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# **Economics, Faith and Moral Responsibility**

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**Robert A. Sirico**

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## Foreword

Questions concerning charity and welfare have become a major focus of social policy worldwide. How best to meet the needs of the most vulnerable is a legitimate area of Christian concern. But public debate is easily derailed if there exists a vacuum of ignorance concerning economic systems and their effect on the welfare of society. In particular, there is a lack of awareness of the strong claim of the open market economy to be considered morally superior to systems that lean towards socialism.

In this CIS Occasional Paper, Father Robert Sirico counters confused claims and ill-considered assertions advanced by leaders of the mainstream churches in New Zealand. In a recent 'Statement on Social Justice' issued by leaders of ten New Zealand churches, and in accompanying media comment, politicised church spokespersons have extended concern for the poor and underprivileged into an attack on the free-market economy, the nature of capitalist society, the functions of the business community, inequality of incomes, and the generation of wealth. Even more seriously, leading figures in the Roman Catholic church have accused those offering to debate these issues, in a Christian context, of distortion and dishonesty in argument.

Father Sirico supplies us with a very timely reminder of the moral justification of a market economy, and of the Church's failure to appreciate the entrepreneurial vocation. There is little understanding that if all are to be able to share prosperity, wealth must first be created. To portray businesspeople as self-serving is not only uncharitable but counterproductive, since it can only inhibit the enterprise and enthusiasm necessary for the commercial success from which everyone ultimately benefits. New technology and products, less wasteful use of resources, and cheaper goods and services are all by-products of the creative and competitive energy of enthusiastic individuals in the business world.

Father Sirico examines the effects of economic policies within the broad context of Christian morality. Economics is fundamentally about people; the real aim of economic policy is to increase the quality of life for the individual and the community. Sirico illustrates the fact that the open market system is a vast network of human cooperation as well as competition. Contrary to the naive belief that it is a rampant, rapacious institution, unfettered by any controls, the free market operates with legal and moral safeguards. Sirico highlights the fact that the successful operation of the market depends on individual responsibility. The

open market economy, like all human institutions or systems, can be used for good or for ill by groups and individuals operating within it.

Father Sirico examines a number of issues such as the justification of private enterprise, the importance of private property, privatisation, and the legitimacy of profit. He also considers incentives for responsible behaviour, the principle of subsidiarity, and the possibility that some forms of charity might do more harm than good.

In his analysis of the limited potential of state action to address human problems, Father Sirico explains in detail why government bureaucracies are unable satisfactorily to help the poor, and to make the distinction between legitimate and illegitimate aid. He outlines the historic function of the church in this area, and the importance of individual response and commitment.

This paper contains a valuable and authoritative appreciation of the moral justification of the market economy. Radicalised clergy are misguided in using concern for the underprivileged as a weapon with which to attack its democratic nature.

**Agnes-Mary Brooke**



## **About the Author**

The Reverend **Robert A. Sirico** is Founder and President of the Acton Institute for the Study of Religion and Liberty, Michigan, USA. He is a member of the Missionary Society of St Paul the Apostle and a member of the American Academy of Religion. He has published in a wide variety of journals on religious, political, economic and social matters.



# Economics, Faith and Moral Responsibility

**Robert A. Sirico**

**T**he Gospel of Jesus Christ requires more than a commitment to personal salvation. It also requires the application of moral concerns to contemporary social problems and an evaluation of the ways in which policies affecting society and the economy should be informed by Christian traditions.

The moral test of any policy is whether it is consistent with a rigorous concern for the life, liberty, and dignity of the human person. Along with the dignity that He gives to every person, God also gives a rightful expectation that their liberties will be respected and that justice will be pursued on their behalf, so that they may work for their own personal and familial fulfilment as a means for achieving the common good.

A vibrant and enterprising market economy is essential for the achievement of liberty, justice, and dignity, and the enhancement of human life. Also in need of protection are the requisite institutions of property, exchange, entrepreneurship and the rule of law. Secular attempts to disregard these essential institutions, especially during this century, possibly the most secular since the time of Christ, have resulted in material deprivation and human impoverishment.

It is not only through sentiment, but also through careful analysis, that political, sociological, and economic insights can be gained and applied to real-world situations. Far from being separate issues, religious concerns are central to such analysis. At the same time, the insights of economic science and history are disregarded only at great cost to society. The good intentions of political ideas must always be checked by a reasonable understanding of the results of ideas.

Advocacy of the open market economic system does not mean that operations within it are necessarily moral. As discussed later, any system, including this one, can be used by the individuals and groups operating within it for good or for evil. Further, the open market economy depends on strong moral standards that the market itself does not generate. For example, it has been noted that the operation of the market depends on the acceptance of individual responsibility and on the recognition that the worth and dignity of individuals cannot be equated with their success or otherwise in terms of market outcomes. It is within this understanding that we now discuss some issues in

economics and the consequences of various kinds of economic policies within the broader context of morality.

### **Freedom of Exchange, Association, and Enterprise**

The aim of economic policy should be to increase the quality of life for individuals and the community, to expand the production and availability of goods and services, and to do so in a manner consistent with the rights of individuals. These goals are not incompatible. Respect for human liberty and an increase in the quality of life are both features of the exchange economy. In this form of economy, people are left free to improve their lot through cooperative efforts.

The institution of economic exchange is the primary means of increasing overall prosperity. When an economic exchange takes place, each person trades something subjectively regarded as having lower value for something subjectively regarded as having higher value. If two people voluntarily trade eggs and milk, for example, each is made better off than before, else the trade would not have occurred. If everyone in the economy is free to perform these types of exchanges, and to plan for exchanges in the future, a vast network of human cooperation arises to form what is called the market. The market is a constantly changing and developing process because people's values and the availability of resources are constantly changing. The government has a legitimate, indeed essential, role of setting the rules by which markets operate.

The introduction of money into this exchange process does not change the essential cooperative nature of the market. Money makes it possible for the parties in the economy to have a common unit of value, further facilitating the opportunities for trade as well as efficiency. In a money economy, the unit of exchange becomes the common measure by which people can communicate with each other about their respective talents and needs. Money's significance as the most economically desirable commodity is precisely in its use as a means of exchange.

The creation of a network of human cooperation that permits rising prosperity is impossible to achieve without economic exchange. Even with exchange, third-party interruption in the market erects barriers to cooperation that can limit opportunities for the improvement of the human condition. As much as possible, then, freedom of association should be permitted so that people can seek out others who desire to engage in voluntary exchange. Through this kind of contact, the market process allows people the opportunity to realise

material fulfilment; and by finding ways to agree on exchange, the market process increases contact and understanding between people and therefore the sense of community. The more diverse the cultural values of the people, the more freedom of association through exchange becomes an essential means of bringing people together and making their well-being dependent on each others' talents and willingness to trade.

The market economy and its requisite institutions are not only highly desirable in the market for goods and services. In the labour sector, where people offer their talents to others in return for the payment of wages and salaries, free exchange and free association are also crucial components of a healthy community.

All people are called to work for their own well being as well as for society as a whole. This work can take many forms. Much work will be within the home and community and, being outside the market system, unpaid. But neither the existence of pay nor, where there is pay, its level determines the ultimate worth of the individual or of the work undertaken. From the perspective of faith, the ultimate value of work is obtained when it is offered to the glory of God under His value system, regardless of remuneration.

Where the market economy operates, wages and salaries reflect the contribution an individual worker makes to the community of workers in the business firm and to the overall wealth of society. The freedom of employees to change jobs, and the freedom of employers and employees to contract with each other, help to create the conditions in which individuals can find work. Like any other market, the labour market requires a sound legislative framework in which to operate efficiently and for the protection of all parties. But ill considered intervention, however well intentioned, may have perverse results on employment levels in general, and on the employment of the less skilled and more vulnerable workers in particular.

A thriving exchange economy for labour requires more than a commitment to equality, for even in the most homogeneous society people are radically different from each other. No two members of society will have identical interests and talents. An economic system should make it possible for everyone who so wishes to participate in the common task of building prosperity. Fortunately, the cooperative nature of the market economy makes this possible so long as there are not unnecessary barriers to entering existing markets for goods, services and labour. The labour market can easily be disorganised through an ill-advised policy of making wages and salaries the same

(pay equality or parity), through inhibiting the free movement of employees from one firm to another, or through seeking equality of outcome rather than equality of rules. The results of such policies are a displacement of human resources, a limiting of opportunities, and a decline in overall standards of living.

Employees should be treated with the dignity and respect to which their nature as human beings entitles them. This obligation should be considered binding because it grows out of Christ's commandment to love one's neighbour. In addition, the same Gospel that would have workers treated with dignity and respect also binds employees to treat their employers in the same way. In a free market, the relation between the two is as co-benefactors, with both parties coming together on terms of common agreement. Their contracts should be honest and their commitments to each other should be kept. As Proverbs says, 'Wealth obtained by fraud dwindles, but the one who gathers by labour increases it' (13:11). The well-being of society depends on workers not misleading their employers, for workers have a special obligation to be conscious of the risks employers undertake in their roles as entrepreneurs. A reciprocal obligation applies to the employers.

An unfortunate feature of modern religious thought on economics is its characteristic lack of appreciation of the entrepreneurial vocation. This feature is wholly unwarranted. Because the world is not static, and people's needs and values are constantly changing, an economic system requires some means of adjustment. The person who invests his or her own human resources, and the other resources he or she owns, is choosing to assist the economy in keeping up with changes and to serve others in the process. The entrepreneur must constantly be aware of the needs of others, sometimes even before others have become conscious of those needs, and apply resources to seeing that they are met. He or she must have an alertness and innovativeness of mind. To be sure, entrepreneurs can never be certain that a particular investment or project will ultimately work out. But they take a risk, and even choose to meet a payroll, before they can be certain of the future. Sometimes the assessment of the future turns out well, and sometimes it does not. In either case, the entrepreneur's courage to face an uncertain future can be a commendable virtue and a worthy calling.

When successful, entrepreneurs advance the cause of growing prosperity by providing the goods and services that people need and want. They discover new ways of undertaking old tasks. They find more efficient ways of producing, which is another way of saying that they demonstrate ways that God's resources can be put to use more

wisely. By providing jobs, moreover, they do so in a way that is respectful of human dignity. Planned economies that have lacked an appreciation for the economic innovator, and denied innovators a chance to act out their vocation, have stagnated because they failed to keep up with changes in public values and to create new technologies. Market economies that provide opportunities and rewards for entrepreneurs, as well as cultures that afford them appreciation and respect, generate prosperity for everyone.

The entrepreneurial function is often associated with high profits. Yet, in the market, the only way that high profits can come about is when a seller provides products or services that the public purchases at competitive prices. That in no way suggests that the products the public chooses are the best ones or are the ones virtue would most recommend; it is the task of religious leaders, not economic institutions, to direct consumer tastes towards good ends. It is only to say that entrepreneurs successfully profit to the extent that they serve consumers.

The entrepreneur is the most obvious example of the person who uses his or her creative talents, given by the Ultimate Creator, to the good of others. Others in the market division of labour should also exercise the virtue of enterprise and creativity in as many ways as possible. Workers can discover better ways to accomplish tasks, and owners and employers are wise to be open to their suggestions. The freedom to change jobs and locations also provides institutional assurance that those with new ideas and new talents can discover the best way to put them toward the service of others.

### **Private Property**

The central aim of economic policy — increasing the quality of life for individuals and the community in a manner consistent with the dignity of persons — is impossible unless the economy rests on a foundation of privately owned property. With the Psalmist, it should be affirmed that 'the earth is the Lord's, and all it contains, the world, and those who dwell in it' (24:1). As stewards of that property, people must use it according to His laws and values. Property should not become a source of conflict but rather be used to improve the human condition.

Many societies have experimented with the idea of collective ownership, but have discovered that the entire concept is a misnomer. All property must be owned by someone or something, so when people speak of collective ownership they are really talking about ownership by the state or government. Not the least problem with that

concept is that it concentrates power and influence too heavily in one sector. Private property ownership, on the other hand, tends to diffuse power and influence throughout society.

The incentive structure too is different under privately held, as opposed to collectively held, property. When property is in private hands, it is valued by the owner. On the other hand, publicly owned property can easily fall into disrepair because no one in particular is responsible for its upkeep and use.

The proper distribution of private property generates controversy because there are no possible human circumstances under which it can be perfectly equal. Nor should that be society's goal. Rather, it should be its primary concern that those who acquire property should have done so justly, for as Proverbs tells us 'ill-gotten gains do not profit, but righteousness delivers from death' (10:2). Property should be owned by virtue of free contract and voluntarism, not through confiscation, force, or fraud.

The moral injunction against theft — common to most religions — implies a moral injunction against violating the established barriers of property ownership and, logically, the moral legitimacy of property ownership. The most bitter and even bloody struggles in world history have come about because of a failure of some, whether private criminals or public magistrates, to respect the biblical commandment against theft (Exodus 20:15). A similar struggle ensues when society's resources are in public hands, which leads to tragedies of its own sort. Social peace and cooperation are not advanced through struggles over resources but rather through trade and exchange. That requires that the boundaries of property are well defined and well respected.

A practical application of these insights is privatisation. It is commonplace, even in market economies, for certain goods and services to be owned and controlled collectively, that is, by the state. Often, however, the efficient provision of these goods and services can be increased when they are owned by people who have a stronger stake in proper and wise use of the resources used in producing them. It is, therefore, important to consider whether putting a larger share of social resources in the private economy would better serve the public. The best balance between private and public ownership must be determined carefully in the context of each nation's circumstances. Nevertheless, it can be noted that a number of industrialised nations have successfully experimented with privatising industries — and even placing in private hands some goods and services usually thought to be best kept outside of the market process.



## **The Legitimacy of Profit**

Every society must have a guide for allocating its resources because the unlimited nature of human wants always outpaces the scarce resources required to meet them. Even economies where most or all property is held in private hands must have a tool for making sure those resources are used in ways that the community finds most valuable. It is not automatically clear which of the many possibilities of resource use are the best. People must have some way to know if, for example, water is best used to provide drink or for irrigation, or if iron ore is best used for making cars or tractors. The same is true for all social resources. Even the resource of time, which is also scarce, requires some tool to guide allocation.

The best guide for wise allocation is the network of prices that arises naturally from the buying and selling decisions of acting individuals. Here the insights of economics assist the analysis. When the price of a good is lower, it signals abundance and people can buy more of it. When it is higher, it signals a relatively higher level of scarcity, and people must economise in their use of the good and seek ways to expand its supply. Through the price system, which is constantly in flux, consumers know how much of a good they can purchase and use, and producers know how much of a good they can produce and sell.

Prices serve as more than signals for consumption and production; they also allow the calculation of costs. They help people determine whether a good or service is being wasted and therefore should not be in production, or if it is highly desired and therefore its production should be increased. The idea of profit is simply the name that accounting and bookkeeping attach to the condition of income outpacing costs. When a company is making a profit, it knows that it is doing the right thing in the eyes of the public. But when it makes a loss, the price is informing the managers and owners that they need to turn to other pursuits so that social resources are not wasted.

Often, complaints are made about 'excess' profits, but in a market economy they serve an essential function. They signal to other entrepreneurs that the public is demanding more of a particular good or service than is being produced at some price. When business people notice the high profits of others, new investors and creators enter the market to meet the demand and compete them away. It is precisely this inflow and outflow of investors and producers in various markets that make high profits a necessarily temporary condition. The competitive bidding for resources and public attention means no one

is automatically in a profitable position. This process also sets conditions for increasingly efficient modes of production.

From a moral point of view, it is not possible to say that the 'profit motive' is always a good motive. Indeed, a person motivated by the pursuit of profit alone may be seeking a material gain to the exclusion of his or her primary duties to God, family and community. Yet it is not the 'motive' to make profits that makes the existence of prices, profits, and loss essential for any just economy; it is their function as signals to production and consumption that makes prices, profits, and losses essential to wise resource use. In the absence of prices, there is literally no way to tell if resources are serving the public or are being wasted. With prices determined by open market conditions, rational calculation is possible, and information about scarcities is always available.

The benefits of the price system are innumerable. Consumers rely on prices every day to make decisions about activities they take for granted. The price system allows business people to think far into the future. It allows the public to participate in ownership of companies through an active market for capital and to try a hand at entrepreneurship. It grants people the incentive to work and better themselves in the pursuit of living holy lives. But mostly, the price system protects God's world from being abused through waste and ignorance, as has happened wherever prices are not allowed to float freely.

Economic science has, however, drawn attention to circumstances in which prices determined in the open market do not reflect the full costs of producing the goods or services. A particular concern may be that of environmental costs. In these circumstances institutional arrangements should be constructed to ensure that all costs are realised and internalised. At the same time, the existence of third-party effects (externalities) should not be seen as a mandate for excessive government intervention. A comparative institutional approach is always helpful in this regard.

A religious leader may call on a business person to give up profits for the repair of his or her soul. Whether that is sound advice is to be determined by the individual affected. What the religious leader cannot and should not do is call for an economic system without profits, for this would eliminate the best indicator people have of the good and wise stewardship of God's resources.

When the price system is fixed or distorted through various third party interventions — whether price control, inflation, or excessive regulation — the production that it governs similarly becomes distorted. When the prices of goods are held at some level by the force

of law, producers can no longer recover costs in production and shortages inevitably ensue. When wages, which reflect a price for labour, are artificially fixed at a high level by regulation, they shut the most marginal workers out from the division of society's essential tasks. When inflation makes the price system unreliable, which is a form of tampering with weights and measures (Leviticus 19:35-36), it causes grave miscalculations, removes the reason to save and invest in future economic growth and, while it makes the cost of living rise for everyone, it impacts most harshly on the poor.

### **Charity and Welfare**

The welfare of the vulnerable members of society should be a central concern of any society. Some members of society will always require the care of others, including children and the aged. Society has an absolute moral obligation to see that these people are watched over and loved.

The major question for social policy is not **whether** these individuals should be cared for, but **how**. Should people in their capacities as parents and relatives be responsible? Or should they be relieved of that responsibility through social-welfare schemes and laws that hand over to bureaucracies the role of primary caretaker? The best insurance of the well-being of the vulnerable is the intact family unit, because the family knows their needs the best. The second option, giving responsibility away, has grave consequences for the family, for it tells those whom Christ commanded that they no longer need to provide care because others will take over the responsibility (Luke 10:33-37). The system of old-age social security in no way removes the obligation to care for one's parents in old age, but it sets up incentives that are more likely to tempt people to forget their obligations.

Similarly, when the state becomes the primary caretaker of children, through well-intentioned laws designed to enhance their welfare, it tragically reduces the responsibility of parents. A particular problem occurs when the state subsidises behaviour that should be discouraged if strong families are to be retained. An example is out-of-wedlock births. Where the state intervenes with excessive benefits, it can send signals to fathers that it is not necessary for them to stay in their roles as husbands and fathers, resulting in an increase of solo parents (usually female).

Also among the vulnerable in any society are the poor, whether in a person's own family, in the community or in society at large.

When this issue is discussed, the issue of inequality of wealth inevitably arises. But it is not the inequality of wealth that should be of concern, for inequality can also be reduced by making everyone equally poor. The issue is poverty itself and the human suffering that accompanies it.

The best solution to poverty is a growing economy. It provides jobs, better pay, better working conditions, more opportunities, and a chance for everyone to achieve. A growing economy requires that the market economy be allowed to function without the kind of excessive interruption and intervention that diminishes overall wealth.

There are cases when even a growing economy, and all its requisite institutions, leave some in poverty and distress. The causes can be manifold, including personal misfortune or lack of initiative (St Paul in his second letter to the Thessalonians identified this latter situation, 3:10). A note of caution, however: so long as trade is voluntary, the state remains limited, and people can freely contract with each other, the cause of poverty cannot be the wealth of others, as Marxian political philosophy would have people believe. That is why the temptation toward mere redistributionism in the name of charity should be entirely avoided. No long-term benefit to society would accrue from such a policy. The amount of resources that are available should be of concern, and not just the various ways in which they can be distributed.

In thinking about ways to help the poor, the costs and benefits of different strategies should be considered. If people turn to the government, particular dangers arise. Government policies can create impersonal bureaucracies with which the poor will be forced to deal, and which may not be well equipped to analyse the underlying problems that lead to poverty. The targeting of assistance within the context of bureaucracy tends toward imprecision. Public agencies cannot always readily make the necessary distinctions between legitimate need and illegitimate demands. Reciprocal obligations are hard to enforce.

In addition, bureaucracies have a tendency to expand their programs faster than their ability to serve others. They can take a greater and greater share of private wealth, instead of staying within fiscal constraints. The benefits of aid to a specific group might be outweighed by indirect and longer-term costs to the whole community. And the costs of their activities tend to impose heavy burdens of debt on future generations, which are best avoided. Indeed, debt financing by government of current consumption, rather than for long-term

productive investment, raises serious moral questions concerning intergenerational equity.

Long-term poverty is more than a condition of lacking material goods; it is typically a condition that involves deeper problems that require personal attention. This kind of attention is usually best given by individuals, families, and churches rather than agents of the state. That is why the assertion of rights — to a job, to health care, to a good living — is such a serious business. Special care should be taken to prevent open conflicts between rights. For example, a right to a job implicitly requires the obligation on the part of those in a position to hire to act in a way that is in tension with their claim to freedom in the use and disposition of their property.

Thus, in considering their role in the social area, governments not only need to look at immediate issues and concerns but should work towards establishing the best policy environment for the resolution of social problems. This requires attention to the deeper causes of social dislocation rather than simply to its more visible symptoms. Critical also are the issues of the location of social obligations, incentives for responsible behaviour, and the best means of addressing social problems. Further, the costs of social programs, their extent and allocation between groups and generations, require consideration. A particular issue is the place of personal charity.

Jesus commands His followers to be charitable. Charity must be exercised in accordance with His will, and nowhere does He suggest this obligation can be passed on to public employees. Neither can the obligation be discharged by lobbying the government to take on new social-welfare functions. Although it may tempt some, the existence of the welfare state and various forms of social regulation in no way fulfils Christ's commandment to care for the poor. Indeed, forms of charity that keep people in an unnecessary dependency relationship to the state are actually doing more harm than good. In this case, a person following the Gospel of Christ might have an obligation to speak out against the system or program that is the source of the problem.

When people have more disposable income, they can contribute more to charitable causes. Only a free economy can generate this kind of wealth. When people can spend more time in leisure rather than work, they can spend more time volunteering for community activities and service to the poor. Only a free economy allows for growing levels of leisure time to make this possible.

It should be remembered that even the most competent helper of the poor does not discharge his or her whole duty to God because the

poor are made better off. The 'preferential option for the poor' is not the whole of the Gospel, and may never be understood as implying the moral superiority of one class (Leviticus 19:15). In addition, the call to universal salvation issued by the same Gospel must be heeded. For religious men and women, love and service of God should always be the primary focus, and the obligation to others follows from that. When charity and concern for others becomes secularised and taken over by the state, it thereby becomes less of an instrument in the service of God.

### **Subsidiarity**

The whole of society is made up of spheres of sovereignty, which are both distinct and intertwined. The state is distinct from society, society from locality, locality from community, community from church, church from family, and family from individual. Each is essential and each has a function to fulfil. The function is best fulfilled by each staying within its own domain as much as possible. For example, the state should not be asked to assume the task of facilitating religious conversion or spiritual renewal, for that is the task of the church. Correspondingly, the church should not be asked to assume the task of secular law enforcement, for that would represent an equal corruption of proper purpose.

It is well to consider, then, which social functions are best addressed by which sphere and to establish protections for that domain. This is not to say that the spheres cannot overlap. Business, for example, is the place for enterprise, but a family business can be among the most efficient. The community can engage in charitable work that complements the work of the church. But it should not be forgotten that each institution has a primary function often exclusive of others.

The primary purpose of the state is the enforcement of the rule of law and the administration of justice. With regard to other social and individual human problems, the government should not be regarded as the problem solver of first resort. Establishing that a moral obligation exists — to help the poor, for example — does not also establish that the government should be charged with fulfilling that obligation. Allowing for the encroachment of one function on another should be carefully thought out, but a special danger exists when the state is made to interfere with functions that are not its own. Power tends to corrupt precisely because the state has a legal monopoly of the use of coercion.

Just as the social functions should be distinguished among institutions, the principle of subsidiarity must be brought to bear for the common good of the community. This principle says that social issues are best addressed by those closest to the problem, and that higher orders should be enlisted only in cases of obvious failure. The care of the aged and poor, for example, is best left as far as is possible to the lower orders of the family, church, and community, with the higher orders of the nation and state only in a supportive role. Subsidiarity also warns the higher orders against intervening unnecessarily in the affairs of the lower orders.

The principle itself is not satisfied unless the lower orders themselves take care to address the needs that most closely and directly fall within their purview. The unfortunate spiritual temptation raised by the existence of centralised charity provision is that these responsibilities may be pushed aside. The principle also establishes an ordering of responsibilities, so that Christian people understand their primary ones are to God, their families — immediate and extended — and to the community of faith. The state can easily weaken lower orders, and hinder their ability to manage their own affairs through unnecessary intervention.

This manner of approaching social issues ensures that governments consider carefully what powers legitimately belong to them and whether their exercise would increase or reduce the capacity for responsible decision making at lower levels. Governments, and those who seek to advise them, need to recognise the considerable limits of state action to address human problems. The government can be effective as an instrument of coercion — indeed that is its institutional definition and distinction — but not usually as a force for compassion or 'social justice'.

## **Conclusion**

Serious economic and social issues have confronted New Zealand in recent years and those issues will continue to be widely discussed and debated in political circles and campaigns. These comments on morality and economics are offered with the purpose of directing attention to issues, which will inevitably arise, concerning the role of government and public policy. They are offered out of concern to apply Christian faith to contemporary social problems.

In this discussion, the importance of free exchange, free association, enterprise, private property, the price system and profits, voluntary charity and welfare provision, and a limited role for the state have

been highlighted. Attention has been drawn to them in the belief that the flourishing of these institutions is consistent with a rigorous concern for the life, liberty, and dignity of the human person.



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# **Economics, Faith and Moral Responsibility**

**Robert A. Sirico**

In this CIS Occasional Paper, Robert Sirico defends the institutions of the free and open society from a Christian standpoint. He argues that a rigorous concern for the life, liberty, and dignity of the human person leads to the flourishing of the institutions of free exchange, free association, enterprise, private property, the price system and profits, voluntary charity and welfare provision, and a limited role for the state. 'Along with the dignity that He gives to every person, God also gives a rightful expectation that their liberties will be respected and that justice will be pursued on their behalf, so that they may work for their own personal and familial fulfilment as a means for achieving the common good.'

The Reverend Robert A. Sirico is Founder and President of the Acton Institute for the Study of Religion and Liberty, Michigan, USA. He is a member of the Missionary Society of St Paul the Apostle and a member of the American Academy of Religion. He has published in a wide variety of journals on religious, political, economic and social matters.

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