

the Middle Ages Marco Polo's tales of the "mysterious East" fascinated Europe. But it was not until Jesuit missionaries went to China at the turn of the 17th century that the West learned anything about China. The Jesuits hoped to convert the Chinese to Christianity. But the conversions seemed to work in reverse.

The prestige of missionaries was revived after 1928, when Kuomintang leader Chiang Kai-shek married Wellesley graduate Soong Mei-ling and announced his conversion to Methodism. With a Christian couple running China, Protestant missionaries seemed to have succeeded where the Jesuits had failed.

Pearl Buck, the daughter of missionaries, did more than anyone else to provide a picture of China acceptable to Americans. Her best-selling novel *The Good Earth*, and the movie that was made of it, reached tens of millions. Buck, says Mosher, created "a new stereotype of rural Chinese as a strong and attractive people of the soil, kind and generous toward the young, respectful toward the elderly, and dignified, even cheerful, in misfortune."

This image of the Chinese was consonant with what became known as the Yenan picture. Mao had led his long march to Yenan in northern China, a place that was duly mythologized as the capital of an agrarian people who were about to rescue China from Chiang, who had to flee the Maoists to Taiwan. It was in Yenan that the Communist Party of China perfected "the array of techniques to handle short-term visitors—parachute journalists—which they later used to such effect during Nixon's visit."

Guenther Stein of the *Christian Science Monitor* described "the men and women pioneers of Yenan" as "new humans. . . ." They constituted "a brand new well integrated society, that has never been seen before anywhere." Harrison Forman of the *New York Herald Tribune* and *London Times* was so impressed by small-scale private enterprise in Yenan that he said the Chinese Communists did not practice Communism at all. Theodore White spoke of "agrarian liberals" in his dispatches, only to have the malapropism edited out by the perceptive Whittaker Chambers, then the foreign editor of *Time*.

The Nixon trip, even with all its nonsense, was justified, but things have changed with the collapse of Communism in most of the world. There is no

call for the U.S. to worry about a war on two fronts as long as the Soviets are distracted by trouble in the Baltic states and in the Ukraine and Great Russia itself. George Bush is playing it cagey—he does not make excuses for Deng and Tiananmen Square. But he does not assume the right to condemn Deng as long as there is a chance for significant change in China under Deng's successor, whoever he may be.

All things considered, Mosher has written a fascinating book. □

THE CAPITALIST SPIRIT: TOWARD A RELIGIOUS ETHIC OF WEALTH CREATION

edited by Peter L. Berger

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Reviewed by Raymond J. Keating

Theologians usually overlook the creation of wealth when discussing the ethics of socioeconomic issues. They focus instead on wealth distribution, or more accurately *redistribution*. Since distribution, however, doesn't occur in a vacuum, the ethics of distribution have been deficient and largely distorted. After all, wealth distribution is meaningless without wealth creation first taking place.

This book takes some initial steps in redressing this neglect of creativity and production. Bringing together some prominent free market thinkers, sociologist Peter Berger has created a volume dedicated to forming a strong ethical case for capitalism.

Berger sets the tone when he states in the introduction that "[e]xcept under the most primitive conditions (a subsistence economy in a tropical paradise, for example), wealth is never given—it must be created." Such a theme is in stark contrast to the anti-capitalist, pro-socialist, zero-sum thinking prevailing among many theologians, for example, the National Council of Churches, the American Catholic bishops, and various liberation theologians. Set against the dismal, statist philosophies of such groups, *The Capitalist Spirit* is a collection of insightful and sometimes even inspiring essays.

Professor David Novak, in his essay "Economics and Justice: A Jewish Example," sagaciously expounds upon the distribution/production relationship: "Those who produce more of what is needed by the society are given more than those who produce less. These rewards, even more than being recompense for past productivity, are incentives for future productivity. It would seem that anyone who does not at least partially correlate the economics of distribution and the economics of production is operating under an illusion of infinite supply and immediate availability."

David Novak also illustrates a very delicate and significant balance struck by the Jewish tradition. He summarizes: "By emphasizing the covenantal necessity of human mutuality before God, Jewish tradition affirmed the value of individual incentive without the glorification of individual human selfishness, and it affirmed the value of communal restraints without the glorification of collective human power." Indeed, this has been an important legacy in the West.

Perhaps the most complete exposition of a capitalist ethic in this text, however, is given to us by author Michael Novak in his "Wealth and Virtue: The Development of Christian Economic Teaching." He notes a too-often disregarded, yet critical aspect of the ethical nature of capitalism: "Many intellectuals ignore the evidence of the immense benefits, in the form of prosperity, liberty, and significant moral progress, that the capitalist economies ushered into history."

In particular, Michael Novak turns to the great Scottish Enlightenment thinkers for a moral basis of the free enterprise system. He cites the arguments of David Hume and Adam Smith "in favor of the turn toward a capitalist economy":

- "First, life in premodern rural society was circumscribed not only by poverty but also by the absence of possibilities for self-improvement and action. The Scottish intellectuals saw such possibilities in commerce."
- "Second, by ending dependency, the rise of commerce and industry would awaken the rural poor out of the slumbers of idleness."
- "Third, a commercial society is less warlike."
- "Fourth, the practices of commerce bring people together in more frequent and more complex interactions."
- "Fifth, a commercial society would mix together the ancient social classes."
- "Sixth, as market activities grow, so also do popular knowledge, skills, and specializations."
- "Seventh, markets require forms of civilized behavior: patient explanation, civil manners, a willingness to be of service, and a willingness to reach satisfactory mutual consent."
- "Eighth, the replacement of agrarian ways (with their relative isolation and taciturnity) by commercial ways (with their city bustle and rapid talk) tends to awaken one of the most precious, high, and rare forms of moral development: the civic need for the virtue of sympathy."
- "Ninth, pursuing this ideal [i.e., sympathy] helps the person of commerce to be a little more objective than others, to see a little farther, and to discern needs and possibilities that have not yet been served."

Novak recognizes a need for some "practical moral guidance" in the realm of commerce, and declares that the "best moral instruction . . . begins by raising aloft the ideal to be pursued: the exercise of God-given talents to imagine, invent, discover, and bring into widespread use the resources that God has hidden in the natural world."

In "Private Property, Ethics, and Wealth Creation," economist Walter Block also declares that the capitalist system no longer can continue to concede "the moral high ground to its detractors." He asserts that the answer lies with the libertarian philosophy. The libertarian emphasis on self-ownership, private property, voluntarism over coercivism, entrepreneurial capitalism over state capitalism, and negative rights, is intrinsic in establishing an ethic of wealth creation. Block also lays to rest the destructive belief held by some libertarians that religious belief and libertarianism are incompatible.

Due to space considerations, I merely will mention that "Early Christianity and the Creation of Capital" by Robert M. Grant and "Camels and Needles, Talents and Treasure: American Catholicism and the Capitalist Ethic" by George Weigel are well worth reading also.

Finally, in "Wealth and Whimsy: Being Rich, Producing Riches," Richard John Neuhaus, editor-in-chief of *First Things*, seeks to put this entire

debate over a religious ethic of wealth creation into proper perspective. He warns that those who take wealth too seriously—both those “captive to their possessions” as well as “religiously driven ideologues [who promote] designs for a just economic order”—“are in danger of attributing an ultimacy to something that is, at most, prepenultimate.”

Neuhaus holds to an intriguing interpretation of the Reformation as it relates to this ethical conundrum: “[I]t may be suggested that the reformers’ articulation of the Pauline doctrine of grace assisted economic enterprise chiefly by underscoring the truth that worldly success does not matter that much, it does not matter ultimately. In the Calvinist tradition, economic achievement may have been motored less by its being viewed as a token of election than by the fact that a grace-based Pauline lightheartedness about worldly achievements created free space within which a variety of callings could be exercised in good conscience.”

Neuhaus also comments on creativity, growth, and the discovery of possibilities, and how these relate to free persons and their participation in “God’s continuing education.” In this vein, he cites Dietrich Bonhoeffer, the Lutheran theologian who was put to death by the Nazis in 1945. For Christians, however, I believe that Neuhaus would have sealed his case by referring to an additional quote from Bonhoeffer’s *Ethics*: “There are . . . certain economic or social attitudes and conditions which are a hindrance to faith in Christ and which consequently destroy the true character of man in the world. It must be asked, for example, whether capitalism or socialism or collectivism are economic forms which impede faith in this way.”

The editor and contributors of *The Capitalist Spirit* have answered this question. Entrepreneurial capitalism, with its emphasis on freedom, creativity, and industry, is indeed no impediment to faith. □

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ECONOMIC POLICY AND THE MARKET PROCESS: AUSTRIAN ECONOMICS AND MAINSTREAM ECONOMICS

edited by K. Groenvelde, J. A. H. Maks, and J. Muysken

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Reviewed by Jeffrey Tucker

Austrian economics, with a tradition dating back over 100 years, distinguishes itself by its insistence on using strict rules of logic to deduce economic laws that govern human action. But that isn’t the source of the worldwide attention the Austrian school is now receiving. Instead, it is its association with economists who steadfastly declare that the free market is the most stable and rational means for ordering economic society. This book is a new collection of articles by leading free-market Austrians debating conventional interventionists.

For most of this century, Austrians have argued that socialism, and the endless variants of the mixed economy (democratic socialism, social democracy, planned markets), prove deficient in providing a coherent mechanism for ensuring that economic resources are used by society in the most optimal way. What’s more, the Austrian case for the free market has an intellectual power that is unavoidably attractive, since it insists that economic laws apply to all societies at every stage of economic development.

The editors of this volume are all professors of economics at universities in the Netherlands and are highly sympathetic with policy positions of the Austrian school. And they enlist some well-known Austrians to help make their case.

Most of their Dutch colleagues who also contribute essays are not sympathetic—they are different breeds of social democrats. Whether they regard themselves as post-Keynesian, neoclassical, or institutionalist, they see a need for a market, but a limited one, heavily regulated, taxed, and restricted. They favor a wide variety of social welfare programs to promote “equality” and “social justice,” antitrust laws, labor market restrictions, and so forth.

When these two world views clash—the free market versus social democracy—sparks some-