RELIGION & LIBERTY: VOLUME 10, NUMBER 3 (/PUB/RELIGION-LIBERTY/VOLUME-10-NUMBER-3)

How Christianity Created Capitalism

BY MICHAEL NOVAK (/ABOUT/AUTHOR/MICHAEL-NOVAK) • JULY 20, 2010

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Capitalism, it is usually assumed, flowered around the same time as the Enlightenment–the eighteenth century–and, like the Enlightenment, entailed a diminution of organized religion. In fact, the Catholic Church of the Middle Ages was the main locus for the first flowerings of capitalism. Max Weber located the origin of capitalism in modern Protestant cities, but today's historians find capitalism much earlier than that in rural areas, where monasteries, especially those of the Cistercians, began to rationalize economic life.

It was the church more than any other agency, writes historian Randall Collins, that put in place what Weber called the preconditions of capitalism: the rule of law and a bureaucracy for resolving disputes rationally; a specialized and mobile labor force; the institutional permanence that allows for transgenerational investment and sustained intellectual and physical efforts, together with the accumulation of long-term capital; and a zest for discovery, enterprise, wealth creation, and new undertakings.

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The Protestant Ethic without Protestantism

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The people of the high Middle Ages (1100—1300) were agog with wonder at great mechanical clocks, new forms of gears for windmills and water mills, improvements in wagons and carts, shoulder harnesses for beasts of burden, the ocean-going ship rudder, eyeglasses and magnifying glasses, iron smelting and ironwork, stone cutting, and new architectural principles. So many new types of machines were invented and put to use by 1300 that historian Jean Gimpel wrote a book in 1976 called The Industrial Revolution of the Middle Ages.

Without the growth of capitalism, however, such technological discoveries would have been idle novelties. They would seldom have been put in the hands of ordinary human beings through swift and easy exchange. They would not have been studied and rapidly copied and improved by eager competitors. All this was made possible by freedom for enterprise, markets, and competition–and that, in turn, was provided by the Catholic Church.

The church owned nearly a third of all the land of Europe. To administer those vast holdings, it established a continent-wide system of canon law that tied together multiple jurisdictions of empire, nation, barony, bishopric, religious order, chartered city, guild, confraternity, merchants, entrepreneurs, traders, et cetera. It also provided local and regional administrative bureaucracies of arbitrators, jurists, negotiators, and judges, along with an international language, "canon law Latin."

Even the new emphasis on clerical celibacy played an important capitalist role. Its clean separation between office and person in the church broke the traditional tie between family and property that had been fostered by feudalism and its carefully plotted marriages. It also provided Europe with an extraordinarily highly motivated, literate, specialized, and mobile labor force.

The Cistercians, who eschewed the aristocratic and sedentary ways of the Benedictines and, consequently, broke farther away from feudalism, became famous as entrepreneurs. They mastered rational cost accounting, plowed all profits back into new ventures, and moved capital around from one venue to another, cutting losses where necessary, and pursuing new opportunities when feasible. They dominated iron production in central France and wool production (for export) in England. They were cheerful and energetic. "They had," Collins writes, "the Protestant ethic without Protestantism."

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Being few in number, the Cistercians needed labor-saving devices. They were a great spur to technological development. Their monasteries "were the most economically effective units that had ever existed in Europe, and perhaps in the world, before that time," Gimpel writes.

Thus, the high medieval church provided the conditions for F. A. Hayek's famous "spontaneous order" of the market to emerge. This cannot happen in lawless and chaotic times; in order to function, capitalism requires rules that allow for predictable economic activity. Under such rules, if France needs wool, prosperity can accrue to the English sheepherder who first increases his flock, systematizes his fleecers and combers, and improves the efficiency of his shipments.

In his 1991 Encyclical Letter Centesimus Annus, Pope John Paul II points out that the main cause of the wealth of nations is knowledge, science, know-how, discovery–in today's jargon, "human capital." Literacy and study were the main engines of such medieval monasteries; human capital, moral and intellectual, was their primary economic advantage.

The pope also praises the modern corporation for developing within itself a model of relating the gifts of the individual to the common tasks of the firm. This ideal, too, we owe to the high medieval religious orders, not only the Benedictines and the Cistercians, but the Dominicans and Franciscans of the early thirteenth century.

Jump-Starting a Millennium of Progress

The new code of canon law at the time took care to enshrine as a legal principle that such communities, like cathedral chapters and monasteries before them, could act as legal individuals. As Collins points out, Pope Innocent IV thereby won the sobriquet "father of the modern learning of corporations." In defending the rights of the new Franciscan and the Dominican communities against the secular clergy and lay professors at the University of Paris, Thomas Aquinas wrote one of the first defenses of the role of free associations in "civil society" and the inherent right of people to form corporations.

The Catholic Church's role helped jump-start a millennium of impressive economic progress. In ad 1000, there were barely two hundred million people in the world, most of whom were living in desperate poverty, under various tyrannies, and subject to the unchecked ravages of disease and much civic disorder. Economic development has made possible the sustenance now of more than six billion people–at a vastly higher level than one thousand years ago, and with an average lifespan almost three times as long.

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No other part of the world outside Europe (and its overseas offspring) has achieved so powerful and so sustained an economic performance, raised up so many of the poor into the middle class, inspired so many inventions, discoveries, and improvements for the easing of daily life, and brought so great a diminution of age-old plagues, diseases, and ailments.

The economic historian David Landes, who describes himself as an unbeliever, points out that the main factors in this great economic achievement of Western civilization are mainly religious:

• the joy in discovery that arises from each individual being an *imago* Dei called to be a creator;

• the religious value attached to hard and good manual work;

• the theological separation of the Creator from the creature, such that nature is subordinated to man, not surrounded with taboos;

• the Jewish and Christian sense of linear, not cyclical, time and, therefore, of progress; and

• respect for the market.

Capitalism Infused with *Caritas*

As the world enters the third millennium, we may hope that the church, after some generations of loss of nerve, rediscovers its old confidence in the economic order. Few things would help more in raising up all the world's poor out of poverty. The church could lead the way in setting forth a religious and moral vision worthy of a global world, in which all live under a universally recognizable rule of law, and every individual's gifts are nourished for the good of all.

I believe this is what the pope has in mind when he speaks of a "civilization of love." Capitalism must infused by that humble gift of love called *caritas*, described by Dante as "the Love that moves the Sun and all the stars." This is the love that holds families, associations, and nations together. The current tendency of many to base the spirit of capitalism on sheer materialism is a certain road to economic decline. Honesty, trust, teamwork, and respect for the law are gifts of the spirit. They cannot be bought.

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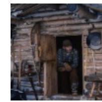
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The presidents of three nations – the Czech Republic, Poland, and Slovakia – have given Michael Novak the highest award they can bestow on a foreign citizen. Each cited Novak's work as human rights ambassador under Ronald Reagan, his eleven years of service on the boards of Radio Free Europe and Radio Liberty, and the pre-1989 influence of his book *The Spirit of Democratic Capitalism* (1982), translated and distributed by underground presses behind the Iron Curtain in the 1980s. As one reviewer said of that volume, it "may prove one of those rare books that actually changes the way things are."

Mr. Novak himself considers his greatest honor to be that Pope John Paul II several times mentioned him in public as his friend. Margaret Thatcher has highly praised him and his work.

Mr. Novak is the author or editor of more than forty-five books from 1961 until the present, including two novels and one book of verse. His books have been translated into every major Western language, as well as Bengali, Korean, Chinese, and Japanese.

Novak's whole life has been a story of religious scholarship, social commentary, and intellectual independence. His insights into the spiritual foundations of economic and political systems and his articulation of the moral ideals of democratic capitalism have secured his place as an original thinker of the late twentieth and early twenty-first centuries.

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On issues as diverse as capitalism versus socialism, human rights, faith, labor union history, sports, ethnicity, peace, liberty and justice, the American presidency, families, welfare reform, television, and the role of the churches in a pluralistic world, Novak has provided critical and literate debate in his books, syndicated columns, and innumerable lectures, articles, and commentaries.

His work has been effectively applied by a variety of world leaders – from Eastern Europe to Latin America, from Beijing to London. Indeed, Novak's work on the moral basis of democracy and capitalism may be more widely celebrated outside the United States than within it. In her 1993 book, *The Downing Street Years*, Lady Thatcher praised Novak's "new and striking language" and "important insights," and added that his writing on the morality of political economy "provided the intellectual basis for my approach to those great questions brought together in political parlance as 'the quality of life.'"

Behind the Iron Curtain in Czechoslovakia, the dissidents of Charter 77 and Civic Forum used *The Spirit of Democratic Capitalism* and *The Experience of Nothingness* (1970) in their clandestine study groups. In El Salvador, former president Alfredo Cristiani once noted that after hearing Novak lecture in San Salvador and reading Novak's work, he committed himself to running for the presidency of that war-torn land, in order to work for a just peace. In Chile and Argentina, proponents of democracy from right to left – including, often, Christian Socialists – turned to Novak's writings on democracy and free markets for guidance. So it was also among democrats in South Korea in the early 1980s. In Poland in 1984, a great debate raged within Solidarnosc over whether to risk the underground publication of *The Spirit of Democratic Capitalism*. In a very close vote, supporters triumphed. Many today look back upon that vote as a watershed in the movement away from socialism and toward a new ideal.

Novak's reflections on religious, political, and economic issues have been consistently marked by foresight. He has repeatedly staked a lone position that eventually became mainstream thought.

Before the widespread recognition of ethnicity as a potent political force, Novak published *The Rise of the Unmeltable Ethnics* in 1972. As opposition to nuclear weapons swept the Western world in the early 1980s, Novak demurred, citing the need for fundamental change in Soviet politics as the only sure way to reduce the danger of nuclear war. Only later, after Gorbachev assumed the Soviet presidency and began moving toward internal political reform, did the world first see a decline in the nuclear threat.

When Gorbachev introduced glasnost, Novak, then U.S. ambassador to the Helsinki process in Bern, urged Western leaders to embrace the first tentative moves to openness but to reject inadequate measures proposed by the Soviets.

When many theologians embraced liberation theology as the preferred political course for Latin America, Novak questioned the practical value of recommending socialism for poverty stricken peoples, long before the public collapse of socialism in 1989.

When most Catholic scholars were defending a "middle way" between capitalism and socialism, Novak's work on the three systems of liberty – political, economic, and moral – was widely regarded to have influenced the argument of Pope John Paul II's encyclical Centesimus Annus.

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Much of Novak's life work has sprung from his childhood. A descendent of Slovak immigrants, Novak was born in 1933 in Johnstown, Pennsylvania, a steel town in the middle of coal country. The oldest of five children, he grew up in a home where the Harvard Classics were the first joint purchase of his parents. His mother imbued Novak with a love of Catholicism. His father, who had only an eighth grade education but was an avid reader of history, gave him a healthy skepticism of the customary and conventional.

To test his call to the priesthood, at age fourteen Novak entered Holy Cross Seminary of the Congregation of Holy Cross at Notre Dame. From there, he went on to receive a B.A. from Stonehill College, graduating summa cum laude. His religious superiors selected him for higher studies at the Gregorian University in Rome, where he earned a Bachelor of Theology degree, graduating cum laude. Beginning to question his vocation, Novak transferred to Catholic University in Washington, D.C.

A younger brother followed Novak in religious study, eventually becoming a priest. While on missionary work in East Pakistan (now Bangladesh) in 1964, Father Richard Novak, C.S.C. was murdered during a Hindu-Muslim riot.

In January 1960, after twelve years in the seminary and within months of being ordained, Novak left the Congregation of Holy Cross, moving to New York City to work on a novel, before being accepted to Harvard on a graduate fellowship that autumn. In 1963 Novak married Karen Ruth Laub. A native Iowan, Karen was an art instructor at Carleton College when the couple met, and had studied with Oskar Kokoschka and Mauricio Lasansky. Mrs. Laub-Novak died in 2009. The Novaks have three children and four grandchildren. Their dinners in Washington were described as a favorite salon of conservative Washington – even though both Karen and Michael were active Democrats well into mid-life. Their regular guests included Clare Boothe Luce, Jeane Kirkpatrick, Irving and Bea Kristol (Gertrude Himmelfarb), Charles Krauthammer, vice-presidential candidates, several senators and congressmen of both political parties, Supreme Court justices, Steve Forbes, and many others

Novak traveled to Rome in 1963 and 1964 to cover the Second Vatican Council for various publications, including Time, and in the process wrote what is now considered a landmark report on the second session, The Open Church (1964). From the time he was a young man, Novak thought that philosophers err when they break contact with the concrete issues of their time, and he resolved to hold his judgments under the pressure of regular journalism.

Novak introduced an empirical dimension to traditional Catholic teaching on family issues as editor of *The Experience of Marriage* (1964). Resisting the "God Is Dead" school, he developed a philosophical method of self-knowledge, which he called "intelligent subjectivity," as a way of deciding between atheism and theism in *Belief and Unbelief* (1965). After initial support for American involvement in the war in Vietnam, Novak spent a month there in 1967 and soon became a resister, co-writing *Vietnam: Crisis of Conscience* with Robert McAfee Brown and Rabbi Abraham Heschel. He helped liberal Democratic presidential contenders Eugene McCarthy and Robert Kennedy in 1968, and ended up working for George McGovern in 1972. He served as speechwriter for McGovern's running mate, Sargent Shriver, during the final months of the 1972 presidential campaign.

From 1973 to 1974, Novak launched a new humanities program for the Rockefeller Foundation. Many of his initiatives, including the humanities fellowships and the National Humanities Center in Raleigh-Durham, North Carolina, endure today.

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Perhaps the most surprising of Novak's religious meditations has been his sustained inquiry into sports, especially baseball, basketball, and football, the three sports "invented by Americans for Americans." Norman Mailer wrote of Novak's *The Joy of Sports* (1976), "If America is the real religion of Americans, then the sports arena is our true church, and Michael Novak has more to say about this, and says it better, than anyone else."

In 1976 Harper's published Novak's "The Family out of Favor" as a cover story – years before the term "family values" became a political buzzword. Later, *The New Consensus on Family and Welfare* (1987) cited "dependency" rather than "poverty" as the deep social problem, and highlighted the crucial need to reverse welfare incentives that lead to out-of-wedlock births and their destructive social consequences. For this edited volume, Novak convened a diverse group of experts to hammer out points of agreement. Many believe that *The New Consensus* was the spark that moved serious welfare reform to the forefront. Its recommendation of a work requirement for those on welfare was controversial at the time but became a mainstream position and the centerpiece of the 1996 welfare reform legislation.

As the years went by, Novak's experience in liberal environments led him to ever-deeper dissent – first on foreign policy issues, then on cultural issues such a labor union policies, abortion, the family, and crime. Gradually, he became a trailblazer in what came to be called the neoconservative movement. (Novak defines a neoconservative as "a progressive with three teenage children.")

Novak cemented that position in 1983 when the *National Review* devoted an entire issue to "Moral Clarity in the Nuclear Age," a lengthy letter drafted by Novak and signed by 100 fellow Catholic laypersons, including such notables as former Treasury Secretary William E. Simon and former Education Secretary William Bennett. Whereas the statements of the American Catholic bishops focused their moral reasoning on various weapons systems, the lay letter emphasized the need to change the closed Soviet political system. It also recommended a switch from an offensive deterrent strategy to strategic defense, a position taken before President Reagan announced the Strategic Defense Initiative, commonly known as Star Wars.

Novak's efforts to keep his thoughts concrete have taken many forms. His syndicated column "Illusions and Realities" appeared in the *Washington Star* from 1976 to 1980 and was nominated for a Pulitzer. His column on religion, "Tomorrow and Tomorrow," appeared monthly in the *National Review* from 1979 to 1986. *Forbes* featured his column "The Larger Context" from 1989 to 1994.

In 1978 Novak began work as a resident scholar at one of the world's most influential think tanks, the American Enterprise Institute for Public Policy Research in Washington, D.C., where he was director of social and political studies. In 1983 he was named the George Frederick Jewett Chair in religion and public policy. Novak retired from the American Enterprise Institute in 2009.

Novak has been granted twenty-six honorary degrees (including four in Latin America and three in Europe), the Friend of Freedom Award from the Coalition for a Democratic Majority, the George Washington Honor Medal from the Freedom Foundation, and the Ellis Island Medal of Honor, among numerous other honors. His selection as recipient of the 1994 Templeton Prize for Progress in Religion capped a career of leadership in theological and philosophical discourse.

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Novak has taught at Harvard, Stanford, SUNY Old Westbury, Syracuse, and Notre Dame. Since 2010 Novak's home base during the academic year has been southwest Florida, where he continues writing and teaching at Ave Maria University. He spends his summers in Lewes, Delaware, and lectures at universities and other venues worldwide. A memoir of the development of his political and economic thought, *Writing from Left to Right*, was published in September 2013.

Compiled by Derek Cross, Brian Anderson, and Elizabeth Shaw

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