals with and is concerned with money and doing transactions in relation to money. This, however, is a little superficial for three reasons.

- a. There are forms of economic exchange without money, as for example in primitive tribes, or in the society of the future as predicted in communist theories.
- b. There are real economic activities which are not concerned with market items and market resources; for instance, fresh air and non-polluted water, which have no market price attached to them, but are nevertheless still scarce and thus form an economic problem.
- c. There is the viewpoint that money is not the origin of economic life, but rather that economic life is the origin of money which only plays the role of an economic yardstick without being the kernel of economic life itself.

2. Objections against the neo-kantian scheme of noetical and empirical object

As christians we cannot take as our startingpoint man's rational autonomous will to choose our own categories and field of study, as is advocated by the neo-kantian tradition. The neo-kantian school begins with the opinion that every thinker has the right to choose his own field of knowledge in a sovereign way, only guided by his own rational reflections. This is based on their distinction between an empirical object and a noetical object.

An empirical object is that object which is seen and observed by the sense organs, and therefore is given; for example, a tree. A noetical object on the other hand is created by the autonomous thought of a thinking subject, and is the result of a special way of seeing or reflecting about an object. For example, you can have a biological view of a tree, or an economic view of a tree, the latter of which views it as an object of scarcity.

This neo-kantian notion of a noetical object has caused a lot of damage in our reflection about the borders of economic science. For example, if one accepts A. Marshall's notion that economic life is concerned with that which pertains to money, then there is contained within this notion the suggestion that all things which do not have a market price fall outside the economic weighing process. Therefore such things as fresh air and non-polluted water do not come within the field of economic research because they lack a market price. It is precisely because of this autonomous choice of a field of research that modern economic science has such a great problem with pollution. (For a more detailed discussion of this matter, cf. B. Godtzwaard, Ongeprijsde schaarste ("Un-priced scarcity"), The Hague: W. P. van Stockum en Zoon, 1970, with English summary, especially chapter II).

### 3. The norm of stewardship

The starting point for christians should be the divine mandate of stewardship: the command to administer and develop all the created things of this earth, in service to God, so that nothing is missing or spoiled but rather is developed to its potential and brings forth fruit.

Two remarks are in order at this point. In the first place, stewardship is a religious mandate and therefore deals with the fullness of life and is not something peculiar to economic life only. It points to economic life and the economic weighing process, but in a disclosed or "opened up" manner. In the second

place, stewardship is a pre-scientific term in that it casts a light on the economic field itself without specifically delineating the borders and boundaries of economic science in a scientific way.

Nevertheless, stewardship as a norm is of great value in delineating what economic life is and what our task is in it. This can be illuminated by means of four ideas which are contained in the mandate of stewardship.

- a. The norm of stewardship makes it visible that economic life is a normative life; that all economic activity both that of christians and non-christians is response pro or contra the norm of stewardship. All economic activities are responses negatively or positively, and therefore invoke the responsibility to act frugally.
- b. It points out that the substrate of economic life is scarcity. For there is the necessity of stewardship when there is a scarcity, and therefore the possibility to balance things in a frugal way.
- c. It points out that in dealing with scarcity, stewardship has to be a disclosed act; that is, it has to be laid open to the honour of God and love of neighbour. This means that economic activities must be open to non-economic norms, and therefore must be ethically responsible as well as responsible to the norm of justice.
- d. Stewardship points to the fact that the objects of stewardship are not limited to market goods, because scarce goods are not limited to market goods, as was mentioned earlier.

#### 4. The kernel of the economic aspect

In view of the foregoing comments, the meaning of the economic aspect can be circumscribed as frugality in cultural choice, or choice-frugality. The term choice points to the fact that in every economic act we are responsible in a weighing process, a choice between economic alternatives. The word cultural can

best be understood in reference to two basic elements. First, it refers to the necessity of balancing a variety of urgent, existing economic needs, and therefore involves a responsible listing of priorities in meeting these urgent needs. Secondly, it involves the harmonious development of civilization as a whole. Economic activity therefore is a dynamic activity in that it goes beyond the mere balancing of economically scarce goods with present urgent needs, by also taking into account the harmonious development of civilization as a whole. Frugality therefore is never a-cultural; it is always embedded in culture, and therefore must also look to the future.

Economic life then is a sphere of life in which responsible human beings, both individually and socially, by means of societal structures, are dealing with scarce objects or entities in a frugal way.

##### 5. The dominance of the "I-it" relation in western culture

Martin Buber, in his studies of the Old Testament, tried to come to an understanding of biblical humanity, or what is the meaning of human life in the biblical sense. In doing this he makes a distinction between an I-it relation and an I-you relation. The I-it relationship obtains between human beings and technical, scientific objects, by means of which man hopes to fulfill his humanity. The I-you relationship is between human beings and God and his neighbour, which is also necessary for human development.

According to Buber, western civilization has chosen for the I-it relationship to the detriment of the I-you relationship. The Enlightenment gave a real impetus to this choice in that it promoted a particular idea of progress, namely, that the total improvement of the life situation was to be found in technique, and man's technical domination of the earth through economic growth and rational scientific activity. The Enlightenment period believed that with the development of new techniques man himself also progresses. (Cf. Condorcet)



The end result was that economic development became a major vehicle of total human development, and thereby contributed to the absolutization of the economic aspect.

## Two

### APPRAISAL OF ECONOMIC LIFE BY THE CHURCH

In attempting to arrive at a christian appreciation of economic life it is necessary to reflect upon the history of the church's view of economic life. For we are part of that history and therefore cannot isolate ourselves from it.

#### 1. The early christian church

The people of the early church were guided in their negative attitude by the words of Jesus: to leave or sell all that they loved and to follow him. But they were also influenced by gnostic and neo-platonic elements which maintained that material things were sinful in themselves. This also, at least in part, explains the origin of ascetic monasticism which led a certain segment of the christians to withdraw from society in order to live the pure life.

#### 2. Augustine and natural law

Augustine is of special importance as an example of the church fathers because of his distinction between the two cities: the city of this world, which is characterized by self-love as its goal; and the city of God, which finds its point of orientation in the honour and love of God. These two cities, Augustine said, are intertwined throughout human history in body, but not in spirit or orientation point. They will continue to exist in this intertwined manner until the end of time, when Christ will return and separate them on the day of judgment.

The city of this world, in addition to being ruled by self-love,

is also characterized by three institutions, viz., those of the state, private property, and slavery.

In arriving at this conclusion Augustine was impressed by Psalm 146, which pictures the Israelites weeping by the streams of Babylon. This Psalm Augustine used as an illustration of the city of this world and the city of God. The streams of Babylon are an illustration of the situation of this world, where men are inclined to float away on the stream of their own abilities. These, with the things of this world, are considered forces of redemption; but the end result will be ship-wreck. The city of God, however, is compared to those who were weeping on the shores of the rivers of Babylon. They remember the city of Jerusalem as the firm base and constant foundation of their life.

Consider this free translation from Augustine's Commentary on Psalm 146:

The rivers of Babylon are all things which are here loved and pass away. For example, one man loves to practise husbandry, to grow rich by it, to employ his mind on it. Let him observe the issue and see that what he has loved is not a foundation of Jerusalem, but a river of Babylon. To be an advocate, says another, is a grand thing, eloquence is most powerful. This too is another river of Babylon, and its roaring sound is a din of the waters dashing against the rocks. Mark that it flows, that it glides on. To sail the sea, says another, and to trade is a grand thing; and to return enriched by the increase of thy gains. Stop! The richer thou art, the more fearful wilt thou be. Once shipwrecked, thou wilt come forth stripped of all and rightly wilt bewail thy fate in the rivers of Babylon, because thou wouldst not sit down and weep upon the rivers of Babylon.

Augustine, therefore, also included private property among those things belonging to this world. A quote from Civitas Dei, chapter XV will illustrate this: "Because no man can have and keep and enjoy private property, without denying them to other persons and thereby arousing their envy."

This, however, did not lead to a chaos. For even in the course of world history where men are attached to things which float away, there remains a relative harmony, there results a relative peace of ownership. There is a kind of balance between the interests of this world, which in themselves are antagonistic expressions of men's egoism. Two citations from Civitas Dei, chap. V, illustrate this: "God's divine hand brings a relative harmony out of chaos." "The kingdoms of men are not outside the laws of God's providence."

Like many leaders in the church before him, Augustine contains within his thoughts and writings certain elements of neo-platonism and gnosticism which link trade and husbandry on the one hand with sin and self-love on the other. This has its roots in the acceptance of a spirit-matter dualism, where matter and things associated with it are considered evil or sinful, while things of the spirit are considered to be good.

Nevertheless, there is a genuinely biblical element in his reflections on Paul's statement, that the "system" of this world is passing away. Paul writes: "I mean, brethren, the appointed time has grown very short; from now on, let those who have wives live as though they had none, and those who mourn as though they were not mourning, and those who rejoice as though they were not rejoicing, and those who buy as though they had no goods, and those who deal with the world as though they had no dealings with it. For the form of this world is passing away." (I Cor. 7:29f) Augustine correctly stresses the Pauline conviction about the relativity of human structures, which we may use while we must avoid being used by them.

Finally, in our brief comments on Augustine we must point to the influence of stoicism, which is a very significant link in the development of the conception of natural law. For our purposes we can rely here on Ernst Troeltsch, The Social Teaching of the Christian Churches (2 vols., German edition 1911; English translation 1931). The Stoa believed that in the beginning of human

history there was a Golden Age, when men were happy. During this period absolute natural law governed the affairs of men. This absolute natural law required a situation of common property and rewards in accordance with one's own labour. Negatively, absolute natural law implied the absence of social classes and the state.

However, a disruption occurred in this Golden Age, with its absolute natural laws, when certain persons introduced individual property instead of common property. This then introduced the period of relative natural law, characterized by four consequences: private property; a system of society with classes of owners and non-owners; no correspondence between income, wealth, and labour; and, finally, the rise of the state, as the conserver of private property. The state is the protector of the interests of the existing classes, and conserver of a relative harmony in society. For it was maintained that a system of private property did not lead to chaos, but to a relative order of justice.

Augustine, therefore, makes a synthesis by saying that private property and the state are elements of this world.

The significance of Augustine and the philosophy of natural law for later developments is clear. To begin with, the philosophy of the Stoa contains the origins of the conception of the classical economics and classical liberal theories of the state. Liberalism absolutized the relative harmony of the relative natural law by its conviction that there is the possibility of a harmonious society built on the foundation of private property. The state in liberalism therefore has the task to conserve these property relations; in conserving private property, the state promotes the general welfare.

Secondly, the influence of Augustine can be seen in Adam Smith's "invisible hand." God's divine hand brings relative harmony in chaos, for the kingdom of man is not outside the laws of God's

providence. A difference, however, exists in that Augustine retained a tension between the two cities, while Adam Smith and his liberal followers absolutized this situation by saying that the city of this world has the possibility of a full harmony. The "invisible hand" of Smith then is a secularization of the providence of God by way of Enlightenment deism.

Thirdly, the Labour Theory of Value (of Ricardo c.s.) is also subject to the influence of Augustine and natural law. Ricardo makes a distinction between the value of a good and its price; for the possibility exists that the price of a good is not equivalent to its value. By this he meant that only those elements of a price are of real value which correspond to the labour invested in it.

Fourthly, here are also the roots of socialism and its belief that we are progressing toward the Golden Age. This was already suggested by Saint-Simon (1760-1825). It is carried further in Marx's description of the future society, where the characteristics of the period of absolute natural law will return, namely: common property, no classes, reward equal to labour, and the withering away of the state.

Finally, we find here the origins of the words "conservative" and "progressive;" where conservative is identified with conserving the relative natural order, while progressive refers to the striving after a situation of an absolute natural order. Orthodox liberalism then is the absolutization of relative natural law while socialism is the absolutization of absolute natural law.

### 3. The medieval period and the rise of capitalism

In our characterization of the medieval period we will only point out a few outstanding marks. It should be noticed in the first place that the motive of the medieval church was not the negation of economic life, but rather its sanctification.

Natural activities, including economic life, are esteemed as stepping stones toward the domain of grace. For even though economic activities remain sinful, they are nevertheless capable of sanctification through the sacraments of the church. The church only can sanctify material things. This must be related to the permeating nature-grace scheme of medieval christian culture.

There was one all-embracing condition in medieval society, namely that everyone should remain in his well-ordered position. For one cannot be sanctified in the church when there is no order in society. This was in accordance with Paul's admonition in I Cor. 7:24: "So, brethren, in whatever state each was called, there let him remain with God."

There was also in medieval society a hearty distrust of the activities of merchandizers because there was a danger in their activities to uproot the whole order of society. Therefore, strict rules, like price regulations and prohibition of interest, were necessary to keep the merchants in their place. If they kept these rules, their activities would be sanctified.

The medieval guilds and manors were also structured in such a way that all the activities conducted within them were bound to moral obligations. For example, the land owner of a manor was obliged to give protection, in time of war, to those who lived on his manor and also to allow them the use of his means of production to satisfy their needs. Here we find, for instance, the use of the common pastures. Similarly, the guilds were both an economic and a social entity. For there were social rules regarding charity to support the poor members and to give mutual assistance. Moreover, there were economic prescriptions for quality of workmanship, rather than a quantitative orientation. Finally, no innovations were allowed within the guild without prior review.

In our appraisal of the medieval period we can point to some positive aspects. First, the economic aspect was not isolated from social, political, and ethical obligations. Secondly, labour was not a mere market-good but created moral obligation both for those involved in it and for those who benefited from it. And thirdly, the guilds were not purely profit orientated, but had built-in duties of charity and help.

The medieval period should not, however, be idealized, for several reasons. First, it exhibited a very static character in that economic life was straight-jacketed within theological and juridical concepts. For example, there was a juridical interpretation of a just price, and every contract was subject to this concept of a just price. This had as result that economic life was not allowed to develop its own character or nature. Secondly, medieval society was based on a fundamental inequality, as is evident from the distinction between landowners and serfs. Finally, medieval culture was largely undifferentiated, in the sense that the life of families, the execution of what today we would call governmental tasks, and the realization of economic purposes were generally closely interwoven in a single unit.

#### 4. The Reformation and economic life as vocation

The point of view of the church of the Reformation was not negation or sanctification of economic life. Rather, it was vocation in economic life. This approach can best be summarized by two basic ideas found in John Calvin: (1) all human activities are equally holy before God; and (2) economic life is entitled to have its own creative development-but bound to the command of love. This approach had several important repercussions for the understanding of social life.

a. In the medieval picture of society there was a whole hierarchy of institutions with different degrees of holiness. Trade and merchandizing were far removed from holiness and the church,

while the state stood just below the church in holiness. The Reformation broke with this hierarchy of holiness when Calvin used terminology like "calling," "vocation," and "the voice of God over life" not only with reference to the leading class of society but with respect to all men. He meant to say that all men, all groups, and all institutions stand immediately and directly before the face of God: coram deo. Every institution, class, and person is therefore directly responsible to God. Therefore, there was no need for the medieval order of sanctification by the institutional church, because Christ has redeemed creation and has sanctified His people. The institutional church therefore lost its co-ordinating function.

The conclusion drawn from this by the later protestant churches was this one: if indeed every man stands in direct responsibility to the living Saviour, then no institution of man is entitled to subordinate other institutions below itself by asserting itself as the master of the rest of human activities. Moreover, equality of responsibility to God also meant that human institutions must serve and be serviceable to all of mankind. The responsibility of an organization lies in its service to other human institutions, as an expression of service to God, the Creator-Redeemer.

b. The idea that economic life can have its own development in accordance with its intrinsic nature, and in harmony with the norm for its development and the command of love, can be illustrated with reference to Josef Bohatec's book Calvins Lehre von Staat und Kirche (1937), which contains a letter of Calvin in which he compares the biblical and medieval view of economic life. This is the thrust of the letter: Medieval society believed in the juridical regulation of economic life, in which there should be a juridical equality between the supply side of the market and the demand side of the market, with no room for gains because the gain would cause a disruption in



the static character of medieval society. In response to this, Calvin said that one goes too far if one bends economic balancing of supply and demand factors to a strict juridical correspondence. Instead, he stressed the command to do to another what you expect him to do to you, and thereby opposed the ethical neutrality of economic life. But this, according to Calvin, did not preclude the possibility of pursuing one's own economic potential, for example, by building a firm. For that would block economic development.

Calvin's attitude toward interest can serve as another example. He dealt with interest the way a druggist deals with poison; a little bit can be a very beneficial thing, while used in excess it can be fatal. For as Calvin wrote in his Commentary on Matth. 6: "When riches and the desire for wealth dominate man, it is the end of the domination of God." Therefore, economic development in itself was a good thing; but limitless economic development and excessive attachment to material growth were a dangerous thing.

c. A third important element in Calvin's thought concerned the destination of all the earth's resources. According to Calvin, God created the resources of the earth in order to give life possibilities to the whole of mankind, and not just for the use of the privileged.

d. Finally, Calvin believed that the poor of the earth and not the pope were Christ's representatives on earth. Christ wants to be identified with the poor, which is evident when He says that if we feed, clothe, or visit the least of these, we do it unto him.

These facets of Calvin's thought must not be interpreted in isolation. They should be seen in the context of the reformation conception of the church, which, as a community of the saints, must be a sign-post of the Kingdom. For with the resurrection of Christ the possibility exists for a total renewal

of life, economic life included. In the church the believers must also make visible the economic significance of the renewed life in Christ. In this way Calvin read the church of the Book of Acts, where the believers were not only renewed in spirit, but in the totality of their life.

In this light one should approach the question of the alleged relationship between Calvinism and capitalism. If one is really honest about what Calvin is saying, then there is no spiritual relationship between original Calvinism and capitalism. Emil Doumergue, one of the best authorities on Calvin, puts it this way: "relating original Calvinism to capitalism is like removing all the valves and brakes from a machine and then let it start." For if you remove what Calvin said about the command of love in relation to interest, and what he said about the destination of the earth's resources for all mankind, poor and rich alike, and what he said about the new order, then you have removed all the valves and brakes. Only then can one establish a link between "calvinism" as a driving force in economic life and the subsequent capitalistic direction of economic institutions. A proper treatment of this question will begin by making a necessary distinction between Calvin's own ideas and those of later generations, also those of his followers. But then we have to take into account new forces that were present in Puritanism in England, and other more individualistic conceptions that entered Protestantism in the line of Arminianism and certain Baptist communities. One can indeed make legitimate comparisons between the individual striving for salvation in the seventeenth century Protestant conceptions and the individual striving for material success in early capitalist thought. But then we are moving into a maelstrom of opinions which is foreign to Calvin himself, who did not allow unlimited economic growth which capitalism seeks. In a sense one can say that "Calvinism" and "capitalism" agree on seeing possibilities for economic development; but capitalism makes this possibility a matter of human

- 10 -

autonomy requiring a vacuum - the elimination of the Kingdom of God - in which anything can be tolerated. With Calvin economic development is always embedded in a simultaneous realization of a variety of human norms.

Pauls words in I Tim. 6:9-11 form a good summary of what Calvin and Augustine were saying, if we relate them to society instead of just to persons. "But those who desire to be rich fall into temptation, into a snare, into many senseless and hurtful desires that plunge men into ruin and destruction. For the love of money is the root of all evil; it is through this craving that some have wandered away from the faith and pierced their hearts with many pangs. But as for you, man of God, shun all this. Aim at righteousness, godliness, faith, love, steadfastness, gentleness." These are the decisive norms which are centered in the I-you relation. Their realization in our present society, however, is increasingly hampered by its attachment to the I-it relation.

## 5. Notes

In the extensive discussions following the lectures certain points came to the fore that are worth summarizing here.

a. The beautiful passages of Paul in I Cor. 12 were looked upon by medieval theologians as a picture of their society. Let us look at some of these passages.

Now there are varieties of gifts but the same Spirit; and there are varieties of working, but it is the same God who inspires them all in every one. To each is given the manifestation of the Spirit for the common good. To one is given through the Spirit the utterance of wisdom, and to another the utterance of knowledge.... All these are inspired by one and the same Spirit, who apportions to each one individually as he wills. For just as the body is one and has many members, and all the members of the body, though many, are one body, so it is with Christ.... If all were a single organ, where would the body be? As it is, there are many parts, yet one body. The eye cannot say to the hand, 'I have no

need of you,' nor again the head to the feet.... But God has so adjusted the body, giving the greater honour to the inferior part, that there may be no discord in the body, but that the members may have the same care for one another. If one member suffers, all suffer together; if one member is honoured, all rejoice together. Now you are the body of Christ and individually members of it.

This is indeed one of the most significant passages in the Scriptures delineating God's revelation for the manner in which His people are to live together on earth as the agent of reconciliation. We have lost the thrust of this revelation because of the presence of individualism in our society, where the isolated individual is indeed looked upon as a "single organ" so that the body is largely absent. But the difficulty in medieval practice lay in an identification of the picture that Paul presents with the closed and static situation of medieval society itself. In such a society there is no need for extensive circulation of money, and thus also no need for interest. For most of the exchange of economic goods occurred within the feudal manor. The rise of guilds and national states occasioned a change in economic needs; they required an increase in the use of money and interest, that is, a return upon money invested in new projects such as the payment for governmental and military services.

We must understand the medieval opposition against gain and profit in the same light. Economic exchange was regulated by the notion of juridical equality which allowed no gain in the process of supply and demand. In reaction to this John Calvin claimed that one does not have to tie the economic balancing of supply and demand factors to a strict juridical correspondence of equality. In this way Calvin contributed to a legitimate expansion of economic development without defending the ethical neutrality of economic life. He wrote somewhere, "When riches and the desire for wealth dominate man, it is the end of the domination of God." "We see every day that those who want to

grow rich only serve the devil."

b. Did the guilds have an averse effect on the common good, even though they protected their own members? That was indeed often the case, since there was an element of syndicalism in the guilds which one also finds in the industrial order of Yugoslavia today. For as soon as there is a deep attachment between craftsmen and production institutions on the one hand and charity arrangements on the other hand, it is easily possible that a kind of group interest arises in the expression of charity which fails to take into consideration the interests of those who are not members of the guilds. This can affect the common good in a negative manner.

c. Did Calvin shed all the vestiges of the natural law tradition? Not really. This question introduces a very complex problem concerning the relation between Calvin and his predecessors as well as the relation between Calvin and his contemporaries, especially Luther. Calvin's dependence upon the natural law tradition of the medieval theologians is evident in his identification of the decalogue with relative natural law while he looked upon the central love commandment as the expression of absolute natural law. But even here one must be careful to do full justice to Calvin. Note, for instance, his beautiful description of the character of economic life as the "expression of human solidarity, a sign of spiritual grace." For this entire problem one can consult an article by August Lang, "The Reformation and Natural Law," in Calvin and the Reformation: Four Studies (New York, 1909).

### Three

#### THE ROOTS AND MARKS OF CAPITALISM

It should be carefully noted that in this lecture we will not attempt to present an historically complete account of the origins and characteristics of capitalism. We will begin by focussing on the change of medieval society into that of capitalist society from the point of view of the different role which money played in each.

##### 1. Monetization

Let us begin by considering the monetization of the factors of production between, roughly speaking, the fourteenth and the seventeenth centuries. By "monetization" I mean the transformation of the factors of production into mere money-values. What were some of the elements which contributed to this?

a. A minor element was the increased desire of the medieval landlords for luxury. This in itself was a by-product of the crusades. Clearly, the desire for luxury increased the need for money.

b. A more significant element was the introduction of the traveling merchants, along with the rise of new towns, guilds and other production units. These developments added to the requirement of payments for goods in terms of money.

c. These centuries were characterized by the rise of national states which entailed the maintenance of an army. This, in turn, necessitated the levying of taxes upon the landlords and the free citizens. These taxes, too, were to be paid in terms of money.

d. These new elements caused financial difficulties for the landlords. Their new troubles had a variety of consequences: To begin with, the landlords preferred to receive money instead

of labour as payment of obligations. Further, in order to meet their own obligations, the landlords were often forced to sell their land. This had a devastating effect upon the entire social order since land was not merely a piece of "real estate." Rather, it was a link in an entire chain of duties and rights between persons; land was the substrate of feudal relationships. In England, for example the new development resulted in the enclosure movement where common pasture lands were enclosed for the private use of the landlord. This led to a good deal of unemployment since people, who earlier were dependent upon the land for a living, were now removed from the means of production.

In view of this we can sketch certain comparisons between medieval society from the vantage point of the factors of production.

Medieval society

Capitalist society

(1) Land

seat of landlord, inherited from father to son, with all rights and moral duties.

piece of land, free to buy and sell.

(2) Labour

total endeavour of human beings; interwoven with a range of rights and duties within the manor or guild.

a particle of human effort to be sold on the labour market.

(3) Capital

mostly passive and permanent wealth to underline the status of the feudal king and landlord.

an active means of production which switches to places of highest reward or interest.

Here we are confronted then with certain roots of modern western civilization. For these monetized factors of production became the building blocks for new units of economic organization, the

subsequent industrial enterprises, for which the monetization of production factors forms an indispensable substrate, largely isolated from non-economic relationships in society.

How should we evaluate this process? It cannot be denied that there is a positive element in this change. For it introduced a dynamic element into the social order which was absent from the static hierarchy of medieval society, with its tight intertwinement between social units.

However, in this change there is also a distinctly anti-normative element which can be described as dynamic functionalism. There are a variety of distinct though related functions in human life, economic, social, technical, etc. Functionalism is present when one of these functions is absolutized by becoming the driving force of an entire cultural period. In the structural upheaval of later medieval and early modern history we are faced with an economic functionalism because key elements in the process of production - land, labour, and capital - were first loosened from the total human context and then considered as the main driving forces of that human context. Land, labour, and capital were set apart in a dynamic functionalistic manner. Land was often treated as an object for money investment and thus isolated from what today we call the ecological setting. Labour was frequently considered a mere physical effort to be sold and bought on the labour market, isolated from the humanity of the labourer. And capital began to be looked upon as a basis for the accumulation of profit, isolated from its role of serviceability to society.

At a later time this economistic and functionalistic use of the monetized factors of production led to functionalistic goals as well, namely, the making of profit and the production of goods as the ultimate goal of the differentiated societal structure, the private enterprise.



## 2. Capitalism: an attempted definition

The word "capitalism" can be used in a variety of ways. One can use it to describe our present society. But it can also be used to refer to what one might call a real-ism, that is, an absolutization of one or more of the functions or realities of life. I wish to use it here in the latter sense. It should be clear that in this second sense the word capitalism cannot be applied to all aspects of our present society. For contemporary society is a mixture of two types of economic influences. On the one hand, we find in it the influence of the reformational principle of what Abraham Kuyper called "sovereignty in its own sphere," a principle better described as "responsibility in its own sphere." This principle pertains to the original religious mandate and coordinate equality of all spheres of activity in society, opened up to each other's service. On the other hand, we also find in our society the influence of capitalism in the sense of a real-ism. It displays the following functionalistic marks:

a. Economism. The capitalistic influences in our society result in certain economic features. This occurs when certain concrete societal entities ("individuality structures") like land and labour and capital are treated in terms of their isolated economic aspect without due regard to their non-economic aspects, like the social, ethical, and juridical aspects.

b. Commercialism. The economism of our society is a market-economism or a commercialism. It is typical of capitalism to be restricted to market criteria, where profits are market profits and economic values are viewed as market values. One of the dire consequences of this commercialism lies in the rampant exploitation of nature. For in this conception nature has no market value in itself. In view of this there were no strictures against the exploitation of nature.

c. Competitive dynamism. All economic values and resources are dynamically combined in our society to obtain a maximum money profit on one's capital in a competitive struggle between entrepreneurs.

### 3. The spiritual origins of capitalism

At this point we must again be reminded of the limitations of our lecture. In no way can we arrive at complete treatment of the historical origins of capitalism. Instead, I will confine myself to the hypothesis that the spiritual origins of capitalism lie in the Renaissance outlook as developed from 1400 to 1600. I think that the essential elements of the spirit of the Renaissance are the following:

a. Objectification. This is the tendency to search for the possibility of human self-expression and self-realization within man's earthly environment with its multiple objects. Here we find the emphasis of making artistic objects, of dealing with goods as economic objects, of producing new technical objects and inventions, and of exploring nature as an object of scientific investigation. This objectification in effect is the spiritual root of what I have earlier called the "I-it" relation. It gave rise to an "I-it" direction in western culture with its marked tendency to view the real destiny of man in his relation to the things of this world. Fundamentally, man's relation to the objects of this world was considered to be the prime avenue of salvation, of regeneration, of renaissance.

b. Rationalism. This is the tendency to accept only rationally valid rules for human conduct on the supposition that human reason is the highest moral authority and the source of meaning.

c. Self-realization. Man's relation to objects, subject to rational standards only, has as its aim man's self-realization and self-glorification. This self-realization requires the freedom of an autonomous being, that is, a person who is a law unto

himself. The self-realization of free human personality requires nature as the arena of its expression. It is not surprising that Herman Dooyeweerd discovers the roots of the dialectic polarity between freedom and nature in the Renaissance. See his In the Twilight of Western Thought (Philadelphia, 1960, pp. 46 ff.).

For us it is important to take note of the presence of these three elements of the spirit of the Renaissance in capitalism. Objectification can be detected in the tendency to isolate economic life from its normal setting in the relationships between economic subjects, that is, human beings active in economic relationship. This tendency toward isolation results in an economic objectification of life itself, reduced as it is to the selling and buying of objects and quantities of labour. In this exchange the market becomes the meeting, not of persons, but of "persons with an objectively determined price." This objectification is also present in the contemporary evaluation of economic growth which is narrowly interpreted in terms of the production of an ever increasing quantity of goods or economic objects.

Moreover, capitalism tends to subject economic life to purely rationaly accepted rules. For instance, in Thomas Hobbes this rationalism leads to a radically positivistic notion of law. The market is governed by positive law only; there are no social or moral norms that have validity here. In addition, this rationalism was conducive to an acceptance of traditional natural law concepts in the area of economic exchange. Especially during the period of the Enlightenment it was readily believed that a harmony will arise from a natural balancing of antagonistic forces of "relative natural law." Bernard Mandeville, a follower of Erasmus, in his famous The Fable of the Bees (1714), pointed out the irony of the notion that an ideal social harmony could result from the antagonism of conflicting self-interests. In his Fable, which had the subtitle "Private Vices, Public Benefits," he compared human society to bees in a hive, with this concluding

moral: "Thus every part was full of vice and yet the whole a Paradise; the worse of all the multitude did something for the common good."

Finally, the element of self-realization is also deepened in the Enlightenment notion of progress, an important link between the Renaissance and the industrial revolution. Marquis de Condorcet (1743-1794), writing about progress in civilization, claimed that man's orientation to scientific, technical, and economic objects not only gives rise to progress in science, technology, and economic affairs; it does much more: it entails the progressive humanization of man himself. The history of science, technology and economics is thus the history of humanization, of mankind becoming "human."

In the setting of these spiritual-religious roots I can offer this description of capitalism: the prevalence of economic objectification as a rational process of society in its search to secure the realization of full humanity. It is evident that capitalism has assumed the character of a religion; it points to the source of total human happiness. It is also clear what kind of religion it is: it encourages men to use their fellow-men as objects, economic commodities, in the pursuit of salvation.

#### 4. Capitalism as a violation of "sphere-sovereignty"

Capitalism does not endanger the principle of sphere-sovereignty through a political subordination of private spheres by public powers but rather through the subordination of all spheres of society by private economic power. Three historical instances illustrate this.

In the first place, family life was intensely disrupted during the industrial revolution. The family became an extension of production in the sphere of private industry.

Again, today we are confronted with a violation of this principle at the opposite end of the economic process, viz. in the relationship between the productive enterprise and consumers. For it should be evident that the advertizing media are used to influence even the subconscious life of consumers in sales promotion efforts. This is not only an example of the violation of the integrity of family life; it is also an instance of the objectification tendency present in capitalism. The "consumer" becomes an object, an instrument for the quantitative increase in the production of things.

Finally, the development of capitalism creates the possibility of the subordination of the state to private economic powers. The result of this is that the state, which has the divine mandate of establishing the common good, directs its immense resources for the private good of only a segment of its citizenry. This occurs whenever there is a "de-balancing" of the weighing-process of public power by the weight of private economic interest. It also occurs during elections of public officers, when commercial pressures favor one candidate over another in the hope of later reward, such as the governmental creation of conditions favourable to "business."

##### 5. Capitalism and "de-vocationing" of labour

In conclusion, besides violating the social principle of sphere-sovereignty, capitalism can also act as a de-humanizing force in a different way. It can contribute to what one might call the de-vocationing of man in the labour process. For capitalism can prevent men from acting as responsible economic subjects, responsible to God and responsible for their fellow-men, when men as workers are transformed into objects, mere extensions of the productive system. This occurs when the division of labour is carried to such an extreme that labour takes on de-humanizing traits. When that happens it is difficult for the labourer to act responsibly as a subject, as a full human being.

This "de-vocationing," this pulling men and institutions out of their vocations and responsibilities, is a result of economism. The consumer is subject to de-vocationing when he is used only as an instrument to increase sales. The worker is subject to the same process as soon as he becomes an extension piece of a machine, of the productive apparatus. Finally, the state is obstructed in the execution of its vocation when it becomes the plaything of private economic interests.

## Four

### AN APPRAISAL OF SOCIAL PRACTICE AND ECONOMIC THEORY

#### 1. The effects of sin in society

In the Old as well as the New Testament God revealed and explained His will for mankind when He told man to honour Him, to do justice to one's fellow-man, and to be a steward of the earth. These commands are not some abstract rules floating, as it were, far up in the air. To the contrary, when God commands men to do His will He at the same time prepared the possibilities in creation for the fulfilment of these commands. He laid the starting blocks for human action when He created the possibility for ethical, juridical, social and economic development as a concrete expression of honour to God and love of neighbour. Therefore, what God says in His covenant and in Jesus Christ is the same thing that He says to man in creation, namely, serve Me and love Me. Every response of man, therefore, whether that be in his personal life, in his family, or in the state, must be a human response to the divine order for creation. Man's response to God's will is possible because God Himself prepared His creation -- every aspect of it -- for human development, not in an isolated manner but as a total and harmonious expression of glory to God and love to neighbour.

Man's fall into sin brought about a disruption in two fundamental ways. In the first place, sin makes a total and harmonious response to God's will for human life impossible. In this sense the fall led to the development of a variety of "isms" in man's response. According to the concentration law of Augustine, man's heart is restless until it finds rest in God. But when man denies God as his only point and source of rest, he chooses a part or an aspect of creation and attributes to that a divine character by making it the totality of meaning for the whole of his life and for the entirety of creation.

Paul's profound statements in Romans 1:21-25 are very much to the point here. One example of this deification or absolutization of a part or an aspect of creation can be found in the Renaissance, when man's analytic and technical abilities were looked upon as divine, with the result that Renaissance man did not accept any authority beyond his own analytic or "rational" capacities and sought the source of security and salvation in his own technical powers. The implications of this deification are clear; the other aspects or parts of creation are now viewed in terms of the absolutized dimension which has been chosen as the source of final meaning.

We can point to another example in more recent times. In western culture there is the distinct tendency to absolutize the economic aspect of life. The implications of this we can see about us every day. For the creation of an economic surplus in the process of production is viewed as the starting point for our entire society. When I say this about western culture I am not speaking about a force far away from the man in the street. Rather, all of us are all told to believe in economic growth. And we try to put this faith into action by searching for a higher income and increased wealth to give meaning to our life. Love to our neighbour - and children! - is expressed in the quantity of money we can give them. The state of which we are members attempts to establish a just society by giving everybody an economic opportunity. And we are convinced that we have acquitted ourselves of our social responsibility by giving everyone in society economic security. These examples indicate how deeply an "ism," in this case economism, can penetrate into many dimensions of our life. All aspects of culture are interpreted in a one-sided economic way.

There is also a second disruption caused by man's fall into sin. It leads to a restricted use of the aspects of God's multifaceted creation. In order to arrive at a dynamic but also



harmonious development in society, mankind is called to obey the divine mandate to open up or disclose every societal structure in his cultural activity. With respect to the problems that we are discussing, this means that an economic enterprise must not only be oriented to the norm of stewardship but must also be open to the norm of justice, fidelity and truth, belief, etc. A business enterprise is characterized by a qualifying function, viz. the economic qualifying function, which distinguishes it from other societal structures. But this "distinction" of the business enterprise does not mean that it is cut off from the rest of society, as if it can be a law unto itself. For the essence of a qualifying function indicates the manner in which this particular societal structure is called upon to take part in the entire process of disclosure in society. The economic qualifying function of the business enterprise reveals in what way it must open itself up or contribute to peace, morality, belief, and the other norms for creation.

Sin has a negative, restrictive effect on this opening-up process in society. We can detect a restricted use of societal structures when they are oriented toward limited goals instead of being opened up according to their qualifying function.

When I use the somewhat clumsy term "open up" or "disclosed character" I have in mind the service which one societal structure is called upon to contribute to other societal structures. Sin restricts this service. This restriction is present in an enterprise when it claims that it has fulfilled its task by an efficient production of goods without considering whether or not its use of the environment is proper, is acting justly with its labourers, etc. The "open-ness" of an enterprise to non-economic factors and norms requires such consideration. An evaluation of the "restricted" or "open" character of societal structures is the first step Christians should take in execution of their task in society. With respect to industry, it is clear

that christians cannot be satisfied with current restrictive practices limited mainly to the fulfilment of "purely" economic goals of efficiency and production without deepening our economic mandate to other mandates.

## 2. Restrictions and antinomies in the social sciences

The restrictive effects of apostasy can be detected in the development of the social sciences, economics included, since the time of the Renaissance. We note certain rationalistic tendencies and the adoption of the methods of the natural sciences in the social sciences. In their attempt to relate social realities to man's rational analytic powers, the social sciences adopted the concept of law operative in the natural sciences, where "law" was correlative with "constancy" in the behaviour of natural phenomena. For instance, the law of gravity is correlative with the behaviour of physical objects. Stones will always fall at the same speed; their behaviour displays constancy and predictability. The law of gravity gives us insight into this constancy and can thus be the basis for prediction of future behaviour.

Important consequences resulted from the restrictive adoption of the concept of law operative in "nature" by the social sciences. In the first place, it was argued that a social science is "scientific" only in the measure that it can present an objective explanation of social phenomena in terms of fixed relations. For the admission of irregularities would entail the impossibility of a social science in this rationalistic approach.

Secondly, in economic science men were treated as objects of fixed laws. In its initial development this discipline denied that men are economic subjects, that is, persons who are subjected to the norm of stewardship and therefore responsible for the answers they give to this mandate. For from the vantage point of the methodology of the natural sciences, this type

of normative activity occasions a good deal of insecurity and instability.

The economist W. Eucken referred to this tension between fixed laws and normative activity as the Great Antinomy. For when economic theory attempted to explain the individual behaviour of economic subjects it lost its scientific character because it in effect eliminated a general concept of law from its analysis. As soon as economic theory attempted to delineate general laws, individual behaviour lies outside its domain and becomes inexplicable. An example of this tension can be found in the Historical School, which indeed began with individual behaviour in its explanation of economic reality but encountered great difficulty in finding "laws." In the classical school we find the reverse problem; it stressed the formulation of general explanations of economic life but tended to neglect the individual living person.

We should not think that economic theory made no attempts to resolve this antinomy. We can here point to three main endeavours. To begin with, some economists developed the concept of homo economicus ("economic man") in order to "internalize" or safeguard the necessary security and stability in economic behaviour. This concept also presupposes the notion of law that is operative in the natural sciences, but holds that individual persons will only make rational choices and that they will therefore act in a regular manner on the basis of which predictions can be made. Here we are confronted with the Robinson Crusoe type of economic man whose environment permits him to make rational choices only, who is not subject to moral rules except rationally valid ones.

A second attempt in resolving the antinomy is found in those economic theories which externalize the insecurities by introducing a concept of data in the social sciences. When the social scientist is confronted with insecurities or irregular behaviour

in his field of research, he simply excludes these from the objects of his scientific investigations. For instance, in this way economic theorists excluded the behaviour or preferences of consumers from their investigations since these were considered to be too indefinite for scientific analysis. Max Weber and Eucken proposed this type of strict social science. But it should be noted that what in effect happens in this kind of approach is this, that the insecurities are themselves made into data which then, in turn, become part of the given factors of analysis. For example, the preferences of the consumer can be made into data and thus part of the given factors of economic analysis. In the light of these given factors everything is once again explicable, and the concept of law of the natural sciences is re-introduced. However, in a subsequent stage of development this entire system broke down again because the market, which supposedly encompassed this economic predictability, began to introduce new insecurities, e.g., in the advertizing system which influences the presumed given consumer preferences! Therefore, these new insecurities must become part of a larger range of data, and the process repeats itself.

A third attempt lies in the introduction of the probability concept. If one cannot present a fully scientific account of a situation, one can make use of the laws of probability by saying that in a high percentage of cases - say 90% - if such and such is the case then this and that will follow. The elements accounted for - 10% - are then considered a disturbance factor which cannot be predicted.

What is the basic weakness of these positivistic attempts to resolve the antinomy between general laws and the normative behaviour of individual economic subjects? The basic shortcoming lies in the absence of a non-mechanistic notion of causality. In other words, if we are to overcome the antinomy, we must get away from the naturalistic and mechanistic conceptions of reality that determine the adoption of the methodology of the natural sciences in the social sciences. To put it more positively,

economic theory requires a notion of causality that is distinctly economic-normative. Such a notion of causality would suggest an explanation of the cause and effect relationships in terms of the (normative) economic function itself and do so in relation to the qualifying function of the institutions in which they occur. For the qualifying function of an institution leads the entire causality process in a particular way. We therefore need a concept of radial causality. Let me give a simple illustration of this complex matter. When the economic theorist tries to explain the effect of an economic impulse - e.g., a higher income - upon a family, he must take into account that dimension which gives the family its unique place in society, viz. its ethical aspect as its qualifying or leading aspect. He must do this not to engage in ethics but in order to make possible a disclosed economic explanation of the resulting higher expenses of the family.

### 3. New developments in economic theory

It is not our intention to deal exhaustively with the entire history of economic theory. But we should highlight certain new developments. In the first place, then, there is the significant development in welfare economics which evaluates all economic activity in society in terms of its consequences upon the general welfare. Welfare economics implies an element of normativity since the concept of general welfare must have some content. Jeremy Bentham's utilitarian concept of the greatest good for the greatest number is an example of some type of normativity. Welfare economics, not surprisingly, also attempts to remain neutral as a science. However, as Gunnar Myrdal has shown in his The Political Element in the Development of Economic Theory (London, 1953), a neutral concept of general welfare is impossible. For instance, in the days of John Stuart Mill (1806-1873) there were debates about whether or not animals should be included in one's concept of general welfare, whether

economic persons were characterized by equality, and whether a person acting intelligently should be given greater weight in the welfare-index than one acting egoistically.

In view of this the welfare concept today is narrowed considerably. It is mainly limited to a critical and tautological statement about the possibility of the increase of general welfare in the sense that general welfare is promoted when one or more persons experience an improvement in their "happiness situation" while no one else experiences a diminution in his "happiness situation." (In this connection mention should be made of E. J. Mishan's revolutionary book, The Costs of Economic Growth (London, 1967), in which he tries to employ a concept of welfare economics in evaluating the problem of pollution and the theory of economic growth.)

A second new direction is present in growth economics. It is guided by a onesided notion of economic progress, starting from the concept of national income in terms of which everything that increases national income is considered good. Growth economics is present not only in developing countries but also in the western nations. In the latter it has particularly dangerous consequences because its emphasis on growth can readily lead to a rapid use of natural and energy resources without including these in the total cost of growth.

A third direction is present in Keynesian economics. All I want to do here is to point to elements of continuity and discontinuity between Keynes and traditional economic theory. The latter displayed a rationalistic tendency in its assertion that economic life has the character of a mechanism in equilibrium where the market process is viewed in terms of a counter-balancing of mechanical forces which result in a predictable outcome. In classical economics the idea of an equilibrium was not merely a description of economic life; it pointed to an harmonious order in economic relations. There was a direct relation between the idea of equilibrium in the market and the concept of

perfect harmony. John Maynard Keynes continues to employ the idea of equilibrium but severs it from the notion of perfect harmony. In his view, not every situation of economic equilibrium is necessarily a harmonious situation. In this way Keynes introduced an irrationalistic element into economic theory. This is evident in the theory of the market developed during the last fifty years. Before that the market was generally viewed as an instrument of perfect competition. But in recent decades Joan Robinson (The Economics of Imperfect Competition, London, 1945) and others have spoken of an irrational element in market processes, which are imperfect since there is no pure competition.

#### 4. Intermezzo: profits and surplus

It is apparent that one trait reappears in the various phases of economic theory, the notion, namely, that economic life is a mechanism and that disharmony within the mechanism can be corrected by external influences upon market processes. The necessity for external influences is argued by many today. For instance, with reference to inflation, the argument goes that it can be corrected by way of governmental policies which act upon the market as impulses from the outside. In this rather simple picture of things it is not sufficiently recognized that the real origin of inflation most frequently lies in an abuse of economic responsibility. The real source of the problem is then not touched.

This should be seen in the light of the fact that most of the schools of economic theory proceed from a belief in the beneficial effects of pure and perfect competition. The presupposition of this belief is the positive economic function of profit.

What can be said about profit? First of all, one can hardly say that our present society in all its activities presents a positive reflection of what a normative profit should be. A normative profit is built upon an economic surplus or stock which is a creational possibility. An economic surplus is the attainment

of a positive balance between economic results and economic sacrifices; it is thus a sign of a positive answer to the economic norm of stewardship.

But how does this notion of economic surplus compare with the prevalent concept of profit? The profit of business enterprises today is but a shadow of a responsibly created surplus. I can point to three main differences between the current notion of profit and a normative concept of economic surplus. These differences stem from the major tendencies in modern economic life. Firstly, the money concept of profit does not reckon with those costs that are shifted as a burden to other households. The social costs of pollution form one instance of such a shift of an economic burden; the resultant profit of the polluting industry is not a proper indication of genuine surplus. Secondly, profits accumulated by an industry which has an advantageous market position (monopoly or oligopoly) in sales promotion must not be equated with a normative surplus. And thirdly, profits made possible by the violation of non-economic norms in the industrial enterprise again must not be equated with a normative surplus. One instance of a violation of non-economic norms lies in the treatment of the labourer within the industrial setting (subsistence wages, sub-human working conditions, absence of responsibility on the job, etc.). We should only speak about genuine economic surpluses in society when our pre-condition is the fulfilment of non-economic norms. An industrial enterprise is healthy only when it is an embodiment of a simultaneous realization of a variety of human norms.

But is an economic surplus at all necessary? It is. For in the long run an enterprise loses its qualifying function and thus its economic meaning if it cannot accumulate a surplus in the relation between the fulfilment of real needs in society and the sacrificed (market and non-market) resources. Competition between enterprises is not in itself anti-normative as long as it is bound to the accumulation of such a surplus. But then com-



petition must remain limited to a test of economic performance among the respective enterprises, with due consideration of the non-economic mandates that hold for society, also for the enterprises themselves. But competition is anti-normative in at least these situations: first, if it is directed to the economic destruction of other firms; and, second, if it exploits the non-economic spheres of life (family, culture, the media, social patterns, etc.) by using these as instruments in the competitive struggle.

What then about the question of the "distribution of profit"? The investors of capital in a firm are only entitled to interest and compensation for risk; for they are the owners of the capital invested but not of the entire enterprise. A business enterprise must not be defined as an institution which makes possible a return on capital in the form of dividends. Instead, it should be seen that the investor contributes only one element among many to make the existence of an enterprise possible. The specific structure of this institution should not be defined in terms of only one factor which contributes to its existence. For this reason a corporation should not be looked upon as an extension of the interest of the owners of capital invested in it. That conception leads to real capitalism: when capital is allowed to have a total say in the direction of this human institution.

Before one can begin to deal with the question of a return on capital one should first understand the place capital occupies in an industry. The investment of capital is a contribution to the foundation(al function) of an enterprise. The "formation" of an economic surplus involves three main foundational factors: capital, managerial capacities, and human labour. These elements must be used to open up the potentials of natural resources to form an economic surplus or "output" beyond "input" or sacrifices (costs). The notion of surplus should be understood in a normative sense. The surplus should be as large as possible,

but in the context of the many normative dimensions that impinge on an industrial enterprise.

Capital investment deserves a reward because there is an element of risk in investments. The reward must be related to the degree of risk. It is possible to place too much emphasis on the element of risk in investments. But we should keep in mind that the risk element is present in those societies where consumers are given a choice in purchases. To put it more broadly in a cultural setting, risk is the economic consequence of pluriform structures of responsibility in society. Even in Eastern European countries this element is not entirely absent. It reappears in the problem of undistributed goods and the shortage of other goods. This presents the problem of risk for the central planners, who look for the signals of over-supply and shortage to present grounds for a change in the central directives.

Further, capital investors should not be given too large a place in our conception of industry. They do not belong to the work community of an enterprise. Hence, they should not be given authority within the business in which they have invested. We must carefully distinguish three forms of responsibility in our present system. First, there are the private capital owners who have the responsibility of choosing a destination for their capital. Second, there is the exercise of responsibility within the firm to the workers, consumers (quality and prices of goods, etc.), and the environment. This I would call the entrepreneurial responsibility, which belongs to the entire working community. For this reason I reject the notion of "private entrepreneur" as applicable to the majority of today's businesses. Third, there is the "external" responsibility of an enterprise toward those who have made the enterprise possible, including the investors of capital. The capital-owners are entitled to an explanation of what a firm has done with their capital. But this right to an explanation does not give the capital-owners authority within the enterprise.

This is perhaps also the place to make a comment about the destination of investment capital. This is not a neutral matter by any means. We really have to relate a normative conception of economic surplus to a normative conception of investment. One's investments should go to those industries that fill a real need in society. A normative surplus is the positive result in an economic process that contributes to the fulfilment of authentic human mandates. Our notion of surplus is not quantitative but qualitative. It entails an ordering of economic production in accordance with a scale of priorities that relates industry to the real needs of the various non-economic structures in society (schools, families, the state, recreation, media, etc.). Here we are again confronted with the requisite of simultaneity in the realization of norms if we are to have a healthy and harmonious cultural development.

What about the matter of wages? It is impossible to deal with this question adequately here, but I will venture a few comments.

- 1) The working community comprises everyone working within a firm, no matter how small his or her responsibility may be. For this reason I reject the dichotomy of "managers" and "workers" that is accepted in most industrial relations theories.
- 2) There must be a reward for being a member of the working community; this reward should be equal for all.
- 3) The worker accepts a risk when he joins a firm; he can only join one company. This existential risk also deserves a reward (via profit sharing, etc.).
- 4) There is a difference in workers' talents that may affect the production of a surplus. This difference may lead to a distinction in reward.
- 5) The created surplus should be divided in accordance with a balance of interests: workers, continuity of the firm so that it can continue to make its service; consumers (quality and prices of goods); and payment of the social costs of production (effects of pollution, etc.).

5. Economic institutionalism

Our evaluation of major trends in economic theory is not adequate if we do not pay some attention to certain key figures in the development of economic theory in the United States. I will limit myself to three major representatives of economic institutionalism.

a. Thorstein Veblen (1857-1929) rejected the notion of the classical economists that men simply behave in a rational manner. Instead, he accepted the a priori that men are driven by instincts, of which he considered three as basic: the parental bent to care for one's offspring; the desire to work (workmanship); and idle curiosity or the desire to fill unnecessary human needs. In his view, these instincts guide economic activity and give rise to a dichotomy in society because of a tension between the instinct of workmanship and the instinct of idle curiosity. This tension is present in the struggle between "industry" and "business."

Industry is that aspect of economic life whose leading power is workmanship. It is characterized by the growth of technology with the engineers as the leaders because these stipulate the outlines for the entire production process. In Veblen's view, industry represents the real kernel of economic life.

Business, however, is that element of economic life which is driven by the instinct of idle curiosity. It is the world of profit-making and self-aggrandizement as the basis for the fulfillment of the needs of a leisure class. Here the leaders are the entrepreneurs, the business enterprisers, who live by the grace of profits.

Capitalism, according to Veblen, is the first type of society in human civilization where leisure - that is, absence of work - is looked upon as a virtue and where conspicuous consumption for the sake of show and prestige is a major goal. Veblen hoped that in the long run society would be able to get rid of its "business

character" and return to "industry" with the engineers as its leaders. But he did not anticipate this with the certainty of Karl Marx because of his concept of institutions. For a society where business is a reality, business in effect has an institutionalized character which exercises power over men; and this power is not easily eradicated. He uses the word institution to refer to a social pattern of behaviour which is accepted in society; an institution is defined as a social action which exercises influence on individual action. Private property is one example of an institution. It molds individuals in society in such a way that non-industrial elements are allowed to continue, and does so in such a manner that the labour class is influenced to emulate the standards of the leisure class.

Veblen's theory of institutions has its origins in Darwin's evolutionary conceptions; he applied these to social phenomena. This social evolutionism reduces human beings to a bundle of instincts who act in society in accordance with these instincts. In this way human responsibility in economic conduct is reduced to its biotic and psychical components. Human beings are in a relationship of struggle with respect to each other; they are situated in an environment where the law of the survival of the fittest predetermines their life in an institutional manner. In Veblen's view, real evolution is present when there is progress in technology with the engineers responsible for the development of society. Economic theory should join this struggle to contribute to the coming of a new society where workmanship is the really guiding instinct. Hence, economics should be a partisan discipline; it should take a stand when confronted with conflicts and promote technical progress for the welfare of all men, especially those motivated by workmanship.

In view of this it is not surprising to discover pragmatism in Veblen's theory. Pragmatism in essence is a religious stance which allows the use of theoretical or practical means simply to make possible the realization of an apriorily chosen goal. The

normative dimensions of life - ethics, justice, stewardship - are then made serviceable toward the promotion of a "pragmatic" end. For example, I. M. Bochenski in effect points out the pragmatic element in Marxism-Leninism when he describes it as a theoretical and ideological instrument serviceable in the struggle of the labour class to gain control in society. In Veblen this pragmatic element is present in his assertion that economic theory must make itself useful in the achievement of practical goals. Theoretical tools must therefore be shaped in a way that reveals their "operability."

b. John R. Commons (1862-1945) is a second representative of pragmatism and economic institutionalism. His Legal Foundations of Capitalism (1924) and Institutional Economics (1934) are important in the history of American economic theory. He too describes institutions in terms of social action which controls individual action; but he arrives at different conclusions. He argues that economic theory should be serviceable to the formulation of new methods of social control over individual action. However, his pragmatism is of a conservative kind since in his view economic theorists should allow technological advance to progress in a natural manner. Commons shares with Veblen a pragmatic approach to science, which is not concerned with objective truth but with making truth appear in society via the realization of certain goals.

c. John Kenneth Galbraith is a contemporary economic institutionalist. In his famous book, The New Industrial State (1967), Galbraith pictures a society in which a relatively small number of large corporations plays a dominant role not only in economic life but in society as a whole. He describes the "industrial state" as a society in which the large corporations determine the major economic patterns, including the planning of the market, on the basis of their sovereign position. The heart of this world of corporations and thus also of society as a whole lies in the techno-structure, that is, the cooperative system of the

technical experts in industry who are linked together to serve the goals of their particular enterprise by a systematic and planned elimination of all obstacles that obstruct corporate growth. On this basis he arrives at the conclusion that the real enemy of a market economy is not socialist ideology but the engineers. For the latter promote the world of business in a radically planned manner. He argues that the traditional appeal to a free market economy, made, for example, by theorists like Paul Samuelson, is merely an appeal to an "appearance" without basis in economic "reality." In addition, he is of the opinion that the development towards an industrial state is typical not only of the United States but is present also in countries behind the Iron Curtain. For there too the engineering experts are becoming the real bosses of industry and all "ideas" about the role industry should play in society according to Marxist orthodoxy are becoming more and more irrelevant and superfluous.

There is a reductionistic trait in Galbraith's analysis that he shares with Veblen. He reduces the whole of society to that facet of it which reveals the institutional influence of the evolution of technical-engineering power. Because of this he focuses almost exclusively on what he calls the techno-structure. But a positive point in his analysis lies in the recognition that, if society finds its purpose in the achievement of material and economic ends, there are no inner barriers against an alignment of the state with industry in the realization of this purpose. The state will then adopt as its first priority the rise of a material living standard to be attained by means of the political enhancement of economic growth.

#### 6. Towards a christian approach

We have limited ourselves to a skeletal outline of major trends in modern economic theory. What stance should the christian take with respect to these trends? Let me make a few comments in try-

ing to find a way towards the development of a christian economic theory. There is no major trend in modern economic theory that finds its roots and direction in a biblical view of man's place in society. This is what we ought to be aiming at. But in doing so we should keep in mind that a "christian economics" does not consist in a "heavenly" economics that floats alongside social realities about which certain supposedly very "scriptural" pronouncements are made. The first question we must ask ourselves is: How can we present an account and evaluation of these concrete social realities in a scripturally directed manner? To me this means that a "christian economics" is in the first place an economic theory liberated from the restrictive and lopsided humanistic aprioris and starting points. We have to be liberated on at least four fronts.

In the first place, we have to be liberated from the humanistic tendency to enclose economic theory in a non-economic concept of law and causality. In our earlier discussions we saw how the social sciences, economics included, often adopted the notion of law accepted in the natural sciences. Economic theory has to be freed from this mechanistic notion of law.

Moreover, we have to be liberated from the tendency to confine economic theory to the rationalistically accepted borders of exclusive market values. For within these borders man's stewardship of nature cannot be adequately dealt with from the vantage point of economic theory. In other words, the object of economic science has to be expanded considerably if it is to be theoretically responsible.

Thirdly, we have to be liberated from the tendency to enclose economic behaviour within the concepts of individualism which treats economic subjects as autonomous individuals with certain utility preferences. It is necessary to take into account the context of individual action. That context confronts economic theory with a great variety of societal structures which are differently qualified in a normative way. Quite concretely, we



have to see behind the "individual consumer" who fills her shopping cart with groceries in the supermarket a mother caring for her family. That family is not just a unit of economic consumption - an extension of the production process - a societal structure <sup>but</sup> which is ethically qualified. In the present setting individualism can be described as the reduction of the life of persons and institutions to the element of autonomous conduct, guided only by personal reflection as to what is of value by the individual. An economic theory that falls into the pitfalls of this kind of individualism simply cannot do full justice to the ever present social context within which responsible persons act as economic subjects.

Finally, economic theory must be liberated from the dialectics of a "value free science" and a "pragmatic science." The idea of a value free science was formulated by the great German social scientist, Max Weber, who wanted to reserve a realm of "neutral" scientific activity outside the sphere of religious convictions and values. He asserted the necessity and possibility of a concept of law that would be beyond discussion. In Europe the idea of a value free science is fading away today because of the recognition that every step in the application of the "scientific method" in dealing with facts (selection, observation and interpretation) contains elements of non-neutrality. The selection of problems to be researched involves a choice, which is subjective. The Vienna Circle has discussed the subjective factors present in observation. And any interpretation of facts is subjective from the outset.

The desire for a value free and neutral science is really an expression of man's religious need for security. What happens if the foundations for this security are crumbling? Must one take refuge in existentialistic despair? Today refuge is sought in a switch to pragmatic science, where theory is concerned not so much with truth, with a world and life view, but with

making a contribution to the achievement of practical goals chosen in an a priori manner. After this pre-scientific choice has once been made, science itself displays an a posteriori character: it must contribute to a predictable outcome. In this way pragmatism violates the "sphere-sovereignty" of science since it first establishes social goals and then asks of science that it must clear the way to reach these goals. In this way science loses its limited but legitimate theoretical identity; and with that loss its integrity disappears as well.

Five

STRUCTURAL CHANGE SINCE THE INDUSTRIAL REVOLUTION

In the third chapter we paid attention to the roots and marks of capitalism. We noticed how it received its main spiritual impulses from Renaissance humanism. Then, in the fourth chapter, we focussed on major trends in economic theory and discovered that, in spite of many differences, there was a common humanist background shared by the great economists. In the following chapter our concern will switch from the development of theory to the development of practice. First, we will outline the emergence of a different society in the capitalist nations since the industrial revolution. Then we will try to get a glimpse of industrial evolution in countries behind the Iron Curtain. After that we will venture some prognostications about the future of capitalism.

1. Changes in capitalist practice

There are three main areas of change in industrial practice in the western capitalist nations.

a. External relations between enterprises. The first thing that strikes one in comparing relations between industries since the time of the industrial revolution is a change with respect to competition. In the nineteenth century the individual enterprise is of moderate size, without a dominance of one or two firms in a single area of production. The competition between these relatively small enterprises was often fierce, especially with reference to prices. In the twentieth century this picture is distinctly different. Today we see the rise of oligopolies, with only a few industries controlling entire segments of production, e.g., in the automobile industries. Only a few industries are engaged in selling the same product and the relation between them is not nearly as competitive in the area of prices as it was before. Instead, there is a high degree of price fixation

and price rigidity, where the higher price is set by a price leader in the particular area of industry followed by the other producers. This change from competition to oligopoly is the result of two main factors. First of all, the application of science to technology opened the possibility for new methods of production by the machine. Technical innovation entailed not only a shift from production by men to production by machines; it also required production on a much larger scale. This resulted in an amazing increase in the size of plants. Needless to say, this increased scale was much more costly, and the need for larger sources of capital investments occasioned the dominance of the money markets around the turn of the century. A second consequence of technical innovation was the phenomenon of mergers between corporations: the birth of oligopolies as the dominant forms in industrial production in the key areas.

This amelioration with respect to price competition does not mean that competition as such has been eliminated. It has shifted to other areas. Competition is present, firstly, in the sphere of innovations. The company that is ahead of others in bringing out a new product or an old product with new features has an advantage over its rivals. This shift towards innovation places an immense stress on the significance of research in industry; for research is a requisite of technological "advance." In view of this Joseph Schumpeter, perhaps the most outstanding economist of the last generation, in his book Capitalism, Socialism, and Democracy (1942), defines capitalism as a form or method of change. According to Schumpeter, change is the only constant factor and is institutionalized in industry by way of technology in order to create new products. At a deeper level of religious and cultural awareness we should note that this primacy of change is not merely formal or neutral. Rather, we should understand it as the adjustment of economic life to the pervasive western idea of progress which seeks genuine human happiness - "salvation" - in economic and technological growth.

Secondly, competition has shifted from the area of prices to the sphere of sales promotion. A corporation that cannot increase sales because of its lower price structure will attempt to promote sales by way of advertizing. Competition thus takes the indirect route of influencing consumer tastes. In this way corporations can eliminate, at least up to a point, the uncertainty of the market. For the maintenance of the production process requires stability, not only in the acquisition of natural resources and labour relations. It also requires stability and predictability in quantity of sales. Hence the overwhelming place which advertizing assumes in our culture. The cost of advertizing is doubling itself approximately every five years. The interesting thing to note about the shift in competition is this, that it is moving out of the economic sphere itself to other areas of society: technological research (which involves the universities) and consumer tastes (which involve the media).

Besides a change in the competitive structure between industries, there is also a change in the way of concentration. We do not only see the rise of oligopolies in a single area of production. We also see the rapid growth of conglomerates. Many corporations are no longer confined to production or sales in one area but are extending themselves like octopi into a host of often very unrelated areas of buying, producing, and sales. Richard J. Barber, in The American Corporation (1971), presents a picture of the Ogden corporate conglomerate which is engaged in re-cycling wrecked cars, serving hot dogs at the Dodgers' stadium, raising cattle in Paraguay, processing fruit and vegetables, providing architectural and engineering services, running a savings and loan association and a world wide transportation system. The significance of this conglomerate development is clear: the area of business is controlled by an increasingly smaller number of corporations.

Closely related to this is the internationalization of corporations. Especially during the last ten or fifteen years we note the tendency on the part of corporations to export plants and firms to other countries so that production is carried on there rather than at the home base. Forty percent of Ford Motors production is outside of the United States; it is situated in Canada and Europe. U.S. Rubber is less than half U.S. and also less than half rubber. The danger present in this new tendency is evident. These international conglomerates are practically un-touchable by the national states. There is a growing governmental vacuum in regulating these giants. This means that there is in effect a vacuum in the administration of public justice. This dangerous development today becomes even more acute because the control of these conglomerates is often in the hands of financial organizations like banks and insurance companies. In other words, the real control is exercised by the distinctly monetized institutions of our society. The Morgan Trust, for instance, controls hundreds of diverse companies with world wide ramifications. We detect here the beginnings of a new feudalism characterized by a monetized hierarchy that increasingly and uncontrollably determines the pattern of our daily life.

b. Changes in the relation between state and industry. A second main area of change since the industrial revolution has occurred in the relation between industry and the state. The reason for this change lies in the expansion of industry's power in society. The expression of the profit motive has no barrier against expansion of industrial power either within the internal sphere of an enterprise or in other spheres of society. In the last century this led to the abuse of child labour, family dislocation, and an exploitation of natural resources. When the expression of this laissez faire - "live and let live" - attitude became altogether too destructive, the state began to enact measures protective of life outside industry itself. One might say that the state attempted to call industry back to the realization of

its own mandate, limiting it to its proper sphere of activity. It intervened in checking industrial excesses by means of a social security system, health regulations with respect to the quality of products, working conditions, and conservation policies. It should be noted that this political intervention was not a violation but an expression of the principle of sphere-sovereignty since it represented a legitimate attempt to prevent the subordination of various life zones to industrial domination. This legitimate interference of the state in industrial life is by no means completed. We have already noted the "industrialization" of our culture by means of technique in the elimination of competition, in sales promotion by industrial control of the media, and the transformation of consumer tastes.

Interference on the part of the state within the economic sphere itself was often necessary because of the key notion of economic theorists that the price mechanism itself establishes social harmony. Keynes was one of the first to recognize that an economic equilibrium may well lead to unemployment, sharp differences in income distribution, and inflation. Governments in the western countries have adopted measures to fight unemployment and level income differences by progressive tax policies. The problem of inflation still remains unsolved. Galbraith is right in his assertion that inflation is an organic feature of the modern industrial state. Oligopolies do not check inflation by a use of technical innovations to lower prices; instead, the oligopolist will determine prices to maintain continuity in its own position of power and to guarantee a profit. In this situation a decrease of demand does not necessarily lead to lower prices; it may lead to higher prices instead.

The defence of Anti-Trust legislation, especially in the United States since the turn of the century, ought to be seen in this context. There is a natural tendency for an oligopoly to eliminate all competition by the simple absorption or removal of

competitors. To counteract this tendency anti-trust legislation was adopted in order to maintain governmentally supported "artificial competition." This kind of interference is, of course, at odds with consistent classical laissez faire liberalism. However, in order to defend it and similar measures we notice the rise of a "softened" liberalism in the twentieth century, especially in Western Germany and the United States. Some of its representatives in Germany are Wilhelm Röpke, W. Eucken, Von Mises, Ludwig Erhard, E. Schmalenbach (who wrote an interesting book "in memory of the free economy": Der freie Wirtschaft zum Gedächtnis, 1949). Some neo-liberals in the United States are F. A. Hayek and Milton Friedman. With reference to the problem under discussion here their argument is that the government must interfere to restore competition. If the market process does not result in harmony, the state should create such a context around the market that the outcome of the competitive system is still a harmonious one. The state can do so by the prohibition of conglomeration and even by the injection of state enterprises into the system in order to prime competition when it is threatened.

The most recent change in the relation between industry and the state lies in the growth of a co-partnership between them. Industry today needs governmental protection to ensure its own autonomous development. Governments need industry today so that it can realize its goals with reference to pollution, road-construction, military equipment, urban development, transit systems, etc. Thus a new type of state is currently emerging. In France it is called the consensus-state since it implies a consensus and coalition between business and government. The latter cannot make a basic move unless it has the consent of the major economic institutions which represent the greatest power in the land. Between these two forces a total socio-economic plan for the nation is devised. Governmental subsidies - also to the objectors! - are one way of aligning private enterprise



with the goals of the state. An outstanding example of this co-partnership in the United States lies in the money allocated for defense expenditures. This is close to a hundred billion dollars annually, and represents roughly ten percent of the national income. Quite evidently, the U.S. federal government needs industry in its defense policies. Quite evidently also, industry has discovered in government its best customer. The security that industry is constantly searching for is most easily achieved in the permanence of governmental purchases. We detect in this co-partnership a return to corporatism. It reminds us also of the unhealthy entanglements between national churches and national governments at the beginning of the modern era.

Some historians of economic institutions speak of four main types of interrelationships between industry and the state. The terms they use to describe these types are: économie libre (free economy), économie dirigée (centrally directed, collectivist economy), économie orientée (an economy of mutual "orientation" as proposed by Keynes), and économie concertée (an economy of "concert" and "consensus" between industry and the state). It seems as if the western nations are opting for the latter.

c. Changes in the internal structure of industry. The third main change since the industrial revolution concerns the emancipation of the modern corporation from the power of the individual entrepreneur. In past centuries the owner of capital was also the owner of the enterprise and thus the "free enterpriser." However, the application of technology to industry required larger plants and a growing concentration of firms. This led to the situation where a single person could generally not supply all of the necessary capital for the establishment and maintenance of an enterprise. This new need led to the rapid increase of limited liability companies, since this form of financial organization made possible the accumulation of capital



d. The new society: economic corporatism. In the light of these three major changes in the structure of our economic system, we can conclude that we are moving toward a new society which is no longer adequately described by the word "capitalism." We described capitalism as not only an economism but also as a tendency in society to permit the organized combination of all economic values solely for the purpose of obtaining maximum private gain on the basis of a competitive struggle. Today we are moving away from this kind of capitalism toward an economic corporatism in which industrial concerns themselves are the controlling suppliers and owners of their capital resources; where these concerns can choose their own goals in an autonomous manner beyond the effective control of any outside influence; and where they are sufficiently powerful to shift competition to the safer areas of technical innovation and consumer management. This system can be described as economic corporatism because it has the support of political power. There is here a co-partnership with the state which conforms to and financially supports the major goals of economic growth and technological progress. A monolithic structure is rising in our midst. It involves an institutionalization of society as a whole which forces our culture into the direction of western "progress." To be sure, certain elements of competition are still present. But they exist mainly between this monolith on the one hand and the non-corporate spheres of culture on the other hand. We have already pointed to the victorious side in this battle. Even the trade unions have joined this co-partnership, in terms of the appropriation of their share in the spoils. The society of the future appears to become one where a new maxim obtains: the largest gain for the largest power.



given. In the western countries the principle of coordination is found in the market; in Russia and China the principle of coordination is found in the central plan of the government. Further, while financial reward has been the main answer of the west to the problem of incentives, in the east this has played only a secondary role because the primary answer lies in social duty. Of China especially it can be said that Mao-ism is a "command religion" which induces an artificial increase of incentives by political and economic commands of a distinctly religious character.

It is most significant for a proper understanding of the actual developments in both east and west to note that we are here confronted with two idealized and abstract solutions to the problem of coordination in the economic system. Let us first recapitulate the western answer. Inspired by the notion of the "Invisible Hand," the classical school of economic theorists assumed that the market properly coordinated all of the elements in the economic system. They argued that there was a healthy coordination because no single person or firm could influence prices in the market; that the market process is highly flexible because it could directly respond to changes in consumer demands and thus guarantee an efficient allocation of resources; and, finally, that the market system creates a proper system of income distribution since as soon as one person increases profit, at that very moment competition is directed towards him with the result that unreasonable differences in income are prevented.

This theory of the classical economists really is an ideal "model of abstract thought" without much relation to reality. It was abstract because it involved the following "ideal" pre-suppositions: a) Perfect knowledge of the market situation is necessary on the part of all economic subjects, because if one does not know what is going on in the market one cannot make a reasonable choice. b) All economic behaviour is essentially guided by prices, not persons. T.P. van der Kooy makes the



ability of economic resources but also acquaintance with income elasticity (what effect a higher income has on patterns of consumption), price elasticity (what effect a new fixed price will have on consumer expenditures), and substitute elasticity (the reaction of consumers to a change in the price of one product which may lead to the purchase of a substitute). Perfect planning requires insight into all these factors. It has been estimated by Soviet officials that a million computers would be required to provide the necessary information! In the second place, the rules of the central planners were indeed not perfect because the strain placed on the existing supply of capital necessitated the re-introduction of interest on capital. This violates the communist model. In the third place, there was the problem of "perfect obedience" to the rules of the central planners. Even if there is the will to obey, perfect performance is not necessarily guaranteed. Suppose a division of the central planning agency orders a particular industry to produce a certain quantity of nails. Such an order can be interpreted in a variety of ways, with respect to the type, size, and quality of nails. The producer will interpret the order to make his production as "efficient" as possible; it will be easier for him to produce small nails rather than large ones. As soon as there is a measure of flexibility in the order, the producer will tend to produce items of a lower quality. A consequence of this may be that the relevant planner will issue extremely detailed orders which hamper efficient production. This will in turn induce violation of some rules without repercussions if other rules have been met. At any rate, the desired perfection of the Visible Hand has not been achieved.

b. Liebermann's proposals. In this situation one must understand the proposals made by Liebermann, the Russian economist who made a name for himself about ten years ago. He suggested that Russia could solve some of its problems if more autonomy were given to the individual plants. He argued that the econ-





### 3. The convergence theory

In the light of the inconsistency between the ideal theoretical model and actual practice in both capitalist and collectivist economies a new theory has been suggested. Since planning economies are showing a declining degree of centralization and market economies reveal an increasing measure of centralization, the future may well entail a convergence of both systems. The outstanding Dutch economist Jan Tinbergen is one of the main defenders of this convergence theory. He started with an analysis of the economic goals of both economic systems and concluded that, although there was no complete agreement, there was a consensus with respect to three main aims: primacy of economic growth, full employment, and prevention of sharp divergencies in income. On the basis of these similarities, Tinbergen argued, it is possible to formulate two basic rules concerning optimal centralization with respect to economic decisions. In the first place, centralization should occur when the productive system entails extensive external effects outside of the system itself. For example, when a firm is polluting the environment to the extent that it affects society as a whole, the firm should be taken over by the government. With respect to this type of industrial production, we should have centralization of the investment decisions. In the second place, centralization should take place with respect to "block provisions" which again concern society as a whole; for instance, the use of resources for common provisions in maintaining a system of order in society and equipment needed for national defense. With respect to these two areas Tinbergen sees centralizing tendencies in western countries. With respect to areas outside of these, he sees decentralizing tendencies in Russia. In other words, the two systems seem to be converging in essential characteristics.

How should one evaluate this convergence theory? Let us first consider the supposed agreement on the primacy of economic growth. One will have to look a bit more carefully at the content of the



challenge to responsible christian reflection and action. Not only are christians challenged to review their participation in the cultural direction of the west; they also have to ask themselves about the manner in which they should christianly approach the tension between the western and eastern political and economic systems. There are several possibilities for a dialogue today.

Political. The military confrontation between east and west is diminishing, giving way to political dialogue via diplomatic channels. From the Russian standpoint this is possible, since it is based on the doctrine of co-existence, formulated already by Lenin, which stresses the peaceful co-existence not so much of capitalist and communist states but of the peoples in communist and non-communist nations. Closely related to this is the Marxist and Leninist doctrine that the superiority and validity of communism is not to be proven by military confrontation but by the superiority of the communist economic system. Peaceful co-existence must create room for showing its excellence.

Economic. Within the context of political co-existence, the communist states can direct their energies to winning the economic race. For this reason - in the words of a German scholar - we find in the communist countries a deification of constantly higher rates of economic growth. This becomes a confession of faith. Its realization, towards which nearly all cultural forces are directed, is looked upon as clear evidence of the truth of communist ideology itself. We have already seen in what measure this "faith" is shared in the west. Capitalism and communism share common roots in the "religion" of the Renaissance and the Enlightenment.

Scientific. Joseph Stalin opened the possibilities for a scientific dialogue with certain scientific approaches in the west in his famous Letter on Linguistics. He re-asserted the classical distinction of marxist orthodoxy between capitalist



in the realization of the goals of the labour class. In the same way Christianity is looked upon as an ideology, since it in turn is an instrument used to preserve and justify western capitalist conditions. (In view of this prevalent use of the word "ideology," also in western countries, we must be careful not to view Christianity, with reference to its biblical sources, as an ideology.)

So there are indeed a variety of approaches in a possible dialogue between east and west. It is encouraging to note that in some eastern European countries groups of christians, mainly outside of the officially recognized churches, have attempted to make a "silent" contribution to the dialogue by not siding with communism and by showing, in concrete deeds of concern for those in need, that christians do not have to be lackeys of capitalism. In some instances this has led to the question whether communist theorists should not re-evaluate the christian religion. From the side of the west, Karl Barth, in his letter to christians in East Germany, has correctly warned us about a lion in the west as well as in the east!

But will the dialogue occur at the depth level of religious conviction? In the light of what we have said about the major tendencies in the capitalist and in the communist countries, it appears that the dialogue will be reduced to the questions of economic and technological growth. If that is the trend, then everyone in the west who has some concern for the real meaning of human life - and that must include every christian! - must ask himself: what is the meaning of western society? There have been and still are genuine elements of justice and freedom in western culture. But the most outstanding accomplishments of western civilization will be gradually eliminated if the dialogue between the two main protagonists for global leadership will be reduced to economic and technological issues. If that happens, the struggle will be one of western pragmatism



## SIX

### THE FUTURE OF CAPITALISM

Up to this point in our reflections we have dealt mainly with past and present trends in economic practice and theory. Is it possible to outline the contours of the future as well? Needless to say, one must be extremely careful here, for there are always a number of contingent factors that cannot be known in advance. Moreover, we should not forget that the society of the future will be a human society in which man is not merely a passive instrument of super-human forces. Man is a responsible creature who can make a religious choice about the direction of his life. That choice can affect the direction of his cultural horizon, for good or ill.

On the basis of decisive cultural choices in the past and in view of overwhelming present trends I believe that one can make certain predictions about the future of capitalism. In order to avoid unnecessary speculation, I should indicate the presuppositions which underlie my conditional forecast. These are: there will be an increase in economic growth, in technological innovation, and in population. Given these three presuppositions, I suggest that we can expect a society of the future with the following major characteristics.

#### 1. Increased income, consumption, and advertising

If there will be an increase in economic growth we can expect a rise in private income. What does this entail for the development of industries in a capitalist setting? For one thing, it means that the discretionary buying power of the consumer will be greater. The larger the income of the total number of consumers will be, the larger will be the variations in the use of that income. This will result in a greater vulnerability and insecurity on the part of industry. For the leaders in industry will have less certainty about the path of consumption and the





qualities of beer. All one has to announce is that "The management of Heinekens sees a bright future for Africa". I predict that these sub-human tendencies will increase in the future. We will be confronted more and more with a pseudo-gospel concerning the meaning of life, based on the glories of the "I - It" relation.

## 2. Growing complexity of the economic system

We have paid quite a bit of attention to this in earlier chapters, so we can be brief here. But one point should still be made. The increased complexity of the economic system will make its operability more difficult. A minor factor of dissent can cripple the functioning of an entire industry. We have noticed this phenomenon in the operation of airlines, which can be severely hampered by a few skyjackings or bomb scares. The very complexity of an industrial enterprise invites the tyranny of a minuscule minority to obstruct its functioning. A few hundred workers in the construction industry can go on strike, forcing thousands to quit work until often exaggerated demands are met. In some instances this type of action has led some to propose the abolition of the strike. It may well be that the tyranny on the part of some will lead to the tyranny of the entire system. An escalation of power on one side will cause escalation of power on the other side, without the possibility of equitable and just arbitration.

## 3. Continued inflation

The stress on economic growth will cause an increase in oligopolistic market structures. As we have noted earlier, this type of market leads to price fixation and a shift in competition to sales promotion, technical innovation of existing products and introduction of generally wasteful and superfluous gadgets, instruments and playthings. Oligopolistic price leaders will gain more power to set higher prices as an example to its competitors. This in turn will bring about new demands for higher wages, often



inflation: monetary policies, wage controls, price controls, balanced national budget policies, etc. Why are these instruments not effective? Because they do not go to the root of the matter. As a matter of fact, in many cases the cure itself is still an expression of the main motive of our culture underlying the symptoms of the very illness we try to cure: increase of private income, if not for all then for some. Unless the industrialized nations can go to the roots of inflation, their future will be characterized by injustice on this score.

Now some economic theorists argue that inflation can be cured by limiting the supply of money in society. Some proponents of this conception hold that money should be tied to the gold standard; this will reduce prices and thus inflation. However, in the light of the structural changes in the entire economic system, this solution appears to be one of a purely technical character. It is not related to the structural components of the productive system and tends to eliminate the human factor behind the money factor. The system of money circulation, production of goods, and the fulfillment of consumer needs is not a purely technical apparatus. This conception neglects the entire normative setting within which money, production, and consumption receive their normative meaning.

#### 4. Symbiosis between government and industry

The future will witness an acceleration of the co-partnership between business and government. The causes for this were discussed in the previous chapter. The major reason for this symbiosis lies in the need for security and stability on both sides. Government policies respecting wages and prices, government purchases of large slices of industrial production, governmental protection of industrial growth, governmental expenditures with respect to eliminating the effects of industrial pollution, governmental funding of scientific research, governmental subsidies to the universities, governmental influence on the curriculum of the social studies courses in elementary and secondary schools,



## 5. Partial convergence between east and west

The causes and characteristics of a partial convergence between the economic systems of the traditionally capitalist and collectivist countries have been elucidated earlier. There is every reason to believe that this direction will be pursued further during the next decade. The remarkable change in diplomatic relations between Washington, Tokyo, London, and Bonn on the one hand, and Moscow, Peking, and the eastern European satellite countries on the other hand, amply illustrate this trend. One may well venture the suggestion that this change in the international political climate is at least partly a result of the economic interdependence between hitherto ideologically opposing camps. Is there a connection between peace plans in Viet Nam and the economic needs of the United States and Russia? It should at least not go unnoticed that these plans coincide with immense Russian purchases of United States wheat and American hopes to tap the rich natural gas resources in Siberia.

## 6. Cleavage between developed and under-developed regions

The pronounced difference in wealth between the developed and "developing" nations will become more acute in the future. Increasing population in the Third World is consuming the potentials for meaningful economic growth there. And the western nations, while often heavily reliant on the natural resources present in the Third World, do far too little to assist the developing countries in terms of cultural, scientific, and financial contributions. It is a matter of simple fact that the United States, whose industrial interests have world-wide ramifications, and which is itself the richest nation of the world, is near the bottom of the list of the western industrialized nations with respect to the percentage of national income that goes to foreign aid. The American deficit in the balance of payments is more a consequence of trade with already industrialized states - like Japan - and the fantastic cost of its military operation in Viet



infinite potentials of man and his cultural action but also the infinite possibilities of nature. The former as it were required the latter. This Renaissance trait was further refined in the Enlightenment notion of infinite progress through science and technology as instruments of man's mastery of nature. This Renaissance and Enlightenment conception in effect was a radical secularization of the Biblical motive of creation. In the Scriptures God is indeed the infinite Creator and Lord of His creation. But His creatures are finite servants. That which is characteristic of God as Creator in the Bible is attributed to finite man in the humanism of the Renaissance and the Enlightenment. Infinite man cannot endure the finitude of nature. This finitude must be mastered and overcome by man's creative power in science and technology, expressed in limitless economic growth. This, in short, is the foundation of modern "progress".

It is a shaky foundation. For on its present path economic growth will collide with three natural limits. First of all, there is the limit to energy resources. Western Europe and North America are already confronted today with the limited quantity of liquid energy resources. This is not surprising, for during the last generation we have consumed more oil than mankind did during all preceding generations. The limited quantity of oil already has repercussions today. For one thing, the cost of oil exploration and transportation is increasing. And the nations that consume mainly imported oil are forced to re-evaluate their political attitudes toward the oil exporting nations, especially in the middle east. International politics will increasingly become an expression of national economic needs.

The second natural limit of economic expansion is the ecological barrier. The cultural eco-system is based on the natural bio-system. Current un-controlled technical and economic intervention in the bio-system will endanger the future viability of the eco-system. The bio-system produces the components of the food-supply





substitute solutions also has its limits. Discovering and applying a substitute solution in one area often creates an imbalance in another area. For instance, nuclear energy may be a substitute for coal in electric power plants. But the nuclear power plant may upset the ecological substructure. Again, we may decide to recycle waste products in order to avoid polluting the environment. But recycling requires a good deal of energy; and this effort thus puts additional strain on the energy front. If one would look at our problem in terms of a triangle where the three sides of the problem (the energy-system, the eco-system, and the scarcity-system) touch one another, it will become apparent that the elimination of tension on one side of the triangle may well increase tension on the other two sides. The crucial question that we will have to face is thus quite clear: how long can the present technico-economic exploitation of our creaturely environment continue before the tension breaks through one of these limits? If that happens we will have a real crisis on our hands.

I do not want to sound like a prophet of inevitable gloom in my forecast for the future. From the outset I have indicated that there is no inevitability in human history. The presupposition of my prediction is the presence of a religiously motivated stress on the redemptive character of continued economic growth as the vehicle of total progress in society. This secular religion rejects the creaturely finitude of man and of his natural environment. With respect to economic life this means that scarcity - the substrate of economy - is eliminated. From the vantage point of economics both neo-capitalists and neo-marxists will have to learn that scarcity cannot be eliminated. For with the solution of one economic problem new types of scarcity enter into the system. Because of the presence of new types of scarcity we will have to arrive at a new understanding of stewardship and a new evaluation of the place of industry in society.

Yes, a new understanding of stewardship is required if present trends are to be reversed. Western man - leaders of governments and captains of industry - has to face the consequences of his present



Seven

RELIGIOUS ATTITUDES OF OUR TIME

Our story is still not complete. We have seen how western civilization, since the eighteenth century Enlightenment, has searched for the kernel of cultural progress in scientific analysis, in technological innovation, and in economic growth. I have called the commitment to this notion of cultural progress a religion. For religion is man's search for salvation. We speak of Christianity as a religion. But its alternatives in modern culture are just as much religions. They are alternative avenues of salvation. The question now arises whether - outside of biblically directed Christian faith - the religion of science, technology, and economic progress has been challenged within the context of western thought and practice itself. It has. As a matter of fact, the Enlightenment idea of progress is moving towards a crisis today.

1. Crisis in the idea of progress

In this connection I have to introduce the concept of dialectics: the relation of a movement between two points which to a certain extent are opposite each other, which therefore exist in a position of tension, but out of which a new development can originate. The two points in the dialectical movement of which I am speaking are "freedom" and "progress". During the eighteenth century Enlightenment there was no tension in the heart of western man between personal freedom and social progress. As we have already seen, at that time the notion arose that progress towards freedom presupposed science, technique, and economic growth. But today more and more people are beginning to question whether this kind of progress leads to freedom at all. A dialectic tension has arisen between freedom and happiness on the one hand and economic growth on the other. There is an erosion of trust in scientific and technical progress and a search for



dynamic formulation of the original dialectical ground-motive of humanism: the ideal of personality versus the ideal of science, or freedom versus control of nature. My interpretation of this dialectic tension within humanism is not new. It has been proposed as a key to understanding modern practice and theory by Herman Dooyeweerd in numerous essays and books for nearly half a century, notably in the first volume of A New Critique of Theoretical Thought (English edition, 1953).

An important consequence of this dialectical tension with respect to the meaning of progress is a divergence in the projections of the society of the future. In many publications issued by scientists and governmental agencies one finds a picture of the future with plenty of leisure time for all, of a society in which material wealth is multiplied, of an economy whose technical innovations provide the foundation for health and happiness. Over against that picture there is the gloomier one of the underground press, of the counter-culturists, of science fiction literature, of many modern artists, and of the new mystics. Here we find a projection of an administered society in which persons are molded as if they were objects, without any possibility of genuine fulfillment and meaning.

Closely related to this divergence in the projections of the future there is a most unfortunate reaction to past and present phenomena from both sides of the dialectic polarity. It is the reaction of a love-or-hate response to certain cultural expressions: love from one side of the tension, hate from the other. Understandably, this love-or-hate response is present especially in the opposing evaluations of technique. One side argues that we must trust technique and rely on its innovative contributions to society. The other side asserts that continued technical development will simply reduce persons into computerized digits. We will all become labels with a number. This "hate" reaction looks upon technique itself as the source of evil. Tendencies



These words from Francis Bacon hit home. They illustrate something which is not a general feeling as yet but which is a growing suspicion, viz., that our gods are betraying us, that the gods of science, technique and economic growth might not be able to deliver the good life.

## 2. Piece-meal solutions and marxist remedies

There are a number of possible responses to this crisis in the western idea of progress. To begin with, one can develop partial, immediate, and ad hoc alternatives to concrete problems that we face. For example, coordinated efforts could be made to establish consumer organizations to counter-act the subtle influences of sales promotion techniques and advertising. Efforts could be initiated to subject the tyranny by minority groups in the economic system to enforced legal arbitration in the courts. Recycling of waste can be a partial answer to pollution. Or governments might try to solve the inflation spiral by introducing another money structure. Partial answers to other facets of the crisis have been proposed from various sides. It ought to be clear to everyone that these partial and ad hoc answers should not be rejected out of hand. But I would contend that the sum of them do not suffice as final solutions. For the polar tensions in our culture, expressed in the very ordinary life that each one of us lives, cannot be overcome by combating the immediate surface symptoms. We will have to cut to the root of the malady. Concretely, the organization of a consumer counter-vailing force to hem in the destructive effects of advertising only directs itself to a symptom. It is one of many surface symptoms of a society which gives economic growth priority over respect for the consumer. As a matter of fact, the very conception which looks upon men and women, fathers and mothers, teenagers and senior citizens, as "blocks" of consumers, is only the other side of the coin which spells primacy for economic growth. If we desire to do battle with the symptom of





individualistically and thus egotistically organized, protected by the state). We have seen that the immediate roots of capitalism are imbedded in the Enlightenment notion of progress. Marxism shares these roots. Marxism is an offspring of the Enlightenment mind with its devotion to technical mastery of nature as the foundation for human happiness. The goals of communism can only be achieved in terms of the fulfillment of economic categories. For this reason the marxist therapy for the capitalist illness will not get us out of our troubles.

My second comment focuses on a different, though not an entirely unrelated, facet of marxism. I believe that it is a serious error, which can take on demonic proportions, to maintain that societal structures in themselves have a totally redeeming and liberating power. Marxism argues that the elements of our present culture - including its evils - are a result of wrong societal structurations. This is a scape-goat theory about the source of evil; it represents an attempt to externalize man's sin while man himself remains good. I do not mean to deny the influence which a wrong societal structuration can exert on one's beliefs and one's life. But at the same time I would contend that every societal structuration is an institutionalization of belief and human commitment. Because of this I cannot share the marxist remedy, which seeks a cure for present evil structurations in supposedly redeeming alternative structurations.

### 3. Searching for Christian alternatives

Christians must go to the roots of the crisis of our time. That means, I strongly believe, that they must confront the western idea of progress itself. For this idea is (a) the dynamic central expression of humanistic belief, differently organized in the "denominations" of capitalism and communism; (b) the driving power behind our existing societal order; and (c) the real source of the coming crisis in our society. We must go to the roots, not only in a negative and critical manner. We must - positively -



to face with the destruction they themselves have caused because of their idolatrous religious allegiance. But they will deny their guilt, blame a scape-goat, and reject conversion.

Rev. 9:20 speaks volumes here.

Christians must avoid the danger of looking for a scape-goat, of externalizing their sins. They should acknowledge the relation between the apostate religion of western society and its expression in societal structurations which, in turn, can have a power over men and mold their lives. In the measure that Christians have accommodated themselves to this non-Christian religion, or in the measure that they have permitted societal structurations to mold their values and life-styles, in that measure Christians must repent.

Finally, there is hope because the Word of God itself has taken the key position. Its acceptance or its refusal will determine the future course of our civilization. Around the prevailing Word the real decisions of our future will be taken. An obedient Christian revival and movement must therefore always follow the Word of God on its path through the world, making explicit what it means. Such an obedient movement will bring with it - and has to bring with it - its own societal expression. A genuine belief can remove and build mountains. That is visible in the architecture of western society, which is in many aspects an offspring of humanistic belief. Therefore, a genuinely Christian belief has the in-built possibility to remove that mountain and to renew the face of western society.

#### 4. Tasks for the Christian community

In our reflections together we have focused mainly on trends of our time. In my concluding comments I would like to say a few things about the tasks of the community of Christ's disciples in the days that lie ahead. These comments will have to be in the form of suggestions. In my little book, A Christian Political Option,



creaturely act of buying and selling must be opened up to our citizenship in the Kingdom of Jesus Christ. Our mandate as agents of reconciliation is therefore the focal point for the fulfillment of the mandates of creation. Paul indicates that the mandate of reconciliation relativizes what is demanded by the order for creation.

Let me try to approach the same problem from another angle. God created a structured world with a variety of ordered parts and dimensions which provide the context for harmonious cultural development - to the honour of God. We have seen earlier how man, disobediently seeking himself and his own glory, is inclined to "isms" and a restrictive use of creation. The task of the Christian community lies in its struggle against these "isms" and the demonic restrictions in the use of creation. God calls men to "open up" creation to His glory.

This Biblical theme has been given theoretical expression in the sociology of the philosophy of the cosmonomic idea. Herman Dooyeweerd makes a distinction between the qualifying and the foundational function of societal structures. The state, for instance, is qualified by its jural function - that is, by doing justice - and is founded in culturally formative political power. Similarly, a business enterprise is qualified by its economic function - that is, by doing stewardship - and is founded in culturally formative economic power. That power in effect is economic authority over scarce resources.

One meaningful way of interpreting contemporary cultural trends lies in the recognition of the prevalent tendency to play down or reduce societal structures to their foundational functions. This tendency is present when a business enterprise is not viewed in terms of the development of a collective human stewardship of the economic potentials present in creation but in terms of the development of the autonomous use and increase of capital power. This tendency is one of the key marks of the capitalist



procreation. One can also point to conceptions which unduly hasten cultural disclosure. Here we are reminded of Jesus' reprimand to the young man who brought all his money to the temple while his parents went hungry. One might also think of the efforts of the Scottish covenanters to have Christ acknowledged as Lord of the state in the constitution of the land. An entrepreneur who gives away his entire economic surplus in an attempt to fulfill other mandates without guaranteeing the continuance of his enterprise is also engaged in an act of hastened disclosure. I mention these examples mainly because a revival of Christian social consciousness among us should not end in visionary illusions that will in the end bring only frustrations. Illusions do not contribute to Christian social practice since they do not shed light on those crystallization points in society where a genuine restoration of normative direction in concrete situations is possible.

Christian social consciousness should lead to action. In summary, I believe that Christian social action should be characterized by these marks:

Christian social action must express love (agape). When Christ was asked, "Who is my neighbour?" He answered with another question: "Who is the neighbour of the person in need?" Christ breaks through our notions of who our neighbours are, that is, members of "my" group. The expression of love is not bound to the realization of self-interest. Christian social and political action should clearly not be limited to those crystallization points where the benefits for Christians themselves are in the foreground.

Christian social action must express an element of healing.

It should be clear that Christians are interested in serving rather in being served. This does not mean that tension in the social struggle must be avoided. But the negative or critical element

must be set in the context of positive healing of social wounds.

Christian social action must express an element of suffering. In the early church we find Christians struggling and suffering for the sake of the Lord. They were the militant church. Today also we are called upon to suffer as agents of reconciliation, as ministering servants of the healing Lordship of Christ.

Christian social action must relate institutions to their norms.

We have spoken of this in terms of the qualifying functions of societal structures. Christian witness and action must attempt to open closed situations. Christians should search for the weakest elements in a secularized society and suggest alternatives there.

Christian social action should be a signpost for the coming Kingdom.

It should point to a renewal of the earth by Christ's introduction of the final order. Christian cultural action is not a matter of Christian "self-realization". We work, in the expectation of the fulfillment of the coming Kingdom. Christians are pioneers in this world, forerunners of the Reign to come.