Christian Ethics in a Capitalist Society
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A Christian ethical critique of capitalism must first understand capitalism itself and especially the moral premises of capitalism. To this end, I make use of Karl Marx’s critique of capitalism, but not in order to argue for socialism or some other form of Marxism over capitalism. Rather, I consider Marx’s thought the greatest internal critique of capitalism made on the basis of fundamentally bourgeois, that is, capitalist, moral assumptions. What I want to do is to lay the groundwork for a Christian critique by subjecting capitalism first to the scrutiny of its own ethical tradition. For this purpose, I will also use one simple device from Alasdair MacIntyre’s *After Virtue* as exemplary of a long moral tradition that begins at least with Aristotle.* The further question of the relation between specifically Christian ethics and capitalism I will address very incompletely. I hope to make clear here, by a kind of moral phenomenology of capitalism, the central issues that are at stake for Christian ethics and to make some preliminary judgments.

It may be useful to contrast my starting points with those of a recent Christian defense of capitalism, Robert Benne’s *The Ethics of Democratic Capitalism*. Having argued that, by the standards of Reinhold Niebuhr and John Rawls, “democratic capitalism” is morally justifiable, Benne’s last chapter (which relies chiefly on Daniel Bell’s *The Cultural Contradictions of Capitalism*) addresses briefly some further challenges to democratic capitalism posed by problems of meaning and value—by which he means chiefly the tendency of capitalism to promote a hedonistic and “me-centered” culture, an adversary society, and a too-great reliance on government entitlements for economic and social security. In contrast, I take these further challenges (Benne actually uses the term “final challenge,” but they come in the book almost as an afterthought) to be at the heart of the moral questions posed by capitalism: they must be addressed prior to questions of distributive justice and liberty (which Benne takes to be central) because they are decisive for how justice and liberty are to be understood.

* A list of books cited in this essay (with bibliographical data) is provided at the end.

I begin by discussing five propositions about capitalism—they are independent—and then comment critically on each in turn with some specific judgments about the requirements of Christian ethics.

I. FIVE PROPOSITIONS ABOUT CAPITALISM

First Proposition: Capitalism is inherently revolutionary in the sense that it continually transforms human relations. There are several aspects of this revolutionary transformation. First,
there is the fact of the mobility of capital itself, its capacity to move from one location to another without regard to traditional human boundaries whether they be family, community, city, nation-states, or cultural configuration, and its tendency always to grow and to seek growth through movement. Second, there is the transformation of human consciousness that corresponds to this mobility and change—in particular, the awareness that human culture is in fact a human artifact (Peter Berger calls it human second nature), not as permanent as nature, subject to human direction and control. This is, of course, part of what we call historical consciousness and modernity and it entails a delegitimation of traditional and existing social order. Third, there is the inexorable transformation of forms of human association—family, community, class, state, etc.—implied in the mobility and the delegitimation.

This is, of course, Marxist analysis, and the three aspects are the terms of dialectical change. Texts giving more detail of revolutionary capitalism are abundant (see especially the Manifesto, the Grundrisse, and Kapital), but one of the most fascinating (and, for some Marxists, embarrassing) texts is Marx’s brief editorial essay on “The British Rule in India.” There, in response to a moral critique of British colonial policy in India made by some American socialists (the essay was written for the New York Tribune, a socialist newspaper for which Marx was, for eleven years, foreign correspondent), Marx argues that British policy was the best thing that had happened to India because it was creating a social revolution where for millennia there had been none. The problem was that Indian and Asian culture in general lacked all historical energy and consciousness and was enslaved by a nature-worshipping religion that prevented human social creativity. Whereas all previous forms of foreign conquest had only exploited the resources of Asia, leaving the social structure and consciousness intact, Britain was transforming the structure and the consciousness (i.e., Britain was “developing” India—not Marx’s word, but what he meant) and thereby creating the conditions whereby India could enter into modern historical consciousness—without which “mankind [cannot] fulfill its historical destiny.”

This remains the definitive critique of the effect of capitalism, and it remains for me an astonished that Western capitalists are surprised when their activity in non-Western cultures yields revolutionary response. Once people are taught by capitalism that the world they know does not have to be the way it is, once they learn that poverty is not a permanent condition written into cosmic or nature’s laws, once they discover that social institutions and nature itself can be transformed by human labor and consciousness, why not then go out and transform human conditions? Once people learn that everything can be subjected to rational cost/benefit analysis, what is to prevent them from constructing a balance sheet that differs in its assumptions from that of the capitalists?

What Marx understood very well—and this makes him the first great sociologist of religion—is that the fundamental modern problem is the problem of legitimacy: once we subject everything to cost/benefit analysis, then everything has a price and anything can in principle be jettisoned if the price is right. To understand this point, we move to the next proposition.

Second Proposition: Capitalism is by definition interested chiefly in external or extrinsic goods rather than in internal or intrinsic goods. The best way to make this point is by reference to Alasdair MacIntyre’s account of external and internal goods in After Virtue.

MacIntyre gives an account of teaching an intelligent seven-year-old child to play chess.
If the child does not particularly want to play chess, but likes candy, he or she may be induced to play by offering candy as a reward for winning. By a careful combining of candy as reward with regulation of the difficulty of play, the child can learn to play well and to win. Now, so long as the candy remains the inducement, the child has no reason not to cheat, and in fact if candy is the sole end, cost/benefit analysis would lead directly to cheating. But if the child comes to value the playing of chess itself, to enjoy and be challenged by the skills, strategy, and imagination required for playing well, the cheating will be directly harmful to himself or herself and not to the opponent.

Candy is the external good in this account; the practice of playing chess is the internal good. MacIntyre then gives a series of contrasts between external goods and internal goods. (1) Any external good can be achieved by a variety of methods, but an internal good is always connected to a specific practice—in this case, playing chess. (2) External goods are visible and quantifiable, but “internal goods can only be identified and recognized by participating in the practice in question.” (3) External goods, when achieved, are always possessed by someone and may be possessed by an individual—they are property—but internal goods, when achieved, benefit a community, those who participate in the practice. Internal goods are social. (4) External goods are tradeable—they can be bought and sold for other external goods—but internal goods remain embedded in the practice.

Now, capital growth and profits in capitalism are both, by these definitions, external goods, and insofar as they are the primary motivations, capitalism is interested chiefly in external goods. It is important to recognize that people within capitalism may still have an interest in internal goods, but capitalism as a system prefers external to internal goods. An example may illustrate:

The United States steel industry is in something of a shambles and the critics point out that among the reasons has been a lack of interest on the part of industry management in the productive process itself. Instead, industry management has preferred diversification and corporate take-overs (U.S. Steel’s purchase of Marathon Oil is a celebrated example) while ignoring new steel technology and the kind of long-term investment in the production of steel that might have kept the industry competitive with foreign steel. This example has hundreds of parallels which are at the heart of modern management controversy about the decline of productivity and about the preference for short-term over long-term profits. The causes are likely many, but from the standpoint of the game analogy, corporate take-overs and short-term profits are cheating at the game of production. The external reward takes precedence over the internal good of the productive process itself. Anyone who has seen what can happen to a well-managed company when it is taken over by a corporation that knows nothing about its specific internal productive practice, which desires only the external goods connected with it, will attest to the disastrous consequences for production. And we are only beginning to understand the economic and social costs of this cheating: high interest rates (as industry borrows scarce capital for take-overs rather than production), resulting inflation, loss of productive capacity, unemployment, community disruption as plants close or move—and then the tremendous human and economic costs imposed by this disruption.
It is important to state clearly that external goods are genuine goods and that they can and do serve in protecting, enhancing, and strengthening internal goods; profits are essential in any system, capitalist or socialist, that grows. The problem in this analysis is in preventing external goods from being the primary interest. And because the chief measure of success in a capitalist system is profits, there is inexorable pressure toward the achievement of external goods at the expense of internal goods, of winning rather than playing the game.

Indeed, there is every indication that our culture as a whole is increasingly incapable of identifying and preserving internal goods. This was anticipated more than forty years ago (earlier by Marx, of course) by Joseph Schumpeter in his classic work, *Capitalism, Socialism, and Democracy*:

As soon as men and women learn the utilitarian lesson and refuse to take for granted the traditional arrangements that their social environment makes for them, as soon as they acquire the habit of weighing the individual advantages and disadvantages of any prospective course of action—or, as we might also put it, as soon as they introduce into their private life a sort of inarticulate system of cost accounting—they cannot fail to become aware of the heavy personal sacrifices that family ties and especially parenthood entail under modern conditions and of the fact that at the same time, excepting the cases of farmers and peasants, children cease to be economic assets. These sacrifices do not consist only of the items that come within the reach of the measuring rod of money but comprise in addition an indefinite amount of loss of comfort, of freedom from care, and opportunity to enjoy alternatives of increasing attractiveness and variety—alternatives to be compared with joys of parenthood that are being subjected to a critical analysis of increasing severity. The implication of this is not weakened, but strengthened by the fact that the balance sheet is likely to be incomplete, perhaps even fundamentally wrong. (pp. 157-58)

This was written more than forty years ago, but surely Schumpeter’s analysis of the cost-benefit thinking which families do has been borne out. Children are increasingly seen as a financial and personal liability and the practice of rearing children, once conceived of as an internal good, is repeatedly viewed as an external good. Children are to be costed like automobiles. But it is Schumpeter’s last point that I want to emphasize: that such crude cost-benefit analysis is almost always likely to be incomplete and fundamentally wrong. Thus,

*Third Proposition:* Capitalist systems have great difficulty in counting costs. The problem is this: in order to count costs—and therefore also to determine whether a system is efficient—one must be able to specify accurately the value of relevant goods and to delimit the scope, both spatially and temporally, of the goods and costs one will count. There are several types of sub-problems here.

First, internal goods are virtually impossible to quantify even if one can determine what they are. It is easy (perhaps deceptively) to quantify the value of candy but not of trust or cooperation. In the best circumstances the internal goods are recognized as being important but
as operating as a kind of irrational surd in the calculating process. An interesting example of this may be found in Kenneth Arrow’s struggle in *The Limits of Organization* to deal with trust—a good which, he recognizes, is absolutely essential to the working of any institution including the market, but which defies quantification and therefore cannot be factored into efficiency calculation (ironically and revealingly, Arrow notes that economists call goods like trust “externalities,” an exact inversion of the position taken here). Because of the difficulties in clearly identifying and quantifying them, internal goods are often minimized or set aside, and in the worst cases they are neglected altogether in the cost accounting.

Second, and connected to the first, one cannot possibly count all the costs to everyone. Every cost analysis and every measure of efficiency inevitably requires a fairly arbitrary decision to count some costs rather than others, to demarcate the relevant universe of costs. So a decision to close or move a plant is efficient from the standpoint of the corporation and may conceivably be counted as efficient from the standpoint of the national economy, but the cost to a local community and its workers certainly does not show up on the corporate balance-sheet and one fears it does not show up on the national balance-sheet, in part because there is no accurate national balance-sheet. Indeed, widening the universe of relevant costs and benefits to an international arena makes clear just why the calculation of costs is virtually impossible, and lends credence to the charge that the highly-touted creativity and dynamism of corporate capitalism is in fact a function of externalized and uncounted costs, costs which may show up only over time and which are borne by people without the political power to make them visible—i.e., to force them to be counted.

So, third, it is in principle difficult to know all the future costs of any decision, and we therefore tend to make decisions on the basis of short-term analysis. And that can be disastrously wrong. I have already spoken of the mistakes of American industry, but here is another example. In a column in *The New York Times*, Anthony Lewis some time ago reported on the economic effect of cutting food to needy children and especially to pregnant and nursing mothers. According to a noted nutritionist, such cuts lead statistically to an increase in premature births, and with that to an increase in the incidence of retardation. Using the cost in one state (Massachusetts) for lifetime support of a retarded person, which is two to three million dollars, it can be calculated that every dollar spent on a food program to pregnant and nursing mothers saves at least three to four dollars later on. The food cuts, made in the name of cost analysis, have helped only short-term costs and are disastrous for the longer term.

*Fourth Proposition:* In a capitalist society, major social decisions affecting the general welfare are made not as conscious decisions about general welfare, but as by-products of countless myriads of decisions by individuals seeking their own profit. For example, a list of major social decisions that would be indicators of any society’s well-being would include at least the following: how much is produced; what is to be produced; how labor is to be allocated in different occupations and industry; where goods and services are to be produced and therefore where labor is located; what technologies are to be developed and deployed; the distribution of wealth and income. In a capitalist society decisions about these critically important measures of social well-being come as a consequence of a complex pattern of interactions and exchanges all entered into by individuals having only their
own benefit in mind—the general welfare is no part of their intention. This is the meaning of Adam Smith’s “invisible hand.” It means, as C. E. Lindblom has put it in Politics and Markets, that our major social solutions are “epiphenomenal solutions.” Another way of putting this is to say that many decisive social solutions are “accidents”—the central point of Michael Harrington’s Accidental Century. The list of examples is long: the residential patterns of any large city, the flight of capital to the sunbelt, the transition from a work culture to a consumption culture, the creation of a separate teenage economy and culture, the export of manufacturing to other countries, the transformation of the U.S. economy into a service economy, the vocationalizing of higher education, and so on and so on.

If we go on to reflect that many of the internal goods associated with cooperation, community life, and the like are profoundly affected by the external goods at stake in the major social decisions listed above, then it is clear that these internal goods are affected as to their health and care epiphenomenally—which is to say that they may not be cared for at all. The external goods are at the center of attention and give shape to the intention of rational actors in the marketplace. If internal goods survive, it is because individuals choose to protect them also—but internal goods as social goods have no privileged place in the capitalist system of accounting. They become epiphenomena.

Fifth Proposition: Capitalist systems inevitably cast all questions of justice into questions of distribution in a zero-sum game (see Lester Thurow’s The Zero-Sum Society). This point follows directly from the preoccupation with external goods: since these by definition are possessed by individuals, questions of justice have to do with who possesses what. Furthermore, since external goods are by definition scarce goods, every distributioanal question is always a question of taking something away from someone in order to give it to someone else, and the solution to every social problem is always a question of assigning costs. Thurow has made this elegantly clear.

It is important to add that the critique made of capitalism that it inevitably leads to great disproportion of wealth and income unless corrected by government is true but refers to a problem that is only part of the larger problem of the way the justice problem is inevitably construed. Likewise, the observation that capitalist societies are invariably adversary societies is merely a corollary of the more basic issue of how justice is conceived.

So it is that liberal theories of justice, whether utilitarian or contractarian (as in Rawls), are preoccupied with distributional problems and with liberty—these are the problems of a zero-sum game, i.e., competition for scarce external goods. Even when internal goods are considered (as they are, for example, in J. S. Mill and in Rawls’ concern for the eventual achievement of cooperation and community), the internal goods are supposed to be dependent upon prior attention to getting everyone an appropriate piece of the pie of external goods. If the internal goods are not then forthcoming, one can only hope (as in Bell and Benne) that they will come about as part of a spiritual revival—which is to say that internal goods are finally spiritualized. The question of whether the systemic preoccupation with external goods may itself prevent the realization of internal goods is not, and cannot be, addressed.
II. CRITIQUE

Two comments may be useful before taking up each point in critique. First of all, virtually everything I have said has been said before. If my analysis has any novelty, it is in the use of the distinction between internal and external goods to explicate old themes (such as Marx’s notion of alienation). Second, a good part of this analysis applies to many socialist and communist societies as well as to capitalism: it addresses features of modernization in general, including historical consciousness, advanced division of labor, and the economic view of things (i.e., everything has a cost). This is why the debate between capitalism and socialism is often sterile and why Christian ethics must address the foundational issues rather than letting the usual debate set the terms of argument. So, to each proposition.

First: The revolutionary impetus of capitalism is a problem for capitalism and Marxism alike—as Marx’s own texts make clear. The difference is that forms of Marxism have been more self-conscious about the revolutionary transformation. But that self-consciousness has not necessarily led to more humane revolutionary transformations into modernity.

Whether the revolutionary transformation can be humane is subject to debate. The pessimists, characterized in the extreme by the work of Jacques Ellul but more generally by many who deplore advanced technological civilization (such as in the “small is beautiful” movement), argue that modern large-scale organization with its necessary rational cost-accounting is intrinsically inhumane and destructive of internal goods. The optimists, who include most Marxists and all those Christians who embrace secularity as the handmaiden of the gospel, count the revolutionary destruction of traditional forms of community as liberating. The movement toward an individualized society in relative abundance is prelude to the possibility of either a new universal community or the possibility of new forms of human association unfettered by the particularistic, traditionalistic, and historically uncreative (thus also religious and superstitious) communities of the past.

I assume that the process of revolutionary transformation is irreversible and therefore find the former position or solution unpersuasive. At the same time, I do not assume an inevitable connection between the process and either the development of a new humanity or the possibility of new contexts for internal goods. In any case, Christian judgment and social policy depend finally on the response to the other propositions and especially to the distinction between external and internal goods.

Second: Clearly, virtually every aspect of my analysis and critique depends on the validity of the distinction between external and internal goods. Moreover, if the distinction holds, it is essential to know whether we can distinguish further between those goods internal to specific practices and to historical communities and those goods internal to any social practice and community, i.e., goods that are constitutive to human cooperation and human morality universally. Resolution of these issues goes beyond the scope of this essay but I call attention to MacIntyre’s After Virtue as a major philosophical effort to work these issues through (it is one of the curious and even bizarre aspects of the book that it comments so little on the obvious parallels in religious thought, historical and contemporary).

I assume without argument here that there are internal goods; that we can specify those peculiar to any human practice and cooperation; and that any Christian theology that talks of
persons in community is of necessity committed to this position. Further, I assume that internal goods are morally prior to external goods. By this I mean that internal goods are constitutive of human sociality and that external goods can serve them, protect them, and enhance them; that the presence of internal goods can create the need for external goods; that the absence of external goods can lead to the deterioration or loss of internal goods; but that external goods cannot create the need for internal goods; and that preoccupation with external goods can diminish internal goods. Briefly put, external goods should always serve internal goods and not vice versa. Theologically put, joining the Christian community with its realization of internal goods is not a function of external goods, and the internal goods of the Christian community place strong limits on the pursuit and use of external goods.

Given these assumptions, I take it that one of the primary tasks of Christian ethics is to clarify the nature of internal human goods and to specify for the church and the culture at large how external goods, together with the system that produces, exchanges, and allocates them, either serve or disserve the internal goods. That task is both intellectual and ecclesiological: it requires some sophistication about economic systems, but it also requires that the church exemplify in its life a model of how internal and external goods are related, much as the early church sought to exemplify in its institutional life a better model of government. The difficulty of this self-critical ecclesiological task is perhaps the chief barrier to the positive intellectual task. Its implications may be clearer in a discussion of counting costs.

Third: Churches aside, only governments can count costs for a society as a whole. Individual and corporate economic actors will count only those costs they want to or which they are forced to count. Government is, finally, the only institution that in principle is concerned with the total balance sheet. For this reason alone, the Christian should always be an active supporter of government as a balance to merely private interests and private cost-accounting. This does not mean abandoning markets. On the contrary, it means learning more about what markets can and cannot do, in particular to know that markets do not count all costs, and therefore to give government priority precisely because it by contrast can count costs.

But the churches in principle represent (at least proleptically) a constituency far broader than any government. Their task should therefore be to help count costs, first of all by clarifying the nature of internal goods and the relation of external goods to them; and second, by constantly drawing attention to, and giving political articulation to, those costs which are externalized on politically powerless people (as well as on nature). They must do this because government will fail in its principled task either because it is captured by powers with an interest in discounting the externalized costs; or because the task is simply too large even for government.

But the churches, too, are captured by class, residential, regional, and cultural interests. Social cost-accounting requires an institutional structure that transcends these interests (it is not by accident that national church bodies are far ahead of local churches in such matters). Thus, if churches are to assist in the counting of costs, they must escape their bondage to local and particularistic interests—an old and perhaps tired point, but no less true for being old and tired. Indeed local churches could take their present, culturally ascribed tasks—which pretty much boil down to mending families and persons broken by the mobility of capital and the pursuit of...
external goods—and transform these into sources of prophetic protest against the externalized costs they represent. Such prophetic work means transforming the preoccupation with family and personal development into a concern for internal goods to be realized within the whole of modern economic and institutional life. This also requires that the churches organize across class, racial, and residential lines.

Fourth: A critical appreciation of markets and their costs will be a chastened appreciation of markets, recognizing their invaluable role because of limited human rationality (on this, see Lindblom’s *Politics and Markets*) but at the same time being unwilling to permit major social decisions to be merely epiphenomenal and accidental. Working out policy along these lines is a major task. I hazard here tentative judgments about the direction of such policy on the macro and the micro level.

On the *macro* level, Christians should support a national investment policy which (1) regulates to some extent the geographic flow of capital with an eye to protecting existing communities; (2) influences what is produced and where, with an eye to maintaining something of a balanced economy; and (3) favors investment in production rather than in acquisitions and takeovers.

On the *micro* level, Christians and churches should encourage experiments in worker/management participation so that individuals may begin to see their work not merely as a means to external goods but as itself productive of internal goods. Such attempts, although not without difficulty, often have a salutary effect on production and efficiency; external goods become the epiphenomenal consequences of the pursuit of internal goods.

Fifth: The question which Christian ethics must decide is whether justice and liberty are to be defined in relation to external goods or to internal goods. If the former, then justice is a question of distribution and liberty a question of individual (isolated) choice. If the latter, then justice is a question of protection and empowerment through participation in community; liberty is then the result of that empowerment.

Those who hold the distributist view of justice and the individual view of liberty hope to provide isolated individuals with sufficient economic means to enter freely into market exchange. They may hope in addition that such persons in their freedom will enter into non-market cooperative activity in which internal goods may develop. But that is a hope only.

Those who see justice and liberty as connected chiefly with the achievement and protection of internal goods are interested in protecting different spheres of human cooperation (family, education, politics) from the intrusion of the market (for this see especially Michael Walzer’s *Spheres of Justice*), and in empowering people through their participation in cooperation and community. They want distributional justice, but to protect the *internal* goods, not to protect isolated individuals. They may have a high regard for markets, but they know that the outcome of exchange among isolated individuals will always yield vastly unequal (and unjust) distributional patterns.

This is the one point on which the communitarian view of justice agrees with Robert Nozick’s critique of Rawls. Therefore, they are committed first to the creation and nurturing of communities because only communities can empower for just exchange and mitigate the worst
effects of exchange.

(A note here: *Commutative justice*, which is the form of justice that by definition governs exchange, requires not merely that the parties to exchange have equal or just “starting points” in terms of external goods, but also that they have roughly similar expectation about and perception of what is being exchanged. Such expectation and perception are of necessity *social* in nature. The only safeguard against incongruency of expectation and perception is the empowerment of community—thus, Reinhold Niebuhr’s championing of the labor unions.)

Behind this choice of points of view for Christian ethics lies a fundamental theological question: whether the human world, even though corrupted by sin, has a moral order or not. As Michael Sandel has recently written, criticizing Rawls (and Kant) in his book, *Liberalism and the Limits of Justice*:

> Bound up with the notion of an independent self is a vision of the moral universe this self must inhabit. Unlike classical Greek and medieval Christian conceptions, the universe of the deontological ethic is a place devoid of inherent meaning, a world ‘disenchanted’ in Max Weber’s phrase, a world without an objective moral order. Only in a universe empty of *telos*, such as seventeenth-century science and philosophy affirmed, is it possible to conceive a subject apart from and prior to its purposes and ends. Only a world ungoverned by a purposive order leaves principles of justice open to human construction and conceptions of the good to individual choice. In this the depth of opposition between deontological liberation and teleological world views most fully appears. (p. 175)

I would add only that the same opposition appears between utilitarian liberalism and the teleological world views. My own reading of the Christian tradition requires assent to a view that the world does have a moral order, the present majority opinion of modernity notwithstanding. For those who read the tradition differently, I hope I have at least contributed to clarifying what the differences are, and what it is that requires their assent.

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**REFERENCES**


