



The Family—Creators of Wealth, Victims of Poverty: A Theological Response to Fukuyama's *Trust*

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THE ACCUMULATION OF WEALTH IN THE UNITED STATES IS UNTHINKABLE APART from the pervasive element of trust. The most critical player in creating and maintaining trust has been the family. Liberal democracy and capitalism in America owe their existence to the ability of Americans to participate in groups outside their families, to join various associations that are held together by trust, which is usually engendered in us first of all within the family. In a nutshell this is the proposition that will be investigated in the essay to follow, introduced and illustrated by one of Francis Fukuyama's many historical allusions.

In the middle of the last century the railroads radically transformed America. Consider what was involved when a New York dealer contracted for a shipment of grain or cattle from Abilene or Topeka to Chicago. Much depended on trust. "With

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At a time when faith is widely viewed as a private matter, Francis Fukuyama's Trust demonstrates its public and practical importance. From a Christian perspective, however, Fukuyama's view that economic performance is the standard by which to judge a culture is insufficient and finally irresponsible.

the development of railroads and telegraphs, a dealer in New York could, by the time of the Civil War, place direct orders...with producers in Kansas or Texas. This cut down the number of advances necessary and hence the risk, but it did not eliminate the need for both parties to believe the word of a partner he had never met at the end of a thousand-mile telegraph line.”¹

Francis Fukuyama is perhaps best known for an earlier book² that aroused considerable debate around his argument that the collapse of communism had settled, once for all, the conflict over which of several ideologies should determine the nature of politics and human institutions. The concluding sentence of his *Trust: The Social Virtues and the Creation of Prosperity* asserts that now that history and its competing ideologies are no longer at the center, “the preservation and accumulation of social capital will occupy center stage.”³ The key term, social capital, has entered the American lexicon through studies like this one. In Fukuyama’s definition it is “a capability that arises from the prevalence of trust in a society....It can be embodied in the smallest and most basic social group, the family, as well as the largest of all groups, the nation, and in all other groups in between....[and] it is usually created and transmitted through cultural mechanisms like religion, tradition or historical habit.”⁴ Trust is closely linked throughout this book with “spontaneous sociability” or “the art of association” (de Tocqueville’s term). In one form or another it is at the core of every political and economic arrangement. The bulk of Fukuyama’s study is a comparative evaluation of “high trust” societies (Japan, Germany, and the United States) and “low trust” societies (China, Italy, and France). At the heart of this intriguing and very readable book (by a social scientist at that!) is Fukuyama’s analysis of the “crisis of trust” in American society. The crisis is upon us because America’s once ample fund of “social capital” is being rapidly depleted at the close of the century. Throughout the book the reader is presented with the specter of economic and social decline in America. The crisis indicators are the “data that point to a striking decline in sociability in the United States,” namely the drop in membership in the voluntary groups, the decline in net church attendance, loss of membership in unions, lower participation in parent-teacher associations, fraternal groups, boy scouts, and on and on. He cites the now famous Putnam study, “Bowling Alone.”⁵ Meanwhile, as America’s funds in the bank of social capital decline, the importance of the family is dramatically increased because “it becomes the only remaining opportunity for moral community of any sort.”⁶

¹Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1995) 276.

²Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

³*Trust*, 362.

⁴*Ibid.*, 26.

⁵Robert D. Putnam, “Bowling Alone,” *Journal of Democracy* 6 (1995) 65-78.

⁶*Trust*, 309.

I. FAMILY, CULTURE, RELIGION, WEALTH

For Christians it is commonsensical that these four dimensions of our lives in society are closely linked, that they influence one another to and fro, up and down, within and without. But as Fukuyama points out, what he—and most Christians—would join together, academic economists would put asunder. Among the specialists, “economic thought has been dominated by neoclassical or free market economists associated with names like Milton Friedman,” for whom economic behavior is motivated entirely by rational choice and self-interest, in total neglect of Adam Smith’s own understanding that “economic life is deeply embedded in social life and cannot be understood apart from the customs, morals and habits of the society in which it occurs.” Economic theories of the likes of Friedman’s, says Fukuyama, are only 80% right. Economics “cannot be divorced from culture” as if it were only determined by rational calculation of individuals guided solely by material self-interest. Such things as law, contracts, and economic reason are necessary but are not a sufficient basis for understanding the realities of prosperity and poverty. Fukuyama sets out to show how various economic systems in the contemporary world have a common thread, namely, the actors in all these systems are supported in their actions by their communities—understood to be cultural entities in which “a set of ethical habits and moral obligations [are] internalized by each of the communities’ members....Decisions to support the community [are] not based on narrow economic self-interest.”⁷ This book is a sustained refutation of the adequacy of neoclassical free market economics. The 20% that is missing in such theories is the concept of “social capital” or trust.

People do act often enough out of self-interest to make Friedman’s “laws” of economics useful, but no economic policy or prescription—for example, should plant X be kept open, should industry Y be subsidized?—can ignore a crucial variable. “The important variable is not industrial policy per se but culture,” and by implication the centrality of the family and all those effective organizations based on shared ethical values. It is primarily in the family that human beings have to learn to work together, to associate spontaneously beyond the family, and to create new forms of organization that are the key to efficient economic growth.

Most businesses prior to the nineteenth century were family owned and maintained, but with the coming of the industrial revolution, no family could create and maintain the new economic organizations that were required to keep the railroads running on time. Some cultures—like Japan, the United States, and Germany—developed the knack of creating social groups “in the middle” between the family and the state, or between the family and the church hierarchy. This “middle” range of associations, where trust is expressed outside the family or the state, is absent in Russia, many Latin American societies, France, Spain, and Italy:

It is no accident that the United States, Japan and Germany were the first

⁷Ibid., 9ff.

countries to develop large, modern, rationally organized, professionally managed corporations. Each of these cultures had certain characteristics that allowed business organizations to move beyond the family rather rapidly and to create a variety of new, voluntary social groups that were not based on kinship. They were able to do so [as Fukuyama demonstrates in considerable detail] because in each of these societies there was a high degree of trust between individuals who were not related to one another, and hence a solid basis for social capital.⁸

What of religion's role in the creation of wealth? The technical advances alone, associated with the creation of wealth in modern societies, are not sufficient to account for that wealth. In large economic enterprises there is the need for mutual trust among participants (free-loaders, cheats, embezzlers can undo the whole system) and for loyalty to the corporate enterprise. Religion? It can be an obstacle to the creation of prosperity when, for example, it condemns interest rates as usurious. But it can also provide a means for internalizing the rules of proper market behavior. The Church of Jesus Christ of Latter-Day Saints offers the best example of a community of people who have internalized shared moral values of discipline, hard work, honesty, and worldly achievement. "Today it receives what amounts to over \$8 billion a year in revenues and disposes of multi-billion dollar investment and real estate portfolios."⁹

The prominence of sectarian protestantism in America, says Fukuyama, is crucial for any attempt to understand the centrality and importance of "associational life" in America so essential for the creation of prosperity. Protestantism promotes both individualism in its rejection of authoritarian forms of church life and a meaningful sense of community when it extracts a high price in commitment and change in lifestyle. Sectarian, fundamentalist protestants have a much stronger sense of community than easy-going mainline denominations, although the downside is often a religiously sanctioned racism and sexism. Fukuyama suggests that it was sectarian protestantism of the nineteenth century, and not established European-style denominations, that contributed most to what de Tocqueville called Americans' "art of association," an essential factor in the development of wealth in America. Eventually this ability became "a general American national characteristic" rather than a specifically protestant one. "Sectarian protestantism is thus paradoxically the source of both individualism and community in the United States." It has been argued, however, that in the long run the individualistic impulse will win out over the communitarian one. It may well be that the final legacy of American protestantism is an "individualistic cast of mind...unable to accept stable authority or social consensus for any length of time."¹⁰ Individualism will eventually destroy social capital and with it all possibility for the creation of prosperity for all. Indeed the greatest enemy to our economic system is not communism or such but, according to George Soros, it is the dominant *laissez-faire*

⁸Ibid., 57.

⁹Ibid., 291.

¹⁰Ibid., 293.

ideology that threatens to close down, rather than to foster, open and democratic processes.¹¹

Underlying the social theories of this book is Fukuyama's straightforward anthropology. Human beings are both selfish and social. Even where family ties and stable associational organizations have disappeared as in American inner cities, there is still community of sorts, albeit a "delinquent community," that is, criminal organizations and gangs. "It is as if there is a natural, universal human impulse toward sociability, which if blocked from expressing itself through legitimate social structures like the family or voluntary organizations, appears in pathological forms like criminal gangs."¹² The strongest forms of social organization in the American inner city or in Russia or more recently in South African cities are often the "mafia"-like gangs. The question is how varying cultures and social settings can achieve some kind of balance between the selfish and the social nature of human beings.

There is also a normative proposal that is a perspective from whose vantage point Fukuyama is bold to be critical of free-market economic theories on the one side and valueless, relativistic multiculturalism on the other. Against the first he writes that "if individuals formed communities only on the basis of rational self-interest, there would be little in the way of public spiritedness, self-sacrifice, pride, charity, or any of the other virtues that make communities livable. Indeed, one could hardly imagine a meaningful family life if families were essentially contracts between rational, self-interested individuals."¹³ Individualism must be moderated by a public spirit, a willingness to sacrifice for the common good, a "readiness to associate."

Against the excesses of multiculturalism, Fukuyama is quick to say that, while all economic activity and theory are embedded in a culture, not all cultures are "inherently equal." The differences between cultures must be acknowledged for what they are, but they must also be judged by how they perform. He might have quoted scripture—but did not—about judging a tree by its fruits. Any study of the many cultures in which families participate in economic reality "requires the exploration of differences against some standard which *in this book has been economic performance* [my emphasis]. The desire for economic prosperity is itself not culturally determined but almost universally shared....*How* a society arrives and

¹¹Cf. George Soros, "The Capitalist Threat," *The Atlantic Monthly* 279 / 2 (February 1997) 45-58. Soros himself a "prominent capitalist," argues that "the dominant belief...in the magic of the marketplace" is in fact an ideology and "as much a perversion of supposedly scientific verities as Marxism-Leninism." At the time economic theory was born, Adam Smith combined moral philosophy and economic theory. He assumed that people's market behavior was to be guided by their moral principles that are "rooted in tradition, religion and culture." Now market behavior is guided not by traditional values but by "advertising, marketing, even packaging," and the criterion of value is determined by money and not by moral principles. Modern capitalism is "the new enemy" of an "open society" or what Fukuyama would call liberal democracy. The capitalist Soros declares that "a laissez-faire ideology is incompatible with the concept of an open society" (53).

¹²*Trust*, 337f.

¹³*Ibid.*, 351.

the speed with which it does so affect the happiness of its people, and some never arrive at all.”¹⁴

By combining his anthropology (humans are both selfish and social) and his criterion for judging how any given culture both shapes and is shaped by the human condition, namely economic performance (understood in a broad humanistic sense that acknowledges the necessity of trust, rather than in the sense of narrow self-interest and rational choice theories), Fukuyama comes to the point of his whole argument: “*Liberal democracy and capitalism remain the essential, indeed the only[!], framework for the political and economic organization of modern societies*”¹⁵ (My emphasis). One could scarcely articulate a claim for exclusive finality more clearly than that one. It has a christological ring to it. Just as Christ is final, but no christology is ultimate, so democracy and capitalism are final, although there is no perfect manifestation of them anywhere. He does not believe that there is only one form of liberal democracy or one form of capitalism. His chapters on Japan, China and Korea, United States, France, Italy, and Germany attest to that belief. Liberal democracy and capitalism are the “end,” they are somehow the final vision for organizing societies. The “remaining social problems are essentially cultural in nature.” Cultural distinctiveness will continue. The proof of the finality of liberal democracy and capitalism is their ability to speak many languages and to be variously imbedded in many cultures.

II. THE SIMPLICITY OF TRUST AND THE MISTRUST OF SIMPLICITY

“Fukuyama’s new treatise will soon be the favorite non-economist’s book for understanding why societies achieve success or failure in the modern era,” according to one of the dust-cover blurbs, this one by an investment manager. As one of the non-economists who has read the book and who appreciates greatly its impressive philosophical and empirical sophistication, I can say it is a favorite for me for this reason: Fukuyama has restored the idea of trust as a public, relevant, active reality. Trust makes a practical, empirical, discernible difference in more than one’s private life. As Ross Perot would say, “It’s that simple.” But remembering our catechism, we also know that trust—or faith—makes both God and idols. Who has not experienced the effects of misplaced trust? Not everyone in whom we invest our faith is worthy of it. Only God is worthy of the ultimate trust that is our worship.

Let us agree, then: trust, first learned and internalized in the family, is indispensable for organizing our common life in ways that are humane and good for all. And let us agree with the criterion that every social order, political and economic, must be judged by its performance, by its fruits. Fukuyama’s “standard” for judging cultures is “economic performance,” and if social capital is abundant in a culture, “then both markets and democratic politics will thrive, and the market can in fact play a role as a school of sociability that reinforces democratic

¹⁴Ibid., 354.

¹⁵Ibid., 353.

institutions.” It is trust that creates social capital and “social capital makes clear why capitalism and democracy are so closely related.”¹⁶ One can readily agree, partly because it is all so simple, but in the end it is far, far too simple, and as a Christian I distrust the simplicity of Fukuyama’s trust.

Fukuyama’s book, for all its sophisticated ways of analyzing a wide variety of culturally embedded economies, offers no help in evaluating “economic performance” except as the “creation of prosperity.” Whose prosperity are we talking about? And prosperity in what sense? And at what cost to those who do not live in the prosperous nations or communities?¹⁷ And at what cost to the earth’s carrying capacity, or the quality of its atmosphere, water, plant and animal life? These questions raise, for me, utterly serious doubts about “economic performance” as a suitable, adequate, or even moral, criterion for evaluating any social order. Fukuyama is highly critical of standard economic theory but is he critical enough? He insists that the end of history has come, i.e., history understood as a sequence of conflicts among nation-states. We have left political ideology behind. The emergence of liberal democracy and capitalism has spelled the end of that history. It is interesting to note that John Cobb, whose views on economics are quite different, makes a similar point regarding its centrality to our era:

If we ask what has superseded nationalism in Europe, the answer is not continentalism. It is *economism*. What the Europeans have constructed is the European *economic* community. For the sake of greater prosperity for all, French, Germans, and Italians are willing to make profound changes in their societies....The shift to economism is in process in the United States as well....The continuing tension between the nationalism of our recent past and the emerging economism was manifest in the recent war with Iraq. Everyone knew that control of the oil wealth of the Persian Gulf was at the heart of our involvement there.¹⁸

The “creation of prosperity” as a criterion for a social order is simply inadequate. It implies that the good of any society can be measured in economic terms, and usually in terms of the growth of prosperity, which in turn becomes the goal that determines domestic and foreign policy. The logic of Fukuyama’s book is that trust increases economic growth and is itself reinforced by economic performance, and when people come to see the truth of that logic, they will accept economic growth as the trustworthy principle by which to order and to organize personal and social life and as the basis for dealing with all the important problems of

¹⁶*Ibid.*, 354.

¹⁷As I write these words I am one more time back in Africa. Ever since the establishment of the World Bank and International Monetary Fund following World War II, Africa’s economy has been largely controlled by economic policies set by the rich nations of the world. As a direct consequence of those policies and the encouragement to take on huge debts when there was a surplus of petrol dollars available, the whole continent is impoverished, burdened by huge debt, and its condition largely ignored except when the latest atrocities are reported on the television. According to a 1993 UN report, the debt of sub-Saharan Africa was 110% of its GNP. For a wide-ranging discussion among African Lutheran Christians, see *A Just Africa: Ethics and the Economy*, ed. Viggo Mortenson (Geneva: Lutheran World Federation, 1994).

¹⁸John B. Cobb, Jr., *Sustaining the Common Good: A Christian Perspective on the Global Economy* (Cleveland: Pilgrim, 1994) 27.

human life. Economic performance is elevated to the status of what Cobb calls “the power of the great god ‘growth’ to control the hearts as well as the behavior of so many thoughtful people.”¹⁹ The religion of growth has become global, says Cobb. Its adherents are unconvinced by the increasing body of evidence that growth is simply unsustainable, in spite of the fact that the global economy is consuming resources faster than they can be replenished and is producing wastes faster than the processes of nature can absorb or neutralize their poisonous effects.

“Economic performance” and “growth” have such a grip on the popular mind as well as the minds of policy makers that simply bashing them will change nothing; all the while the costs of growth are outstripping the benefits, doing little to reduce the misery of the poor or to stop environmental degradation. Why not try to win the hearts and minds of people away from the dominant way of thinking about these matters to an alternative way? The way we now think about economics is killing us because our theories of growth lead to widespread patterns of consumption that are not sustainable.²⁰

One strategy for countering destructive economic trends is to create counter-cultural communities of resistance and protest, to live in the economic system but to be radically not of the system. This strategy has been proposed by Rodney Clapp in a recent brilliant article in *Christianity Today*.²¹ Cobb offers a different strategy, namely, to challenge the underlying methodology of modern economics and to promote an alternative index for evaluating economic performance, presumably with the hope that policy makers and economists might adopt a different standard and different basis for political decisions. Instead of relying on the typical standard of performance as measured by the Gross National Product, which ignores the costs to the environment, for example, and thus fails to notice the depletion of the very resources that make the “product” possible, Cobb and others suggest a different standard or index called the Index of Sustainable Economic Welfare (ISEW).

Unlike the GNP, the ISEW does not pressure local and national communities in the developing world to trade with the rich nations, usually subordinating the interests of the local communities and undermining their own traditional means of sustaining their livelihood. The ISEW reverses the logic of most economic theories that are designed to support modern industrial society. That is to say, modern

¹⁹Ibid., 47f.

²⁰See Rodney Clapp, “Why the Devil Takes Visa: A Christian Response to the Triumph of Consumerism,” *Christianity Today* (October 7, 1996) 19-33. Consumerism is a way of life that is learned. It became necessary, Clapp argues, to educate people toward insatiability of wants in order to merchandise the excess of goods that the modern industrial economy was capable of producing. “For instance, when James Buchanan Duke procured merely two Bonsack cigarette machines, he could immediately produce 240,000 cigarettes a day—more than the entire U.S. market smoked” (24). Modern advertising was itself invented in this century in order to promote consumption and to close the gap regarding overproduction, which had become the rule and not the exception throughout the economy.

²¹Ibid. Clapp, in this well-researched essay, describes such efforts of Christian resistance to the consumerism that is needed to promote growth. “Consumption is by no means necessarily bad. We must consume to live, and we can consume Christianly” (33). Clapp promotes an alternative consciousness, a different character, and what he describes as a “priestly stewardship.”

economic theory subordinates the society to the economy, the effect of which is such a huge assault on community that human relationships are trivialized in pursuit of increased production.²² The ISEW would oblige anyone measuring “economic performance” to ask how the economy serves the community and enhances the values that support development.²³ To paraphrase Jesus, the economy is made to serve human communities, human communities are not made to serve economic systems. That biblical word brings us back to the world of daily life.

III. ECONOMICS AND THE CHRISTIAN LIFE

The critical questions raised in this issue of *Word & World* and by the provocative theory of Francis Fukuyama are too important to be left solely to the specialists in economics cited by him, or to theologians like Cobb and others, or even to a social scientist like Fukuyama. Economics is not a classroom theory, it pervades all of our existence even if we don't have a theory to guide our understanding of what is happening to us and around us. How we live as Christians will always have economic implications for ourselves, the earth, and other people. Indeed the survival of the planet and the quality of life are at stake. The broad and diverse range of Christians who populate our congregations have a right to a deeper and more distinctively Christian understanding of these issues. Our churches should provide an opportunity for their members to engage in thoughtful, informed, and responsible conversations concerning economic life. For that reason I am especially pleased that the Evangelical Lutheran Church in America has recently completed and distributed a splendid resource for just such congregation-based explorations: *Give Us This Day Our Daily Bread: Sufficient, Sustainable Livelihood for All* (Chicago: Division for Church in Society, ELCA, 1996). The chief writer, Karen Bloomquist, brings together an impressive array of material gleaned from biblical and historical scholarship, from “listening posts” held among church members, from theoretical and empirical studies of the American economy, and from discussions over several years among members of a special task force representing a variety of interests and disciplines, who then make proposals for “arenas of responsibility.” At the outset, this rather expansive yet accessible document (118 pages plus leaders' guide) describes three “contrasting theories of how our economic system operates.” Theory A is much like that which Fukuyama sharply criticizes for its pretensions of being utterly impersonal, assuming that markets are efficient and somehow regu-

²²To be fair to Fukuyama, he brings a similar critique to bear against economic theorists like Friedman and others. But finally, he seems utterly oblivious to the scope of poverty and environmental degradation in the world or to any sense that there are real material and moral limits to “economic performance.”

²³Cobb, *Sustaining the Common Good*, 66f. The ISEW is but one of Cobb's proposals for a Christian perspective on economy. He is especially critical of the so-called global economy, which has the practical effect of giving inordinate power to those few in the world who have control over capital. Increasingly, capital is being moved across national and political boundaries, beyond the control of local governments. The results are often catastrophic to local communities and economies while increasing the wealth of those who can move money and jobs to other markets.

lated by certain laws. Theory B is close to the view that Fukuyama espouses, namely that capitalist principles have “shortcomings” but can be regulated by culturally based governments guided by emerging liberal democracy. Theory C is closer to my own view and the work of John Cobb referred to earlier.

None of these theories dominates the study, but Christians holding one or the other will all have that favorite theory judged by the central vision of the study. That is, when Christians pray, “Give us [not just me alone] *our* daily bread,” they commit themselves to the idea that God wills for all people a sufficient (enough *is* sufficient) sustainable (i.e., the earth’s resources are sustained and not used up) livelihood (i.e., whatever their God-given life requires). In short, this study does not begin with nor assume one or the other of the various economic theories, but begins with a biblical and confessional vision of God’s will for the creation. This vision is laid out in the first two chapters. Parish pastors and teachers will appreciate the opportunity to present the careful exposition in these chapters; they will recognize some of their own seminary and college teachers’ work in the endnotes. The next three chapters are descriptive of our present economic situation. Again, pastors will appreciate the data, and the complexity of the analyses of those realities with which they live and work in their communities and neighborhoods. Having laid out the normative “text” and described the intricate realities of the “context,” the last two chapters propose what is at stake and what might be done about it, especially under the rubric of Christian responsibility and Christian calling. The study ends where the Christian life takes its beginning, in baptism and the baptismal life of proclamation, prayer, eating together, and awaiting the coming of Christ.

Christians who live in America—still the most prosperous society on the earth—would benefit from discussions around Fukuyama’s thesis. Writing as an academic social scientist, he underscores the centrality of the family as the creator of social values and public trust. Because the family generates trust, it is essential to the creation of wealth in America. Yet for Christians, Fukuyama’s critique of capitalism, as cogent as it is, does not go far enough. More important, his gross neglect of the scope of poverty, which makes families and children its most vulnerable victims, is morally irresponsible. Fortunately Christians in the Evangelical Lutheran Church in America (and others who choose to use it) now have a fine resource for moving the discussion toward a far better resolution than merely the creation of prosperity. ⊕