WEALTH AND JUSTICE
THE MORALITY OF DEMOCRATIC CAPITALISM

PETER WEHNER AND ARTHUR C. BROOKS
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HUMAN NATURE AND CAPITALISM
At the core of every social, political, and economic system is a picture of human nature (to paraphrase the twentieth-century columnist Walter Lippmann). The suppositions we begin with—the ways in which that picture is developed—determine the lives we lead, the institutions we build, and the civilizations we create. They are the foundation stone.

THREE VIEWS OF HUMAN NATURE
During the eighteenth century—a period that saw the advent of modern capitalism—there were several different currents of thought about the nature of the human person. Three models were particularly significant.

One model was that humans, while flawed, are perfectible. A second was that we are flawed and fatally so; we need to accept and build our society around this unpleasant reality. A third view was that although human beings are flawed, we are capable of virtuous acts and self-government—that under the right circumstances, human nature can work to the advantage of the whole.

The first school included those who (representing the French Enlightenment) believed in the perfectibility of man and the pre-eminence of scientific rationalism. Their plans were grandiose, utopian, revolutionary, and aimed at “the universal regeneration of mankind” and the creation of a “New Man.”

Such notions, espoused by Jean-Jacques Rousseau and other Enlightenment philosophes, heavily influenced a later generation of socialist thinkers. These theorists—
Robert Owen, Charles Fourier, and Henri de Saint-Simon among them—believed that human nature was as easily reshaped as hot wax. Human nature was considered plastic and malleable, to the point that there was no fixed human nature to speak of; it could therefore be molded into anything the architects of a social system imagined.

These theorists dreamed of a communal society, liberated from private property and free of human inequality. They articulated a theory of human nature and socioeconomic organization that eventually influenced capitalism’s most famous and bitter critic, the German philosopher, economist, and revolutionary Karl Marx.

The second current of thought, embodied in the writings of seventeenth-century Englishmen Thomas Hobbes and Bernard Mandeville, viewed human nature as more nearly the opposite: inelastic, brittle, and unalterable. And people were, at their core, antisocial beings.

Hobbes, for example, worried that people were ever in danger of lapsing into a pre-civilized state, “without a common power to keep them all in awe,” which, in turn, would lead to a hopeless existence, a “state of nature” characterized by “a war of every man, against every man.” It was, Hobbes wrote, a life “solitary, poor, nasty, brutish, and short.” To avoid this fate, we must submit to the authority of the state, what he termed the “Leviathan” (a monstrous, multi-headed sea creature mentioned in the Hebrew Bible). In the process, we would gain self-preservation, but it would come at the expense of liberty.
The third model of human nature is found in the thinking of the American founders. “If men were angels,” wrote James Madison, the father of the Constitution, in Federalist Paper No. 51, “no government would be necessary.” But Madison and the other founders knew men were not angels and would never become angels. They believed instead that human nature was mixed, a combination of virtue and vice, nobility and corruption. People were swayed by both reason and passion, capable of self-government but not to be trusted with absolute power. The founders’ assumption was that within every human heart, let alone among different individuals, were competing and sometimes contradictory moral impulses and currents.

This last view of human nature is consistent with and reflective of Christian teaching. The Scriptures teach that we are both made in the image of God and fallen creatures; in the words of Saint Paul, we can be “instruments of wickedness” as well as “instruments of righteousness.” All have sinned and fallen short of the glory of God, the Bible declares—yet, it also tells us to be holy in all our conduct, to walk in His statutes, and not to grow weary in doing good. Human beings are capable of acts of squalor and acts of nobility; we can pursue vice and we can pursue virtue.

As for the matter of the state: Romans 13 makes clear that government is divinely sanctioned by God to preserve public order, to restrain evil, and to make justice possible. This, too, was a view shared by many of
the founders. Government itself is a reflection of human nature, they argued, “because the passions of men will not conform to the dictates of reason and justice without constraint.”

The Anglo-Scottish Enlightenment philosophies of Adam Smith, David Hume, and Francis Hutcheson both informed and aligned with the views of the American founders and Christian teaching. Smith was himself a professor of moral philosophy; *The Theory of Moral Sentiments* preceded *The Wealth of Nations*. Smith and his compatriots did not believe in the perfectibility of human nature and thought it foolish to build any human institution on the possibility that such perfection could be attained. Neither did they believe that human nature was irredeemably corrupt and devoid of virtue.

**SELF INTEREST: A POSITIVE OR NEGATIVE HUMAN CHARACTERISTIC?**

The American founders believed, and capitalism rests on the belief, that people are driven by “self-interest” and the desire to better our condition. Self-interest is not necessarily a bad thing; in fact, Smith believed, and capitalism presupposes, that the general welfare depends on allowing an individual to pursue his self-interest “as long as he does not violate the laws of justice.” When a person acts in his own interest, “he frequently promotes [the interest] of society more effectually than when he really intends to promote it.”

Michel Guillaume Jean de Crèvecoeur, among the
first writers who attempted to explain the American frontier and the concept of the "American Dream" to a European audience, captured this view when he wrote:

The American ought therefore to love this country much better than that wherein either he or his forefathers were born. Here the rewards of his industry follow with equal steps the progress of his labour; his labour is founded on the basis of nature, self-interest; can it want a stronger allurement?\(^8\)

Smith took for granted that people are driven by self-interest, by the desire to better their condition. "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner," is how he put it, "but from their regard to their own interest. We address ourselves not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages."\(^9\)

Harnessed and channeled the right way, then, self-interest—when placed within certain rules and boundaries—can be a very good thing, leading to a more prosperous and humane society.

Here it's important to draw a distinction between self-interest and selfishness. Self-interest—unlike selfishness—will often lead one to commit acts of altruism; rightly understood, it knows that no man is an island, that we are part of a larger community, and that what is good for
others is good for us. To put it another way: Pursuing our own good can advance the common good. Even more, advancing the common good can advance our own good, as every Christian knows full well.

Advocates of free enterprise believe that creativity, enterprise, and ingenuity are essential parts of human nature. Capitalism aims to take advantage of the self-interest of human nature, knowing that the collateral effects will be a more decent and benevolent society. Capitalists believe that liberty is an inherent good and should form the cornerstone not only of our political institutions but our economic ones as well. Free-market advocates also insist that wealth and prosperity can mitigate envy and resentment, which have acidic
effects on human relations. Markets, precisely because they are wealth-generating, also end up being wealth-distributing.

**THE RELATIONSHIP BETWEEN HUMAN NATURE AND GOVERNMENT**

Why does all of this matter? Because our “picture of human nature” determines in large measure the institutions we design. For example, the architects of our government carefully studied history and every conceivable political arrangement that had been devised up to their time. In the course of their analysis, they made fundamental judgments about human nature and designed a constitutional form of government with it in mind.

What is true for the creation of political institutions is also true for economic ones. They, too, proceed from an understanding of human behavior.

It is hard to overstate the importance of this matter. The model of human nature one espouses will guide and shape everything else, from the economic system one embraces (free-market capitalism versus socialism) to the political system one supports (democracy versus the "dictatorship of the proletariat"). Like a ship about to begin a long voyage, a navigational mistake at the outset can lead a crew badly astray, shipwrecked and aground. To use another metaphor, this time from the world of medicine: A physician cannot treat an illness before he diagnoses it correctly; making the wrong diagnosis can make things far worse than they might otherwise be.
Those who champion capitalism embrace a truth we see played out in almost every life on almost any given day: If you link reward to effort, you will get more effort. If you create incentives for a particular kind of behavior, you will see more of that behavior. The book of Thessalonians boils things down to fairly simple terms: “If any would not work, neither should he eat.”

A free market can also better our moral condition—not dramatically and not always, but often enough. It places a premium on thrift, savings, and investment. And capitalism, when functioning properly, penalizes certain kinds of behavior—bribery, corruption, and lawlessness among them—because citizens in a free-market society have a huge stake in discouraging such behavior, which is a poison-tipped dagger aimed straight at the heart of prosperity.

In addition, capitalism can act as a civilizing agent. The social critic Irving Kristol argued, correctly, in our view, that the early architects of democratic capitalism believed commercial transactions “would themselves constantly refine and enlarge the individual’s sense of his own self-interest, so that in the end the kind of commercial society that was envisaged would be a relatively decent community.”

But capitalism, like American democracy itself, is hardly perfect or sufficient by itself. It has a troubling history as well as a glorious one. And like America, it is an ongoing, never-ending experiment, neither self-sustaining nor self-executing. Capitalism
requires strong, vital, non-economic and non-political institutions—including the family, churches and other places of worship, civic associations, and schools—to complement it. Such institutions are necessary to allow capitalism to advance human progress.

A capitalist society needs to produce an educated citizenry. It needs to be buttressed by people who possess and who teach others virtues, such as sympathy, altruism, compassion, self-discipline, perseverance, and honesty. And it needs a polity that will abide by laws, contracts, and election results (regardless of their outcome). Without these virtues, capitalism can be eaten from within by venality and used for pernicious ends.

We need to understand that capitalism, like democracy, is part of an intricate social web. Capitalism both depends on it and contributes mightily to it. Morality and capitalism, like morality and democracy, are intimately connected and mutually complementary. They reinforce one another; they need one another; and they are terribly diminished without one another. They are links in a golden chain.