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AN INQUIRY INTO THE PROBLEMS OF CLASSIFYING A CHRISTIAN ECONOMIC SYSTEM

A Thesis

Presented to

the Faculty of

the University of Nebraska at Omaha

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts in Economics

by
Irad Dean Cole
April 1970

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PREFACE

I would like to acknowledge the help of Dr. Randall Klemme, my thesis advisor, and Dr. Keith Turner, who offered constructive criticism.

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CHAPTER I

THE PROBLEM AND ITS SCOPE

The author of this paper has previously defined a "Christian" economic system called macrostewardship.

The basis for this "Christian" classification rests upon personal interpretations of the Christian ethic. This places the work within the field of normative economics, i.e., within the realm of "what ought to be." The problem addressed by this study is that of placing the work within the field of positive economics. This means that macrostewardship's Christian classification is to be based upon empirical considerations, i.e., upon "what is."

I. THE PROBLEM

Statement of the Problem

The purpose of this study is to present evidence that <u>macrostewardship</u> is a "Christian" economic system.

To do this the following questions will be answered:

¹ Milton Friedman, "The Methodology of Positive Economics," Readings in Microeconomics, William Breit and Harold M. Hochman (eds.) (New York: Holt, Rinehart and Winston, Inc., 1968), p. 23.

²Ibid.

- (1) Can a classification for Christian economic systems be established within the scope of economic science?
 - (2) What constitutes a Christian economic system?
 - (3) What is macrostewardship?
- (4) Does macrostewardship satisfy the requirements of a Christian economic system?

Significance of the Study

George Stigler provides a comment which may help indicate the significance of this work.

The goal of the economist is not merely to train a new generation in his arcane mystery: it is to understand this economic world in which we live and the other ones which a million reformers of every description are imploring and haranguing us to adopt. This is an important and honorable goal.

Society today demands more of the economic system than satisfaction of material wants. Outspoken groups are striving for the attainment of ideals as well. In general, economists ignore the economic implications of these demands except as they are stated in terms of material wants and translated into money costs. This procedure ignores what many consider the more important factors of social economic organizations. If social groups desire to achieve ideals through the economic system, the economist should attempt to develop a

George J. Stigler, The Theory of Price (New York: The Macmillan Company, 1966), p. 7.

predictive technique, and provide predictions which are meaningful to the social groups. This study makes such an attempt.

II. DEFINITION OF TERMS

Economics

Economics is often divided into two fields, normative and positive economics. The distinction between the two is important to the purpose of this work.

Normative economics. This field is concerned with policy decisions, and is therefore concerned with "what ought to be." It may be termed "scientific" insofar as economic theories i.e. system models, are used to guide decision making. However, its purpose is to control the economic environment. In this respect, it borders upon art.

Positive economics. This field of economics is concerned with "what is." Its purpose is to build models of economic systems which predict the outcome of economic activities. The value of a model resides not in the realism of its assumptions, but in the consistency between activities in the environment and implications derived from the model.

Economic System

An economic system is defined as a social economic organization formed by a social body, or group, and the

set of goals desired by the group. Five forms of social economic organizations are defined in Chapter VI.

Social group. A social group consists of a body or bodies of individuals which are significant to the development of a social economic organization.

Set of goals. A set of goals consists of material and/or nonmaterial wants which a social group seeks through a social economic organization.

III. PREVIOUS RESEARCH

There has been little research into the empirical problems of defining a Christian economic system. Sir Josiah Stamp discussed the possibilities of constructing a Christian economy and arrived at the following conclusions:

- (1) Christ's teaching had primarily a spiritual and not an economic bearing. Its economics, so far as His own times, were directed to the conditions of His own time, which were quite different from those of today. This alone makes it difficult to transfer it literally to the world of today.
- (2) The attempts made to derive direct guidance in economic affairs from the letter of Scripture have generally failed (usury, slavery, etc.).
- (3) The Christian Scripture does not present or favor any particular form of economic or political society or any plan of economic life.
- (4) The Christian impetus behind the moral betterment of the world and its standards has been enormous. It is certain that western civilization has been largely conditioned by

its doctrines of pity, justice, and the separate rights of the individual soul.4

Obviously he was looking for a system which could be related to the teachings of Jesus and carried over into modern life. This, he found, was impossible. However he was able to specify "great fundamental principles" by which the individual could guide his economic life.

More recently, B. A. Rogge presented a paper in which he admitted the possibility of establishing a "Christian economics" by combining "...Christian ethics and Christian assumptions about the nature of man with his knowledge of positive economics to decide whether any given proposal should be approved or condemned. The combination can very properly be called Christian economics." 5

He denied, however, the possibility of a positive Christian economics.

Unfortunately, because of disagreements at the level of which positive economics to accept and at the level of which interpretation of Christian values to accept, there is no single set of conclusions on economic policy that can be said to be the definitive and unique Christian economics. The socialist and the free enterpriser, the interventionist and the noninterventionist, the business spokesman, the Mennonite Farmer and the Episcopalian President of the United States, Ben Rogge and John Kenneth Galbraith—each will argue that his answers

⁴Sir Josiah Stamp, Christianity and Economics (New York: MacMillan Company, 1938), p. 72.

⁵B. A. Rogge, "Christian Economics: Myth or Reality?," The Freeman, 15:15 (December, 1965).

are the ones most nearly in accord with true Christian economics. In this lies the challenge to the Christian.

Others have attempted to identify free enterprise with Christian economics on the principle that the latter is based upon "natural" law, and "natural" law is established by God. Those who espouse this view are referred to as "libertarians" and are discussed in later chapters.

IV. METHODS

A good number of the source materials pertinent to this study present conclusions which are based on unacceptable methods, for instance "guilt by association." The truth of such conclusions is irrelevant to this study. What is important to this study is that their acceptance and dissemination by like-minded individuals provides a means of classifying social groups. Such sources also contain an abundance of data.

V. ORGANIZATION OF THE PAPER

The remainder of the paper is organized on the basis of the four questions which the study proposes to answer.

Can a classification for Christian economic systems be established within the scope of economic

⁶Ibid., pp. 15-16.

science? To answer this question it is first necessary to examine the scope of economic science and define an analytical approach. This is done in Chapter II. Next it is necessary to examine the Christian body in terms of the analytical method. This is done in Chapters III, IV, V, and VII.

What constitutes a Christian economic system?

This question is answered by first determining economic requirements in Chapter VI, and then associating them with the Christian social group in Chapter VII.

The last two questions: What is macrosteward-ship? And, does macrostewardship satisfy the requirements of a Christian economic system? are answered in Chapter VIII. Chapter IX is devoted to conclusions.

CHAPTER II

SOCIAL GROUPS AND SYSTEM CLASSIFICATION

I. ANALYTICAL METHOD

B. A. Rogge has claimed that a "combination" of the Christian's ethics and ideas about human nature, "his knowledge of positive economics and his resultant decisions can very properly be called Christian economics." However, he has also claimed that there can be no "definitive and unique Christian economics." The assumption is that individual variety precludes a common viewpoint, or one that is logically consistent. This he bases upon comparisons of several divergent viewpoints relative to public policy. And, he says of this variation of opinion, "In this lies the challenge to the Christian."

Rogge's approach does not lend itself to a solution. While he presents divergent viewpoints, they are drawn from his experience rather than collected in a scientific manner. He stops his analysis at the point of divergence and fails to consider unifying elements. He appears to be hampered by the assumption that a single

⁷B. A. Rogge, "Christian Economics: Myth or Reality?," The Freeman, 15:16 (December, 1965).

viewpoint must prevail instead of investigating the requirements for their total satisfaction.

In order for Rogge to take such a step he would have to include nonmaterial wants within the scope of economic science. Such wants could include moral goals which the Christians wish to achieve through the economic system. It may be that given these wants some forms of social economic organizations are feasible and others are not. The Christian's problem may be one of finding the proper form. To paraphrase Rogge, therein lies the challenge to the economist.

The study of Christians as a social group engaged in a struggle with, and over, the economy; the possibility of predicting a social economic organization to match their goals; and the testing of hypotheses drawn from the implications of that model, are considered, by the author, legitimate pursuits in the realm of positive economics. But to engage in that pursuit it is necessary to enlarge the scope of economic science to include the study of nonmaterial wants and their economic implications. This requires some justification.

II. JUSTIFICATION OF METHOD

Basic Argument

It is argued here that social groups develop economic systems to attain desired wants, and that some

economists study these systems to understand and facilitate that development. The desired wants can be classified as material and nonmaterial in nature. Economists have traditionally limited their study to relationships between social economic organizations and material wants. Social groups, however, may develop systems in order to satisfy nonmaterial wants. But the latter may prove unattainable through the desired form of social economic organization. In such situations, the economist must study the relationships between economic systems and nonmaterial wants in order to understand the problems faced by a social group as it develops the economy.

Economic Role of Social Groups

That social groups develop social economic organizations to attain desired wants can be defended on the authority of Frank H. Knight. He claims that social groups organize their economic activities to achieve efficiency.

The object of industrial activity is to utilize an available fund of productive agencies and resources in making the goods and services with which people satisfy their wants. Organized effort enables a social group to produce more of the means of wantsatisfaction than it could by working as individuals. During the course of history, the possibility of increased efficiency has led to an ever greater degree of specialization, which in turn has constantly

called for a more elaborate and effective mechanism of coordination and control...8

The reliance of society upon specialization requires the adaptation of individuals to the performance of necessary functions. This adaptation is not a "mechanical" process but requires determination and control. In other words, to achieve efficiency social groups must develop social economic organizations or economic systems.

The Economist's Role

That some economists study social economic organizations to understand and facilitate development of the latter can also be defended through Professor Knight.

Economics deals with the social organizations of economic activity. In practice its scope is much narrower still; there are many ways in which economic activity may be socially organized, but the predominant method in modern nations is the price system, a free enterprise. Consequently it is the structure and working of the system of free enterprise which constituted the principal topic of discussion in a treatise on economics.

The practical objective of economics, it must be kept in mind, is that of improving the social organization and increasing its efficiency. 10

Thus it appears that those economists who are concerned with practical objectives are concerned with

⁸Frank H. Knight, "Social Economic Organization," Readings in Microeconomics, William Breit and Harold M. Hochman (eds.) (New York: Holt, Rinehart and Winston, Inc., 1968), p. 11.

^{9&}lt;sub>Ibid</sub>., p. 5.

^{10&}lt;sub>Ibid.</sub>, p. 7.

understanding and improving the economic system. This objective may be facilitated through the development of positive economics.

Classification of Wants

That the desired wants of a social group can be classified as material and nonmaterial in nature is a definition and requires no justification. It is assumed that most individuals can distinguish between the two on the basis of common sense.

Economists and Material Wants

That economists have traditionally limited their study to relationships between economic systems and material wants will be provided next. The following has been offered as a traditional definition of economics.

Economics is the organized study of the process by which scarce resources are allocated among alternative and competing wants with the objective of obtaining a maximum satisfaction of these wants.

In explaining the implications of the definition, the author relates it with material wants. "Most modern textbooks assert, either explicitly or implicitly, that the material or economic wants of human beings are unbounded." 12

ll Wallace C. Peterson, Income, Employment, and Economic Growth (New York: W. W. Norton & Company, Inc.,) 1967), p. 1.

^{12&}lt;u>Ibid.</u>, p. 2.

Professor Knight also relates the economic system with the satisfaction of material wants which he claims are "necessary" rather than "valuable."

Our thinking about life-values runs too much in terms of material prerequisites and costs. It is an exaggeration which may be useful to say that economic goods as a class are predominantly "necessary" rather than truly valuable.

The importance of economic provision is chiefly that of a prerequisite to the enjoyment of the free goods of the world, the beauty of the natural scene, the intercourse of friends in "aimless" camaraderie, the appreciation and creation of art, discovery of truth and communion with ones inner being and the Nature of Things. 13

The Role of Nonmaterial Wants

Knight's quotation provides a transition to the next problem—that of showing that a social group may develop systems to satisfy nonmaterial wants. Professor Knight maintains that the economic system provides satisfaction for material wants which are "prerequisites" for the satisfaction of the "free goods of the world." These may be assumed to be nonmaterial; the appreciation of beauty, "discovery of truth," "communion with ones inner being," etc. Professor Knight's view seems to be that the purpose of the economic system is to satisfy material wants in order to pursue the satisfaction of nonmaterial wants. It could be said, under this line of thinking, that the satisfaction of material wants is not an end but

¹³Knight, op. cit., p. 4.

a means to an end. Professor Knight even carries this view into the objective of economic study.

So it ought to be the highest objective in the study of economics to hasten the day when the study and practice of economy will recede into the background of men's thoughts, when food and shelter, and all provision for physical needs, can be taken for granted without serious thought, when "production" and "consumption" and "distribution" shall cease from troubling and pass below the threshold of consciousness and the effort and planning of the mass of mankind may be mainly devoted to problems of beauty, truth, right human relations and cultural growth. 14

Professor Knight assigns goals to the economic system and its development which are not in themselves material in nature. According to George Stigler, others also indulge in this exercise.

The list of things that one can "demand" of an economic system is limited only by the human imagination, itself a fairly outrageous thing. Madmen and/or reformers have insisted that the economy must produce quite impossible things, such as more than the average amount of housing for everyone. Even calm men well acquainted with the laws of arithmetic have assigned tasks which are adequately diverse. Some wish the economy to elevate the tastes of consumers -- drawing them away from comic books toward comic sections, from gadgets (mechanical devices not worth their price to the speaker) toward symphony orchestras (which produce music worth less than its cost, and hence is almost everywhere subsidized). Others, again wish the economy to foster political values, such estimable entities as Thomas Jefferson and modern Switzerland have believed that an independent agricultural class would be a mainstay of a stable democratic system. 15

^{14&}lt;u>Ibid.</u>, p. 5.

¹⁵ George J. Stigler, The Theory of Price (New York: The Macmillan Company, 1966), p. 11.

Organizational Problems

That nonmaterial wants may prove unattainable through the system developed by a social group can be demonstrated logically.

Suppose that A, B, and C represent three non-material wants of a group. However, the priorities assigned to the wants differ between two subgroups in the following manner. The first group prefers A to B, and B to C, given the order ABC. However, given the order ACB, the group prefers BAC. The second group prefers A to C, and C to B, given the order ACB. But, given the order ABC, the second group prefers CAB.

Now suppose that the first group desires to develop the economic system to give priority to B and C, and the second group desires the system to give priority to C over B. And, suppose that A is not divisible, it is a want which is either satisfied simultaneously for both groups, or not satisfied at all. Given these conditions, if the first group is successful, B will be obtained at the expense of C, and A will be unattainable for all. Or, if the second group is successful, C will be obtained at the expense of B and A will be unattainable.

III. SYSTEM CLASSIFICATION BY SOCIAL GROUP

Given the previous analysis, it can be said that an economic system consists of a goal set (goal is used in place of want) and a social economic organization. Although economic systems are usually classified according to the form of organization, they may just as well be classified according to their goal set. Since goal sets are sponsored by social groups, the name of the group may be applied to the set and hence to the system.

Under this line of reasoning, a system consisting of a goal set without a social economic organization, or a system consisting of a social economic organization without a goal set, is incompletely defined.

If the goal set of Christians can be determined and if they can be related with a social economic organization, the economist can completely define a Christian economic system. This does not mean that the system exists in the real world or that it can be developed. It means that an economic model can be derived from an objective study of the economically significant nonmaterial goals of Christians and the known forms of social economic organization.

CHAPTER III

UNITY AND SOCIAL JUSTICE: CHRISTIAN GOALS

I. APPROACH TO THE SUBJECT

Objectives

In this chapter, two basic nonmaterial wants, or goals, of the Protestant Christian body are presented, unity and social justice. In the fourth chapter, it is shown that the second of these goals has resulted in a dispute over development of the social economic organization. And, in the fifth chapter, evidence is presented which indicates that this dispute has inhibited attainment of the first goal. The remainder of the paper is occupied with an attempt to show that satisfaction of the nonmaterial goals is dependent upon a particular combination of economic social organizations. This combination is required by the Christian goal set and provides a means of describing a completely defined Christian economic system. It is also shown that macrostewardship is consistent with this classification.

The Role of Controversy

In order to isolate Christian goals in a thoroughgoing manner, it would be necessary to specify all the nonmaterial Christian goals and look for possible interactions with the economy. This approach might be prohibitive in terms of time. A less tedious method, which may be as acceptable, is provided through observation of social controversy. It is possible that a large social group may have factions which compete for leadership, or engage in controversy for various reasons. An examination of literature emanating from this struggle may reveal information relevant to the problem at hand.

Limitations

The problem with this approach is determining the extent to which goals are universal. While the goals may have meaning to particular factions, other factions of the body may be unaware of them. One way to resolve this problem is through the survey method.

This study partially surmounts these limitations by concentrating on the broader nonmaterial goals involving the Christian ecumenical movement. However, since this movement was primarily involved with Protestants, the nonmaterial goals and their implications must be limited to the Protestant Christian body.

Controversy in the Ecumenical Movement

Before presenting the significant nonmaterial goals of the ecumenical movement, justification should probably be given for selecting this area of Christian activity. On the surface the objective of the movement,

church unity, appears peaceful, void of any cause for alarm, or at least widely accepted. As one writer has pointed out, "Today religious disunity can no longer be accepted with an easy conscience but is condemned as sinful and scandalous." Nevertheless, there are those who are not hindered by such admonitions, as the following comments witness:

The word 'ecumenical' (and 'ecumenicity') has been used frequently by the promoters of the Federal, National, and World Councils of Churches. The average church member, however, has no idea of what 'ecumenical' means. It means 'pertaining to the entire inhabited world or belonging to the Christian church as a whole, or universal.17

The objective of the ecumenical movement appears to be to eliminate all differences in theology - even to eliminate theology itself - and eventually to form 'one church for one world.' When we discover that many leaders of this movement are men who deny the doctrines of Historical Christianity and have supplanted them with socialism and communism, the plan is seen to be a collectivist one. 18

The official pronouncements of the Federal Council of Churches have been anything but favorable to free enterprise. Federal Council leaders have sought time and again to have the 'profit motive' replaced with the 'cooperative spirit.'19

Such words indicate a controversial situation which links the ecumenical movement, at least within the

¹⁶ Robert Lee, The Social Sources of Church Unity (New York: Abingdon Press, 1960), pp. 15-16.

¹⁷ Edgar C. Bundy, Collectivism in the Churches (Wheaton, Illinois: The Church League of America, 1960), p. 16.

¹⁸Ibid., p. 18.

^{19&}lt;sub>Ibid.</sub>, p. 20.

United States, with economic problems. This is not an isolated case, there are numerous occurrences of similar charges as will be seen in the next chapter. But, as stated before, this provides some justification at this point for selecting the ecumenical movement as a fertile area of research.

Since the area of conflict is concerned with the movement within the United States, the goals will like-wise be limited to this area. In other words, the study covers the goals of Protestant Christians within the United States.

As will be seen at the end of Chapter IV, there are other subtleties which make it difficult to determine the commonality of nonmaterial goals within the prescribed Christian body.

II. CHURCH UNITY

According to Robert Lee, the ecumenical, or church unity movement, is marked by four trends: "(1) organic mergers involving denominations, (2) the conciliar movement, (3) the growth of local community centered churches, and (4) the practice of comity." The first and third trends will be ignored in this study. The fourth trend, the practice of comity, is described by

²⁰ Lee, op. cit., p. 82.

Lee as follows:

Comity Process

Newer conceptions of comity include: (1) Planning based on objective studies to determine the number and density of the population, prospects of population changes, physical and social trends of a community, religious affiliation or preference, and location and character of existing churches. (2) Systematic location and development of churches to provide each church with an adequate field of service, aid for established churches when starting new ones, and adequate financial assistance during the formative period. (3) Highest possible standards of ministry and service to insure the type of program needed in the community, a ministry to all the people in the vicinity of the church, the location of new churches, and assurance that each church has a place in a broad fellowship of churches.21

The comity process is carried out through local councils of churches to such an extent that Lee claims, "Historically, it has been an integral part of the conciliar movement, generally, the stronger the local council, the more developed its comity department." 22 Although the chapters that follow will be chiefly concerned with the conciliar movement, it can be seen that the comity process is indirectly involved. Because of the central position of the conciliar movement, some time will be devoted to describing its development.

²¹<u>Ibid</u>., p. 170.

²²<u>Ibid</u>., p. 175.

Conciliar Movement

The Federal Council. It is said that 1908 marks a new era in the ecumenical movement for in that year the Federal Council of Churches was founded. Thirty-three denominations embracing nearly eighteen million communicants were united in this body. Four representatives were allowed from each denomination with provision for additional members based upon the size of the denomination. Although other national organizations existed, such as the Foreign Mission Conference, the Home Missions Council, and the International Sunday School Association, they represented the special interests of boards, societies or individuals. Under the Federal Council, the denominations were gathered as "total entities." 24

The Plan of Federation contained the following objectives:

- I. To express the fellowship and catholic unity of the Christian church.
- II. To bring the Christian bodies of America into united service for Christ and the world.
- III. To encourage devotional fellowship and mutual counsel concerning the spiritual life and religious activities of the churches.
 - IV. To secure a larger combined influence for the churches of Christ in all matters

²³ Samuel McCrea Cavert, The American Churches in the Christian Movement 1900-1968 (New York: Association Press, 1968), p. 52.

^{24&}lt;sub>Ibid.</sub>, p. 53.

affecting the moral and social condition of the people, so as to promote the application of the law of Christ in every relation of human life.

V. To assist in the organization of local branches of the Federal Council to promote its aims in their communities. 25

Although the fifth objective provided for the Council to establish branches, it is claimed by some that it did not do so, but assisted in the establishment of independent councils at the state and city levels. 26

The Council did not have authority over the member denominations but could recommend actions where common interests were involved, as provided in the fourth objective. This allowed it to "speak out" on behalf of the denominations concerning social issues where the Christian cause applied.

National Council. The Council's existence was tenuous during the period preceding the First World War. It emerged from the war, however, as a strong body and continued to exert influence until it merged with eleven other organizations to form the National Council in 1950.²⁷ The other organizations were interdenominational

²⁵Ibid., pp. 48-49.

²⁶Ibid., p. 49.

²⁷Ibid., p. 67.

agencies such as the Home Missions Council and the Foreign Missions Conference. 28 There were twenty-nine denominations which embraced a total of thirty-three million members. 29 The responsibilities of the Federal Council were carried over into the National Council. 30

Local councils. Local councils of churches preceded the Federal Council, however they were few in number. In 1912, the Federal Council took steps to aid in their development, presumably to further its own goals. By the time the National Council was founded, there were forty state councils and 875 community councils. 32

Conciliar unity. The development of these local councils, the growth of the Federal Council, and the emergence of the National Council constitute the conciliar movement. At the top the National Council speaks to the churches, at the bottom the local councils coordinate the activities of member churches, although not

^{28&}lt;u>Ibid.</u>, pp. 203-208.

²⁹Ibid., p. 209.

^{30 &}lt;u>Ibid.</u>, pp. 206-207.

³¹ Lee, <u>op</u>. <u>cit</u>., p. 131.

³² Cavert, op. cit., p. 209.

directly linked with the national body. Thus, the conciliar structure is essential to the ecumenical movement. Unity appears to be associated with National Council to such an extent that the Council's success constitutes a goal parallel with the broader goal of church unity.

III. SOCIAL JUSTICE

The ecumenical movement champions a second major goal, social justice. Christian concern for correcting social injustice preceded the founding of the Federal Council and may have contributed strongly to its success. 33 According to Robert Lee,

Among the earlier church advocates of the ecumenical movement, the appeal for unity was frequently based on the plea that a divided church exerts a frail and ineffective influence in confronting the evils of the world and in redeeming the social order.³⁴

Effect on Federal Council

The impact of this goal upon the conciliar movement is first visible in the fourth objective of the Plan of Federation which is, "To secure a larger combined influence for the Churches of Christ in all matters affecting the moral and social conditions of the people, so as to promote the applications of the law of Christ in

³³ Lee, op. cit., p. 79.

³⁴<u>Ibid.</u>, p. 81.

every relation of human life."³⁵ This objective was then carried into effect by the Federal Council in three ways: a set of "social ideals" was adopted, a commission was established to promote the "Ideals," and a proclamation was issued to the socially oppressed.

Social Creed. The "Social Ideals," sometimes called the "Social Creed," is a popular term for "The Social Ideals of the Churches," a document produced by the Council founders in 1908 which stated that "the Churches must stand"

For equal rights and complete justice for all men in all stations of life.

For the right of all men to the opportunity for self-maintenance, a right ever to be wisely and strongly safeguarded against encroachments of every kind.

For the principle of conciliation and arbitration in industrial discussions.

For the protection of the worker from dangerous machinery, occupational disease, injuries and mortality.

For the abolition of child labor.

For such regulation of the conditions of toil for women as shall safeguard the physical and moral health of the community.

For the suppression of the 'sweating system.*

^{35&}lt;sub>Cavert, op. cit.</sub>, p. 49.

For the gradual and reasonable reduction of the hours of labor to the lowest practical point, and for that degree of leisure which is the condition of the highest human life.

For a release of employment one day in seven.

For a living wage as a minimum in every industry, and for the highest wage that industry can afford.

For the most equitable division of the products of industry that can ultimately be devised.

For suitable provision for the old age of the workers and for those incapacitated by injury.

For the abatement of poverty. 36

Social Services Commissions. At the same time they, the founders, established The Commission on the Church and Social Service. Its purpose was

to study social conditions and ascertain the essential facts, and, in general to afford by its action and utterance an expression of the purpose of the Churches of Christ in the United States to recognize the import of present social movements and industrial conditions, and to cooperate in all the practical ways to promote in the churches the development of the spirit and practice of social service and especially to secure a better understanding and a more natural relationship between workingmen and the Church. 37

Proclamation to oppressed. Their proclamation to the socially oppressed contained a "pledge of sympathy and help" to the "Toilers of America" whose cause, the

³⁶Ibid., pp. 55-56.

³⁷<u>Ibid</u>., p. 58.

relief of hardship and poverty, they associated with "all who follow Christ." In this way, a change of climate between the labor movement and Protestantism was attempted.

Creedal Changes

The close association with the cause of the worker continued until 1932. With the advent of the depression and a more pessimistic view of human nature, the "Social Ideals" were altered. Greater attention was directed toward tension between the Christian faith, as conceived by the Council, and economic concepts. The churches, in addition to the original social ideals, were to support:

Practical application of the Christian principles of social well-being to the acquisition and use of wealth; subordination of speculation and the profit motive to the creative and cooperative spirit; social planning and control of the credit and monetary systems and the economic process for the common good.³⁹

The National Council

The National Council has followed in the footsteps of the Federal Council. In the early days of its formation, the National Council defended the right of the churches to "enter the realm of economics" and of the Council "to voice its judgement on public matters when

³⁸ Ibid., p. 57.

³⁹<u>Ibid.</u>, p. 143.

it felt that spiritual and ethical issues were involved." ⁴⁰ This right, or duty, was written into the Council's constitution during a period of reorganization in 1965. ⁴¹

IV. POTENTIAL CONFLICT

Economic Implications

Certainly this evidence relates the ecumenical movement with a quest for social justice. And, although other areas of social concern are a part of this quest, a relationship with economic issues has been emphasized. In addition, the quest is obviously associated with the conciliar movement. More specifically, it is infused within the aims of the National Council of Churches.

Summary

To summarize the chapter, church unity and social justice are two goals of American Protestantism. Both goals are sought through a common organization, the National Council of Churches. Since unity is currently expressed through cooperation in the Council, or some higher body in a more general sense, success in attaining unity can be paralleled with the success of the Council, i.e., its universal acceptance by Christendom.

⁴⁰Ibid., p. 222.

⁴¹Ibid., p. 249.

To pursue the goal of social justice, the Council is committed to "speak out" on critical issues. Some of these issues contain economic implications which entangle the Council in a struggle over competing economic systems. If conflict arises from this entanglement, unity may be endangered.

CHAPTER IV

SOCIAL JUSTICE AND CHRISTIAN CONFLICT

There is evidence that unity and social justice are widely accepted goals within the Protestant body. There is also evidence of division over attempts to achieve social justice. Efforts of the Federal and National Councils have been attacked by some as "socialist." Those who promote these Council efforts label its critics "libertarians." Protestants thus appear divided over the direction in which the social economic organization should develop. So-called "socialists" desire an economy which is planned and controlled. Their opponents, the alleged "libertarians" desire a "free" economy or laissez faire free enterprise. This conflict raises a question as to whether unity can be attained.

I. EVIDENCE OF UNITY

Lee's Unity Thesis

In 1960, Robert Lee presented a thesis which contradicted the contemporary views of some theologians and leaders of the ecumenical movement. They were prone to blame social factors for the church disunity which

existed at that time. 42 In maintaining this view, they may have been following the lead of H. Richard Niebuhr who attributed religious divisions to social differences such as race, nationality, and economic class. While Niebuhr's study, published in 1929, was sound and widely accepted, Lee argued that it was obsolete and suggested that a new investigation was required, especially one which looked for unitive factors. 43

Social changes. He argued that social changes had occurred since Niebuhr's work. Progress had been made in solving racial problems. The structure of economic classes had also changed with a great expansion of the middle class. Sectionalism had been reduced by mass communications and modern transportation. In a like manner, various national groups were absorbed. A growing cultural unity could be seen in the impact of mass communications, in the persistence of common values such as equality, freedom, human welfare, success, and so forth; in the rise of mutual dependence in the ascendance of organizations, and in acceptance of national symbols. 44

⁴²Robert Lee, The Social Sources of Church Unity (New York: Abingdon Press), p. 18.

^{43&}lt;u>Ibid.</u>, p. 16.

^{44&}lt;u>Ibid.</u>, pp. 21-74.

Unifying role of social changes. According to Lee, these factors contribute to the ecumenical movement as signified in church mergers, the increasing number of community centered churches, the conciliar movement, and the comity process. 45 He attributed the survival of the Federal Council to its concern for social justice. By providing a united voice in crucial social matters emanating from industrial and urban problems, it met the need of many Christian leaders who were trying to bring the gospel to bear upon the practical problems of society in the first half of the century. 46 In a like manner, the National Council satisfied the need to "speak out" on issues of the day, political as well as economic. 47

Countervailing movements. Lee acknowledged the existence of four countervailing movements. However, even in these he observed the unitive action of social factors. The <u>rise in denominationalism</u>, which many felt countered the ecumenical movement, could be attributed to the need of greater organizational development to provide for the needs of member churches whose memberships

⁴⁵Ibid., p. 82.

^{46&}lt;u>Ibid</u>., p. 126.

⁴⁷ Ibid.

^{48&}lt;u>Ibid.</u>, pp. 187-188.

were increasing. 49 While the "resurgence of sectarianism" also appeared a menace to church unity, Lee pointed out that the growing cultural unity reduced their religious differences and made them more cooperative with other bodies. 50 Fundamentalism, a third threat to unity, was also under the sway of social forces including a plea for social justice which forged it into a "parallel movement for unity." 51 Finally, the growth of the Southern Baptist Convention, "the problem child of American Protestantism," demonstrated the need for unity among those with a set of isolated sectional attitudes and fear of racial integration. 52

Unanswered Questions

If Lee's thesis is accepted, then it would appear that the major nonmaterial goals, church unity and social justice, presented in the previous chapter, strike a harmonic chord in American society today. And, as cultural differences diminish, their attainment should become increasingly apparent. Presented in broad sweeping terms there may be much truth to this. However, there is

⁴⁹<u>Ibid.</u>, pp. 188-193.

⁵⁰<u>Ibid.</u>, pp. 193-200.

^{51&}lt;u>Ibid</u>., pp. 200-208.

⁵²Ibid., pp. 208-216.

evidence of opposition to social justice, to be discussed next, which his generalities leave unexplained. The political and economic policies of the Federal and National Councils, and the men who have forged them, have come under a barrage of criticism. Accusations have appeared from many quarters which show a common characteristic and reveal the existence of conflict over economic goals emanating from the drive for social justice.

II. EVIDENCE OF DIVISION

Accusations of Socialism

In 1949, John T. Flynn presented an argument which advanced the view that a socialist revolution is being promoted in the United States. ⁵³ Not a sudden revolution like those championed by communists of Lenin's ilk, but a gradual one patterned after that of the Fabians in England. ⁵⁴ Rather than incurring the suspicion of the people through the term socialism, promoters of the revolution employ the concept of the "Planned Economy." ⁵⁵ However, their objective is no different from that of

⁵³John T. Flynn, The Road Ahead (New York: The Devin-Adair Company, 1949), pp. 7-12.

⁵⁴<u>Ibid.</u>, pp. 26-27.

⁵⁵Ibid., pp. 60-61.

other socialists.⁵⁶ They are following a "Socialist program for America" which includes the following points.⁵⁷

- 1. The taking over by the federal government, in time, of all the enterprises controlling credit, power, transportation, coal and steel, the complete federal control of our export and import trade, and the assumption by the federal government of all insurance functions.
- 2. The subjection of what remains in private enterprise to federal planning on the model described. and
- 3. The assumption by the federal government of complete responsibility for the continuous functioning of the whole economic system at or near full-scale operation and adequate provision for the whole population of jobs or such arrangements in the way of pensions or other payments in case of old age, widowhood, orphanage, unemployment. Included in this, of course, will be socialization of medicine. 58

The model referred to in the second point above consists of a "planning council" of some sort which would coordinate the activities of the economy to meet the needs of society. 59

Attack on Federal Council. Flynn claims that the promoters of the socialist revolution were active in the Federal Council of Churches and accuses the following

⁵⁶Ibid., p. 65.

⁵⁷<u>Ibid</u>., p. 66.

^{58&}lt;sub>Ibid</sub>.

⁵⁹Ibid., pp. 61-65.

leaders: Bishop G. Bromley Oxnam, Dr. E. Stanley Jones, Dr. J. Henry Carpenter, and Dr. John C. Bennett. 60 He also claims that the socialist program has been incorporated into the "Social Creed." 61

This Creed reads like the platform of the Socialist Party. It is for 'subordination of the profit-motive to the creative and cooperative spirit.' It is for 'social planning and control of the credit and monetary systems and the economic process for the common good.' It is for socialized medicine, which it calls 'social insurance against sickness.'62

In addition to these charges, he maintains that the men who managed the Council used its publications and organizations to promote socialist economic theories. 63

Protestant malcontents. Flynn, who is Catholic, is not alone in this attack upon the Federal and National Council of Churches. He is joined by a host of Protestants and Protestant organizations who read into the Council's attempts to further social justice, a plot to replace free enterprise with a controlled economy, vis. socialism.

⁶⁰ Ibid., pp. 108-112.

^{61 &}lt;u>Ibid.</u>, p. 115.

⁶² Ibid.

^{63&}lt;u>Ibid.</u>, p. 118.

The Denouncement of Libertarians

Fringe groups. In 1953, Ralph Lord Roy presented "a survey of groups and individuals--most of them on the fringes of Protestantism--who promote hate or disruption." Although the work was originally an academic thesis, it appeared as a popular book. Roy applies the term "apostles of discord" to the fringe elements mentioned above and further divides them under two heads, those who promote a "ministry of hate" and those who promote a "ministry of disruption." The former consist of Anti-Negroes, Anti-Semites, and Anti-Catholics. The latter fall into four groups: fighters of cooperation, defamers of social improvement leaders, libertarians, and communists. 65

Communists ignored. Of particular interest in this chapter is Roy's account of the libertarians. Before dealing with them, however, a few words should be given to justify ignoring the communist element. First, from Roy's point of view, they are not a significant element in the Protestant body. In the second place, the libertarians classify them, as far as economic theory is concerned, with the socialists. According to Flynn, who

⁶⁴Ralph Lord Roy, Apostles of Discord (Boston: The Beacon Press, 1953), p. 3.

^{65&}lt;u>Ibid.</u>, pp. 3-4.

seems to hold libertarian views, it is difficult to distinguish between the economic beliefs of socialists and communists. Both "believe in the public absorption of railways, electric and gas utilities, mines, banks, and in socialized medicine." Both "believe that in time the area of Socialist seizure must be extended." And, both "believe that, in the meantime, the privately owned sector must be brought under national planning and control." They differ as to the time table, as to which sectors will be attacked first, and as to the extent to which outright nationalism must go.

Since one faction in the Protestant body considers the communist element relatively unimportant, and the other faction classifies them with the socialists, they will not be dealt with, and charges of communism against the leaders of the ecumenical movement will not be covered in this chapter.

The <u>libertarians</u>. Roy devotes chapter twelve of his book to the "libertarians." His stance in regard to them is somewhat akin to Flynn's stance in regard to the socialists. Roy promotes the belief that ultra-conservative elements desire to associate Christianity with

⁶⁶ Flynn, op. cit., p. 76.

^{67&}lt;sub>Ibid</sub>.

^{68&}lt;sub>Ibid</sub>.

laissez-faire free enterprise. ⁶⁹ Their objective is to bring about a return to the unrestrained economic system of the last century. Although there are a number of groups and individuals involved, they have similar goals. According to Roy, their economic creed is established upon the following assumptions:

- (1) 'God's Law' is the same as 'natural law,' which is the same as 'laissez-fairism.' To let 'natural law' take its course is to do the will of God. Whenever man interferes with 'natural law' through economic regulation, he is fighting against God. Laissez'faire capitalism arises directly from the Christian faith. All forms of 'collectivism' -- i.e., government regulations of any sort are therefore anti-Christian.
- (2) The only legitimate avenue to social betterment is through individual conversion. Taxation rides roughshod over initiative. Taxes—which steal from men what rightfully belongs to them—prevent their fulfilling the duties of charity. If a millionaire experiences 'religious conversion' some of his abundance will flow toward assuaging the needs of those poor who cannot help themselves.
- (3) There is no middle ground between 'liber-tarianism' and communism. Everyone must either support untrammeled laissez-faire--under which there would be no post offices, no public highways, no public schools--or be guilty of aiding the cause of 'godless, materialist communism.' The difference between the 'statism' of Russia and the 'statism' of the United States is one of degree only. Genuine freedom lies in an absolute minimum of outside interference in the inevitable working of 'natural law.'70

^{69&}lt;sub>Roy</sub>, op. cit., p. 285.

^{70 &}lt;u>Ibid.</u>, pp. 301-302.

III. CONFLICT OVER THE ECONOMY

The association of ecumenical leaders and organizations with socialism and the attack against certain advocates of free enterprise as "libertarians" and "apostles of discord" constitute the basic evidence of conflict over competing systems. Whether the charges are true or not, they reveal two opposing factions, both of which appear dissatisfied with the manner in which nonmaterial goals are being attained through the current economic system. The faction identified as socialist desires a system which is amenable to planned control in order to gain its goals. The libertarian faction desires the opposite, a system free of control, to obtain its goals. A compromise system seems out of the question.

No attempt will be made here to explain the apparent conflict between Lee's thesis that social factors, including those involved in the quest for social justice, contribute to church unity and evidence that they may be the cause of disruption. This will be attempted in Chapter VII. At that time, social justice will be broken into component goals which help resolve the problem. But first, it must be determined whether and how this conflict disrupts unity.

CHAPTER V

THE THREAT TO UNITY

The alleged socialists seek an economic system of "planned control." The so-called libertarians seek laissez faire free enterprise. Conflict between these groups inhibits church unity. Proponents of the competing systems vie for power to impose their will upon the economy through political means. To do this, each faction appeals for popular support by associating its preferred system with religious and political values. Church unity and social justice appear to be conflicting Christian goals. A question may be raised as to whether Christians can develop an economic system through which the conflict can be resolved. This is the economist's challenge.

I. COLLECTIVISM AND CHRISTIANITY

Conciliar Control

The "Kingdom of God." In 1960, Edgar C. Bundy presented his views of the ecumenical movement and its relationship with socialism and communism. According to him, socialism was adapted to Christianity by Walter Rauschenbush through a social concept of "The Kingdom of God." This concept acted as a disguise through which

socialism was to be attained. The spiritual concept of the Kingdom of God with its emphasis upon the conversion of the individual as the key to social betterment was replaced by a plan to bring about a society which followed the "social aims of Christianity."

Bundy gives evidence crediting Rauschenbusch with changing the "emphasis and direction of American Protestantism." He was also among those who adopted "The Social Creed of the Churches," at the first meeting of the Federal Council of Churches. 74

Socialist leadership. Bundy pictures the FCC and later the NCC as instruments used by socialists to further their aims of conquest. The leaders were able to control the national body by controlling appointments to the "business committee." This committee in turn acted as a control over the quadrennial meetings. Only those resolutions were acted upon which were provided by the committee. Between quadrennial meetings, matters were

⁷¹ Edgar C. Bundy, Collectivism in the Churches (Wheaton, Illinois: The Church League of America, 1960), pp. 100-101.

^{72&}lt;u>Ibid.</u>, p. 99.

^{73&}lt;sub>Ibid.</sub>, p. 100.

^{74&}lt;sub>Ibid</sub>.

^{75&}lt;sub>Ibid.</sub>, p. 44.

left in the hands of the executive committee. 76

Exploitation of local councils. At lower levels the state and local councils were used to carry out the objectives established by the national body. In addition, the Commission on the Church and Social Service was established to coordinate the social service work of member denominations. Bundy claims that,

The churches were urged to work for the following: pure water supply, food inspection in public markets, legislation for tenament buildings and sanitary codes, municipal or mission lodgings, workhouse and state forms, playgrounds and comfort stations, social centers and public schools, working men's compensation laws, laws limiting working hours for women, and enforcement of labor laws. The churches also were counseled to investigate the social cost of saloons and the cost of living; to help determine minimum wage standards; to discourage Sunday work and demand one day's rest in seven, and to improve industrial education in the public schools.

In short, the church was to turn itself into a social service enterprise that would have little resemblance to the church which Christ founded to spread, the gospel of the redemption of men's souls. 78

Political Activities

National. Bundy links the ecumenical leaders with the activities of labor union leaders and with political attempts to equalize income distribution through taxation. He points out efforts to replace

^{77 &}lt;u>Ibid.</u>, pp. 40, 104.

^{78&}lt;sub>Ibid.</sub>, pp. 104-105.

free enterprise with a "cooperative system" through, among other means, the appointment of John Carson to the Federal Trade Commission. He claims that church women have been "collectivized." Local councils of church women are used by a "handful of women" in the United Council of Church Women "as a vast propaganda machine to influence the Congress, the President, and the United States Supreme Court...," influence which Bundy associates with left wing objectives. 79

International. Considerable attention is given by Bundy to the relationships between John Foster Dulles, the Federal Council and his influence in national and international affairs. Dulles was chairman of the FCC's Interchurch Commission to study the basis of a Just and Durable Peace during a period when it adopted a one world stance favorable to socialistic thinking. The view taken was that an economic revolution was about to take place in the world and that the church had to demand economic justice. An international body was called for which could judge nations and exercise authority in economic issues.

Bundy links Dulles with the left-wing through his association with Alger Hiss, a co-worker in the FCC.

⁷⁹Ibid., pp. 139-167.

⁸⁰ Ibid., pp. 166-167.

He also presents material in which Dulles contends that pure socialism and pure free enterprise cannot work. Russia was being forced to weaken its socialist system more and more, and the United States was having to adopt social security and "unemployment and retirement benefits." Bundy here emphasizes Dulles' criticism of free enterprise. According to Bundy he alleges that the FCC used Dulles and Hiss as propagandists "to influence the United States government in its most important foreign policy decisions."

World Control

According to Bundy the ecumenical leaders desire to establish.

One church for one world. They believe that they will be the ecclesiastical directors of this one-world church, and they are working hand in hand with the proponents of world government and internationalism. That is why they are operating as far as possible within the framework of the United Nations. The ultimate world government, under this plan, will have a political arm and a religious arm. The modernists believe that they will be in control of the ecclesiastical or religious arm.

The leaders of the Federal-National Council of Churches have not been content to bring collectivism to the United States. They will not stop short of a collectivist world society.

^{81 &}lt;u>Ibid</u>., pp. 177-192.

^{82&}lt;u>Ibid</u>., pp. 190-192.

The "Laymen's Revolt"

Credibility gap. The last chapter of Bundy's book is devoted to "laymen's revolt." Leaders of the Federal Council were concerned about the difference of opinions between them and the business world. To mend this problem for the upcoming National Council, the "Planning Committee" suggested that a Lay Committee be created to advise on ways to incorporate lay leadership in the new council. J. Howard Pew, chairman of the board of Sun Oil Company, became the committee's chairman and organizer on July 6, 1950. Originally there were eighty-six members in the committee, but eventually it was expanded to include 219 men and women who were "nationally famous in industry, finance, and labor."

Lay involvement proposed. The committee proposed that a National Lay Committee be established as a standing committee of the General Board, having the right to collaborate with the Board and with departments on pronouncements and statements of policy and to assist the National Council in its business and financial operations. 84

⁸³<u>Ibid</u>., p. 236.

^{84&}lt;u>Ibid</u>., pp. 263-264.

Lay involvement rejected. The General Board rejected the plan, but established a laymen's and a lay-woman's committee under the Department of United Churchmen and Churchwomen. The upshot of the matter was that Pew and his committee, which continued under the General Board until 1955, attacked the socialist stance of Council policies. The Council would not tolerate the interference and ultimately disbanded the committee. 85

Futility of Unity within National Council

Bundy considers futile any effort to change the direction of the National Council and praises the virtue of congregations which remain independent and faithful to the Gospel. His account shows the involvement of the ecumenical leaders in political matters in order to attain goals in the economic system which he identifies as collectivistic. Their scheme is not only national but international in scope. To support their political program, these leaders have adopted a social interpretation of the Gospel and are transforming the churches into a vast propaganda machine. The truth of his charges may be doubted, but their existence provides evidence of conflict in the political and religious spheres which revolve around economic problems,

^{85&}lt;u>Ibid.</u>, p. 265.

conflict which interferes with church unity.

II. LIBERTARIANS AND ASSOCIATES

Anticommunists

Ralph Lord Roy sees the same problem from the opposite viewpoint. According to him, Edgar C. Bundy "is an influential leader of the ultra-fundamentalist wing of the ministry of disruption." This statement is made in chapter nine entitled "Seeing Red." It is devoted to uncovering individuals and groups who irresponsibly link certain Protestant leaders with communism. Roy says of these individuals that "they earnestly believe that they are exposing the actual enemies of freedom who, unwittingly perhaps, have become tools of the Kremlin in its drive to undermine America by destroying its capitalistic system." 87

The American Council of Churches

Roy accuses the American Council of Christian Churches of engaging in political conflict, contrary to its own claims, by attacking Charles P. Taft as "an exponent of a socialized America and a church-sponsored internationalism." At the time of the attack, Taft was

⁸⁶ Ralph Lord Roy, Apostles of Discord (Boston: The Beacon Press, 1953), p. 240.

^{87&}lt;u>Ibid.</u>, p. 228.

running for the office of Governor of Ohio. He had occupied high positions in the FCC and WCC. The ACCC also prevailed upon the State Department to investigate the alleged "communist leadership" of the WCC in order to disrupt its 1954 assembly at Evanston, Illinois. The organization also petitioned Congress "to investigate communist clergymen in the churches."

The American Council of Christian Churches was organized in 1941 to combat, among other things, the socialist leaning of the ecumenical leaders. It defends the private enterprise system and relates freedom with capitalism. Roy classifies it among the "Saboteurs of Protestant Co-operations."

National Association of Evangelicals

Another organization so classified is the National Association of Evangelicals which was formed in 1942.

According to Roy, leaders of the Association "generally tend to support ultra-conservative political, economic and social views--although there are some exceptions."

Both of these organizations support religious fundamentalism and thus oppose the ecumenical leaders on religious

⁸⁸ Ibid., pp. 239-242.

^{89&}lt;sub>Ibid</sub>., pp. 193-195.

⁹⁰ Ibid., pp. 183-184.

grounds but they also contain elements which oppose their "socialist" goals. In this respect, they are similar to the "libertarians" mentioned in the previous chapter.

Libertarian Organizations

Roy attacks three "libertarian" organizations:
Spiritual Mobilization, the Christian Freedom Foundation,
Inc., and the Foundation for Economic Education, Inc.
He claims that these groups attempt to gain support for
their economic views from the clergy, to do away with
current welfare legislation and bring back <u>laissez faire</u>
free enterprise. In their attempts to do so, they disrupt
the church unity movement. Among the efforts of "libertarians" Roy lists what Bundy referred to as the "laymen's
revolt" led by J. Howard Pew. Roy claims Reinhold Niebuhr
declared pessimistically that business interests were
emerging triumphant in a struggle with the church. 91

III. THE RELIGIOUS FAR RIGHT

Definition and Organizations

John Harold Redekop defined a group which he calls the "Religious Far Right."

⁹¹ Ibid., pp. 285-305.

The term 'Religious Far Right' refers to that section of the Far Right which closely identifies its politics with a Christian theology and which asserts that the religious and political components are necessarily related. 92

Among the individuals and organizations which Roy attacks and which Redekop lists as members of the "Religious Far Right" and Far Right, are Carl McIntire, Verne Kaub, Howard E. Kershner, The American Council of Christian Laymen, Christian Economics, and Christian Freedom Foundations, Inc. 93

According to Alan F. Westin, the Foundation for Economic Education is a member of the "semi-respectable right." 94

Political Far Right

Thus it can be seen that many of the opponents of the economic goals of social justice and advocates in the National Council of Churches are associated with the politics of the "right" and the "far right." Although it might be carrying things too far to say that the "Far Right", as a body, opposes the NCC because of its economic

⁹²John Harold Redekop, The American Far Right (Grand Rapids, Michigan: William B. Erdmans Publishing Co., 1968), p. 184.

^{93&}lt;sub>Ibid.</sub>, p. 185.

⁹⁴ Daniel Bell, The Radical Right (New York: Doubleday & Company, Inc., 1963), p. 204.

goals, it can be seen that an association exists. In a footnote, Redekop quotes a NCC publication which makes the following claim:

The Far Right is a dangerous enemy of the church and of the democratic process. For a while some hoped it would not amount to much, but its impact and influence are now so great that it cannot be casually dismissed as ridiculous or insignificant. 95

IV. THE DIMENSIONS OF DIVISION

The problem of disunity appears to have other dimensions. Except for the "laymen's revolt" the material covered here has emphasized the conflict between the NCC and other organizations. However, churches within the NCC are beginning to feel the effect, if Donald G. Bloesch is to be believed. He attributes a decline in church attendance to an absence of any spiritual message. In liberal churches, the people receive moral or political lectures concerned with social matters, and in conservative churches they receive an ideology that signifies the amalgamation of biblical faith and the cultural and economic attitudes of an earlier period of history. 96

To summarize, the political efforts of the FCC/

⁹⁵ Redekop, op. cit., p. 186.

⁹⁶ Donald G. Bloesch, "Why People are Leaving the Churches," Religion in Life, 38:95 (Spring, 1965).

been interpreted as socialistic/communistic. Opposition groups have arisen to defend and preserve the free enterprise system. Some of the members of these groups are within the NCC. NCC efforts to create a social conscience within the Protestant body to complement its political programs have led to disputes over the meaning of the Gospel. This has resulted in a split of the churches which places the fundamentalist groups in opposition to the NCC. To a considerable extent, the opposition groups are associated with the right or "far right" political element within the United States.

CHAPTER VI

AN ECONOMIC MODEL

I. REQUIREMENTS OF A CHRISTIAN SYSTEM

To satisfy Christian goals, unity and social justice, it is necessary to find a form of social economic organization in which social justice can be achieved without causing conflict. To do this, it is assumed that social justice can be separated into economic and non-economic factors. And that the non-economic factors can be ignored and the economic factors can be embraced by the term economic justice. A Christian economic system, therefore, must be compatible with economic justice and unity.

Economists are divided over the meaning of economic justice on ethical and technical grounds. ⁹⁷ In some respects, this division resembles that of the Christians, however, treating these common points is beyond the scope of this study. Before describing the manner in which economists differ on the subject, a study

⁹⁷Edward C. Budd (ed.), <u>Inequality and Poverty</u> (New York: W. W. Norton & Company, Inc., 1967), pp. vii-x.

of the forms of social economic organization is in order.

II. SOCIAL ECONOMIC ORGANIZATIONS

Functions

A social economic organization must provide for the operation of five basic functions: the "...Fixing of Standards," "...Organizing Production," "...Distribution," "Economic Maintenance and Progress," and adjustment of "...Consumption to Production within very short Periods." In this study, emphasis is placed upon distribution because of its relationship with economic justice.

Forms of Organization

There are five forms of social economic organizations. Each form is unique in the manner in which individuals within a society are adapted, or motivated, to carry out the economic functions. As pointed out in Chapter II, adaptation is required due to efforts to achieve efficiency through specialization. Adaptation requires conscious social effort. In general, the methods through which this is accomplished can be classified as authoritarian and non-authoritarian. Three of the five forms of organization fall under the first head and two

⁹⁸ Frank H. Knight, op. cit., pp. 6-10.

under the second.

Authoritarian Forms

The authoritarian forms consist of the caste system, the autocratic system, and social democracy.

Caste system. In the caste system, control is maintained through custom, or tradition. Custom may be present in all organizations, but it predominates here. Members of the society fall into statuses or castes which more or less determine the distribution of income. 99 Although authority may not appear to support such a system, it is classed as authoritarian because of the rigidity of tradition to individual flexibility. An attempt to change tradition may be subject to coercive social resistance.

Autocratic system. In the autocratic system, nearly every aspect of economic life may be clearly defined and controlled by a central authority which may also own all property and may even be deemed "divine." In less rigid situations, however, the position of authority may be restricted to a fusion of political and economic systems. The distinguishing characteristic of this system is the absolute authority of the controlling autocrat or autocratic body. 100

⁹⁹ Ibid., pp. 15-16.

^{100 &}lt;u>Ibid</u>., p. 16.

Social democracy. Under social democracy, there is also a controlling agency, however, it is controlled by the "citizens" through the democratic process. 101 The amount of political control over the economic system might range widely. The ownership of private property might be provided for, however, not without public control as deemed necessary by the central authority. Likewise, private enterprise might be allowed within certain limits.

Non-Authoritarian Forms

Free enterprise. Free enterprise and anarchism are non-authoritarian systems. The former is based upon private property and the market system. Competition and the profit motive are "natural" forces which create an "automatic" system through the market place. Political intervention is desirable only to protect the market and guarantee free competition.

Anarchism. Anarchism is characterized by reason and voluntary action. Professor Knight defines it as follows:

¹⁰¹ Ibid., p. 17.

^{102&}lt;u>Ibid.</u>, pp. 17-19.

The idea is simple enough; it is contended that if inequality and all hope or thought of exploiting or exercising authority over other men were abolished, people might agree voluntarily as to what were best to be done in the various contingencies of social life and the best method for doing it, and proceed accordingly, without any giving or taking of orders, or any threat of compulsion or restraint by force. 103

In this study the underlying requirements of equality and absolute freedom will be ignored. Instead, it is assumed that, given appropriate cause, and sufficient freedom, individuals may voluntarily act in a cooperative manner based upon reason and mutual agreement. Charities supported through voluntary contributions are possible examples.

Mixed Forms

Each of these systems constitutes an ideal. It would be highly improbable to find any one of them in its pure form. It is far more probable that two or more would be operating side by side with one being predominant.

III. ECONOMIC JUSTICE

Levels of Distribution

Lorenz curve. Some proponents of economic, or distributive justice, are concerned with the problem of income distribution among households within the United

^{103&}lt;sub>Ibid</sub>., pp. 16-17.

States. Perhaps the easiest way to illustrate the problem is through the Lorenz Curves shown in Figure 1. 104

Income levels. Three distribution curves are shown. The curve for 1962 shows that the lowest 20 per cent of the consumer units in the United States received about 5 per cent of the total family personal income. Consumer units consist of "families and unattached individuals." The lower 40 per cent received about 15 per cent of the income. As a contrast, the upper 20 per cent received nearly 40 per cent of the total income and, perhaps more disturbing to some individuals, the upper 5 per cent received 20 per cent of the total.

Level changes. A comparison of the 1962 curve with that of 1929 shows that some changes have taken place. The highest 20 per cent of the consumer units received about 54 per cent in 1929, 9 per cent more than in 1962. This was distributed to the lower groups in such a way that the lowest 40 per cent of the consumer units experienced a 3 per cent increase. Their "take" of the total jumped from around 13 to 16 per cent. The other 6 per cent went to the middle income groups.

¹⁰⁴ Edward C. Budd, op. cit., p. xii.

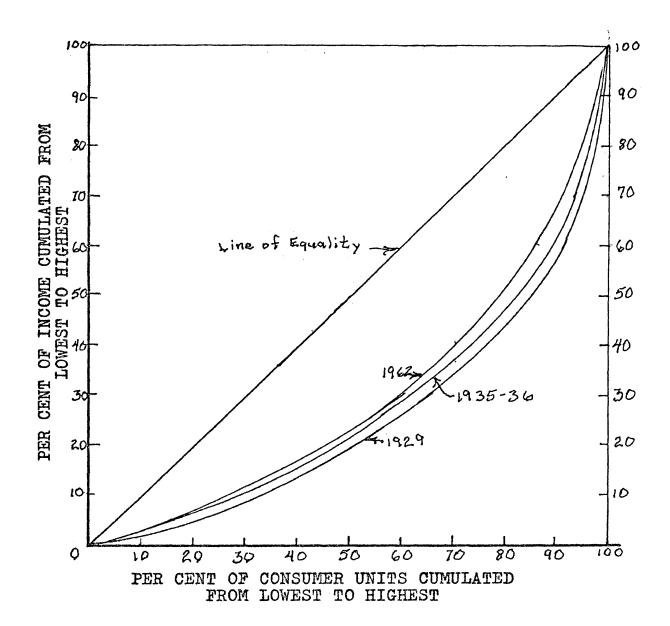


FIGURE 1

LORENZ CURVES FOR THE DISTRIBUTION OF
FAMILY PERSONAL INCOME

Causes of level changes. The causes of these changes have been sought through various studies. They have shown that the following factors are involved:

(1) A larger share of income is now received in the form of wages and salaries as opposed to property incomes and self-employment. This tends to equalize income because wages and salaries are more standardized than the other income sources. (2) There has been an increase in transfer payments. (3) Wealth has become more equally distributed. (4) Full, or near full, employment has narrowed the wage and salary range. 105

Problems of Equalization

Goals and reasons. Economists who favor equalization of income vary both as to their reasons and goals. The amount of equalization may range from a distribution which is "better" than the current position to one of absolute equality. In terms of the Lorenz curve, this means that goals may range between the current curve and the 45 degree "line of equality." The reasons for equalizing distribution vary from technical to ethical. Utilitarians seek equalization because they believe it will lead to maximization of total satisfaction. Humanitarians

¹⁰⁵ Ibid., pp. xx-xxi.

¹⁰⁶ Ibid., pp. vii-viii.

seek equalization to bring the developmental benefits of the economy to all individuals instead of a privileged few. 107 Some seek equalization to compensate for some of the faults of free enterprise, 108 which will be discussed later.

Conflict with free enterprise. Whatever the reason for equalization, it may come into conflict with the individualism of free enterprise. When the goals are sought through governmental action and enforced by coercive means, they cause more than technical problems. Not only do they stand as a threat to the right to private property, which is a basic institution of free enterprise, but they also contradict an ethical principle. As Milton Friedman states it,

The ethical principle that would directly justify the distribution of income in a free market society is, 'To each according to what he and the instruments he owns produces.' 109

Since free enterprise is dominant in the United States, the ethical principle of a free market society cannot be ignored. If the ethical principle were not still alive, the system would probably have perished.

¹⁰⁷ Ibid., pp. ix.

¹⁰⁸ Wallace C. Peterson, Income, Employment, and Economic Growth (New York: W. W. Norton & Co., 1962), pp. 182-185.

¹⁰⁹ Milton Friedman, "The Distribution of Income," Inequality and Poverty, Edward C. Budd (ed.) (New York: W. W. Norton & Co., Inc., 1967), p. 38.

Normative vs. market justice. An overview of the situation seems to show a conflict between two contradictory concepts of economic justice. Some proponents favor policies which equalize income or attempt to establish a norm. Policies of this sort might be said to show the existence of a "normative" justice. On the other hand, advocates of the market principle stand opposed to these policies and favor a "market" justice.

IV. A JUST SYSTEM

Developmental Problems of Free Enterprise

If, in the development of its social economic organization, a social group desires normative justice, free enterprise may pose serious problems. The ethical principle of the free market does not concern itself with non-producers. Those who lack productive instruments and are unable to work are left without income. Moreover. the system contains flaws in its "automatic" mechanism as pointed out by John Maynard Keynes. The laissez faire argument of some advocates of free enterprise that all who desire work can find jobs has been destroyed by his analysis. In addition, the advent of automation has been considered by some a threat to the working man as machines displace human beings in plants and offices. To summarize, there is fair evidence that a part of the work force will be unemployed, or insufficiently employed, under free enterprise. 110

The population, under these conditions, may contain not only unemployables with no source of income, or one that is inadequate, but also members who are employable if jobs were available. Given this situation, there is little wonder that welfare programs are so prolific.

The Need for Anarchism

economist, is the construction of a social economic organization in which the proponents of both views of justice can be satisfied. It is plain to see that free enterprise is necessary for market justice. However, it is equally apparent that it cannot stand alone if proponents of normative justice are to be satisfied, and the latter cannot be satisfied through an authoritarian form of organization in combination with free enterprise. This leaves little to choose from. If proponents of normative justice are to be satisfied without offending proponents of market justice, free enterprise must be combined with anarchism.

¹¹⁰ Arthur J. Goldberg, "The Challenge of Industrial Revolution II," Automation: Implications for the Future, Morris Philipon (ed.) (New York: Vintage Books, 1962), pp. 6-7.

The "Just" State

In order for this hybrid system to be "just," or in a "just" state, proponents of both views must be satisfied. A primitive way to conceive of this condition is through a dual income cycle. In one cycle, money is distributed through the market system to the "productive" portion of the population. In the other cycle, money is distributed from the "productive" population to those who are inadequately productive. The first cycle must satisfy market justice and the second cycle, normative justice. This example is offered as a means of showing a possible relationship between free enterprise and anarchism.

Macrostewardship is a more complete example.

The voluntary principle imposed by the proponents of market justice limits what may be expected from the "just" system. Complete equality would require that all those whose incomes were above average would voluntarily surrender their excess to those below the average. Such a condition is highly improbable. Perhaps the best that could be expected is a level of redistribution that would pre-empt the desire for an authoritarian system. Or, for the Christian system, a level that would prevent disunity.

CHAPTER VII

A CHRISTIAN ECONOMIC SYSTEM

In the previous chapter it was assumed that a Christian economic system must be compatible with economic justice and church unity. The "just" system was developed on this assumption. Underlying this assumption was a second one, that Christians are divided over normative and market justice, and that this division can be resolved only through a social economic organization compatible with the two forms of economic justice. The latter is the "just" system. If the underlying assumption can be established, then the "just" system provides a classification for a Christian economic system. It is one in which market justice is attainable through free enterprise and normative justice is attainable through anarachism.

I. BASIC ARGUMENT

The following argument attempts to clarify the problem and provide an approach to a solution.

Assumptions

Unity. From an organizational point of view, the NCC is the principle body of Protestant church unity.

The success of the NCC is dependent upon its acceptance by Protestant churches and their individual members.

This, in turn, is dependent upon the policies of the NCC.

Unpopular policies may cause dissatisfaction with the NCC in such a manner as to: (1) prevent non-member churches from becoming members, (2) cause non-member churches to establish countervailing movements, (3) cause member churches to withdraw, and (4) cause dissatisfied individuals to withdraw from member churches.

Economic justice. Christians desire economic justice, however, the concept has two meanings defined as normative and market justice. Normative justice is increased by distributive methods which equalize incomes. These methods may, or may not, require coercion. Methods requiring coercion are inconsistent with market justice. Therefore, market justice can be increased by eliminating distributive methods which utilize coercion. But this leaves normative justice unsatisfied unless it is provided through voluntary efforts, i.e. anarchism.

Protestant factions. The Protestant body contains factions which are dissatisfied with the current distribution of income. Those classified as "socialists" favor NCC policies which equalize income through coercive means and oppose those who favor policies which might decrease equality of income. Those classified as "libertarians"

favor NCC policies which oppose coercive methods of income equalization and oppose those who favor coercive methods of income equalization.

Priorities. Although Protestants desire unity, normative justice and market justice, the desires are non-universal or there is division over priorities. The previous assumptions lead to the following priority sets. Let A represent unity, B represent normative justice, and C represent market justice. Socialists might prefer ABC in descending order. However, given ACB or CAB, they prefer BAC. Libertarians might prefer ACB in descending order. However, given ABC or BAC, they prefer CAB.

Any argument as to whether normative and market justice are universal desires it irrelevant since Christians assign conflicting priorities. In order to attain unity, adherents of both priority sets must be satisfied. To go a step further, the desire for unity may not be universal. However, this cannot be determined, in a practical sense, without establishing economic justice.

Hypothesis

If an economic system is to be classified as Christian, it must satisfy the Christian goal set and its order of priorities. These have been developed in preceding sections, to summarize: Christians desire unity, normative and market justice. "Socialists" prefer normative justice to market justice, and "libertarians" prefer

market justice to normative justice. Church disunity is caused by conflict over these two forms of justice.

Care should be taken not to read too much into the foregoing. It does not mean that Christians consciously seek normative or market justice. They may not understand either concept. However, they act as if they do.

II. TESTS

If the goals and priorities attributed to the two Protestant factions are valid, then the conflict between libertarians should be explainable in terms of income distribution and coercion. If the socialists exert pressure for policies which favor coercive methods of income equalization, the libertarians should offer opposition and if libertarians exert pressure for policies which disfavor coercive methods of income, equalization, the socialists should offer opposition.

The Role of Policy

Policy statements may be issued by the NCC, or may be sought after, in order to influence public opinion (Protestant or otherwise) concerning economics or the economic system. Since economics provides the rationale whereby some individuals accept or reject public policy and make business and household decisions, it is an important influential factor.

In general, policy statements favoring free enterprise and its institutions may be considered unfavorable to coercive income equalization. This is definitely so in the case of <u>laissez faire</u> policies. The same may be said of policies concerning free enterprise institutions.

On the other hand, policies unfavorable to free enterprise and its institutions may be favorable to income equalization and definitely so when market control through coercive means is favored.

Bundy's attacks on "Socialist" policy. Edgar C. Bundy, who for practical purposes will be considered a "libertarian" here, opposes the following Council views or practices.

In February, 1950, the Church and Economic Life Department held a conference in Detroit, Michigan...

The meeting was attended by Victor and Walter Reuther

"as advisors on economic and labor matters" and was

presided over by Bishop Oxnam. lll Bundy quotes from a

special report on the meeting by Dr. George S. Benson:

A politico-economic credo which should be disturbing to all straight-thinking Americans has been adopted by a group of prominent Protestant churchmen assembled in Detroit under the leadership of the Federal Council of the Churches of Christ in America. The Associated Press reports that the churchmen voted to recommend to the public "the

¹¹¹ Edgar C. Bundy, Collectivism in the Churches (Wheaton, Illinois: The Church League of America, 1960), p. 139.

extensive use of taxation to reduce inequalities in income.'112

In this case, there can be no doubt but what is being called for is a policy of income equalization. The remainder of the report consists of an attack upon the policy as socialistic. Bundy adds to this attack by quoting a letter by the Reuthers which ended with the phrase, "Carry on the fight for a Soviet America."

The Department of Christian Social Relations of the FCC published an abridged version of the "Social Ideals of the Churches" in 1942. Bundy attacks the following points.

On pages 6 and 7 the churches are told what principles they should stand for. Among these are 'subordination of speculation and the profit motive to the creative and cooperative spirit.'114

Another point is this: 'Social planning and control of the credit and monetary systems and the economic processes for the common good.'115

Point 3 in the Federal Council's program is 'a wider and fairer distribution of the wealth.'

The "Ideals" thus calls for control of the free enterprise system in order to equalize income, or the benefits of its output. This amounts to normative justice through coercion. Bundy attacks the program by associating

¹¹² Ibid., p. 140.

^{113&}lt;u>Ibid.</u>, pp. 146-147.

¹¹⁴ Ibid.

^{115&}lt;sub>Ibid</sub>., p. 152.

it with socialism, questioning the integrity of the church leaders and emphasizing the dangers of "irresponsible ecclesiastical power." 116

Bundy also attacks "Socialist theologian John C.

Bennett" for claiming that capitalism "had failed to solve human needs." Bennett is one of the men named by Flynn as a promoter of the socialist revolution. It only seems reasonable that if men desire a "revolution" there must be a reason. Bundy claims:

Under a collectivist system, somebody has to do the planning and somebody has to control the masses of the people. The church leaders, crazy for authority, expect to be in line as the controllers of other people's lives. 118

"Socialist" viewpoint. Bundy may be right, however, the desire for greater equality of income through coercion provides another reason. This is evident in the following quotations from John C. Bennett.

The Christian ethic has to be related to the problems of the economic order by way of several generally recognized values. I refer especially to four such values; justice, freedom, order, and what I shall call the material conditions of welfare. These values are not uniquely Christian. By justice I mean especially what is often called 'distributive justice;' what are the principles by which we determine who should get what? 119

^{116&}lt;sub>Ibid</sub>., pp. 153-154.

^{117&}lt;sub>Ibid.</sub>, p. 209.

¹¹⁸ Ibid., p. 228.

¹¹⁹ John C. Bennett, Howard R. Bowen, William Adams Brown, Jr., and G. Bromley Oxnam, Christian Values and Economic Life (New York: Harper & Bros., 1954), p. 208.

In this country within the past twenty-five years there has been a remarkable shift in thought among those Christians who have been most interested in the problems of economic justice. In the 1930's it appeared to many of them, including this writer, that capitalism had reached a dead end, and that it had to be replaced by a dominantly socialistic type of economy. I no longer believe that; because I believe that an experimental modification of capitalism is better than change of the system at its center.120

There is one overall consideration that should have great bearing on social policy: the evil social effects of having a nation divided by chasms between the rich and the poor. These chasms destroy fellowship, and encourage—as I have said—pride and bitterness. Society has a moral responsibility to level up and level down wealth and income to such an extent that people are not deeply divided from each other by this factor of economic inequality. This is in the interest of moral health and social stability. 121

The most controversial ethical issues that arise in our economy usually lead at some point to the question as to where it is right for the state to intervene in economic life... Those who are advocates of logical or consistent economic systems have ready answers to the questions that arise in this area. The emphasis of this chapter, and indeed of this whole study, is on the need to avoid the conventional stereo-socialism, and to accept the principle of a mixed economy that will involve both private enterprise and intervention by the state. 122

Men are too sinful in their selfishness and greed, or in their complacency and indifference, to do enough voluntarily to meet the needs of those who are victims of defects or inadequacies in our institutions. The requirement that action be simultaneous by all parties concerned, if it is to be adequate, means that without coercion applied to

^{120&}lt;u>Ibid</u>., p. 213.

^{121&}lt;u>Ibid</u>., pp. 221-222.

^{122&}lt;u>Ibid</u>., pp. 246-247.

recalcitrant minorities no effective results are possible.123

On the basis of the foregoing evidence, it seems safe to say that the "socialists" desire control of free enterprise to achieve normative justice and have succeeded in working their desires into FCC/NCC policies. Bundy has opposed them on the grounds of their socialist or collectivist nature. According to Ralph Lord Roy, this is a typical libertarian approach. "They hope to convince churchmen that all welfare legislation is "tyrannical, socialistic, and un-American." 124

The libertarian viewpoint. That libertarians back free enterprise due to a desire for market justice seems evident from the "libertarian creed" presented by Roy. According to it, taxes "steal from men what rightfully belongs to them." This is Roy's analysis based upon the publications of libertarian organizations.

More direct evidence is offered by Howard E. Kershner, a member of Roy's libertarian group. Kershner attacks socialism on the grounds that it would destroy the market.

^{123&}lt;sub>Ibid.</sub>, p. 252.

¹²⁴ Ralph Lord Roy, Apostles of Discord (Boston: The Beacon Press, 1953), pp. 306-307.

If there were no free market to establish prices, how could one tell whether a fountain pen was worth more or less than a pair of shoes, a loaf of bread, or a concert? What is a coal miner worth per day in comparison with a minister, or a truck driver in comparison with a musician, an artist or an editor? 125

He also assails coercive income equalization.

If it shall prove that we cannot resist the false hope of something for nothing, and in covetousness seek to get more than we produce; if we cannot learn that taking the property of others by force, even though sanctioned by majority vote, is stealing; if we are unwilling to observe the moral law of God translated on Sinai and later interpreted and spiritualized by Jesus Christ, then we shall go the way of other stiff-necked generations of men that have preceded us, until in God's own time the desire for liberty, which He built into the nature of man, once more kindles the flame hot enough to drive our descendants forth to win again the liberty which we did not have the wit and courage to hold. 126

When the libertarian view is seen in this light, attacks upon welfare programs or any form of redistribution can be seen as methods of restoring market justice rather than a simple desire to return to the past as Roy claims.

The Rise of the Radical Right

In 1964, Ralph Lord Roy noted that "...the Right Wing has become more vocal and better organized..." 127

¹²⁵H. E. Kershner, God, Gold and Government (Englewood Cliffs, N.J.: Prentice Hall, Inc., 1957), p. 125.

^{126&}lt;sub>Ibid., p. 138.</sub>

¹²⁷ Ralph Lord Roy, "Conflict from the Communist Left and the Radical Right," Religion and Social Conflict, Robert Lee, and Martin C. Marty (eds.) (New York: Oxford University Press, 1964), p. 63.

He attributes this to the "international situation,"
"national controversy over integration," "the emergence
of capable spokesmen," "insecurity and frustration," and
various other reasons. 128 It is possible to draw the
implication from the hypothesis presented earlier that
a decrease in market justice could be followed by an
increase in opposition to coercive, normative justice.
In Chapter VI it was pointed out that a redistribution
took place between 1929 and 1962. The upper 20 per cent
of the population received 9 per cent more of the National
share in 1929 than in 1962. One of the reasons for this
shift was the rise in transfer payments, which implies
coercive redistribution.

Since FCC/NCC policies favored such changes, the increased activities of the Radical Right against the FCC/NCC is an expected result. As was pointed out in Chapter V, the "libertarians" are active in the Right Wing.

III. RESULTS

The results of the previous tests lend credibility to the hypothesis. So-called socialists appear to favor coercive, normative justice and libertarians appear to favor market justice. As a consequence, a

^{128&}lt;u>Ibid</u>., pp. 63-64.

Christian economic system must be consistent with both types of justice without coercion if church unity is to be attained. On the basis of this, a Christian system must contain an anarchist-free enterprise social economic organization.

CHAPTER VIII

MACROSTEWARDSHIP

The previous chapter provided evidence that a Christian economic system must be consistent with normative and market justice. This, in turn, requires a social economic organization which contains a mixture of free enterprise and anarchism. In a previous paper, the author of this work defined a Keynesian economic system which was based upon the fiscal policy of an ecclesiastical body rather than a state government. This system was called macrostewardship. It is presented here as a Christian economic system. Its basic institutions are benevolence and the unity motive. Benevolence consists of voluntary church contributions, and the unity motive is the desire for church unity.

I. THE STATE MODEL

Basic Concepts

Effective demand. The basic problem addressed by Keynes is the maintenance of a level of effective demand which is consistent with a level of full employment for the current productive capacity of the economy. He defined effective demand as the point of intersection

between the Aggregate Supply Function, F, and the Aggregate Demand Function, D. 129 The former consists of the money value of all goods produced, and the latter consists of the money value of all goods purchased over a given interval. Since productive capacity in terms of capital is considered fixed, the only means of increasing or decreasing either F or D is by increasing or decreasing employment. As more men enter the work stream, total output is increased. However, as the number increases, the law of diminishing returns takes effect. A point is ultimately reached where the value added to output is equal to the real wage. If additional men are hired beyond that point inflation results. This is defined as the point of full employment. 130

As the number of men employed increases the value of D increases. This value is divided into two components, the value of expenditures for consumption, C, and the value of expenditures for new investment, I. Thus aggregate demand is equal to the sum of consumption and new investment, or $D = C + I.^{131}$ As income increases Keynes reasoned that consumption will increase, but at a

¹²⁹ John Maynard Keynes, The General Theory of Employment, Interest and Money (New York: Harcourt Brace & World, Inc., 1964), p. 25.

¹³⁰ Ibid., pp. 289-291.

¹³¹ Ibid., pp. 27-28.

decreasing rate due to the tendency of people to save more as income rises. Since the value of new investment is determined by factors external to the aggregate demand function, it remains constant. Given an increase in employment, then, purchases will not increase by the same amount due to the "propensity to save." 132

Aggregate supply curve. In more recent representation, the aggregate supply function is usually depicted in real terms of expected returns on a given value of output. Under these conditions, the function can be graphed as a 45 degree line on a coordinate system in which returns, or proceeds, expected by the entrepreneur are measured along the vertical axis and the value of output is measured along the horizontal axis as shown in Figure 2.

Aggregate demand curve. The aggregate demand function is expressed in real terms of proposed expenditures as a function of real terms of proposed output. This is represented by line DD in Figure 2. As previously defined, demand is broken into consumption, C, and new investment, I. The slope of DD is less than the slope

¹³² Ibid.

¹³³ Wallace C. Peterson, Income, Employment and Economic Growth (New York: W. W. Norton & Company, 1962), pp. 133-134.

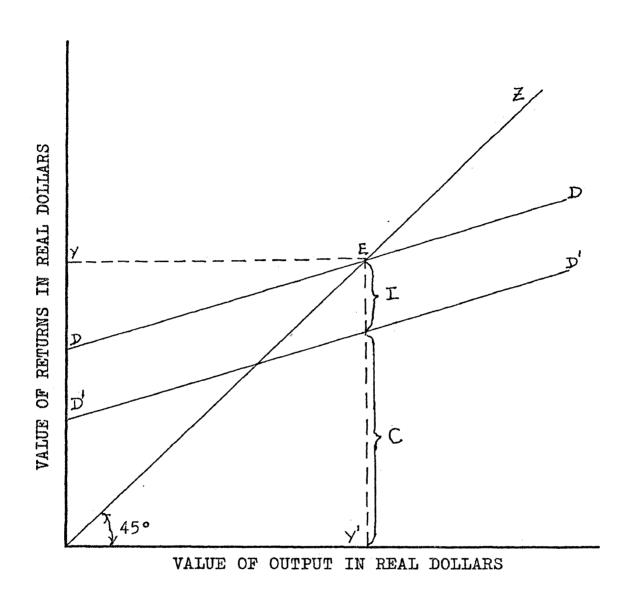


FIGURE 2
AGGREGATE DEMAND CURVE

At the point of intersection, E, the demand and supply functions are in equilibrium. In other words, the output which entrepreneurs plan to produce is equal to that which consumers and investors plan to purchase. If these plans are actually carried out, the output produced and the supply demanded will equal Y.

Consumption function. The line D.D. in Figure 2 represents the consumption function. The vertical distance between a point along it and the horizontal axis is equal to consumption for a given output. The distance between it and line DD is constant and is equal to new, or autonomous investment, I. The consumption function is algebraically defined as c = a + ky, where a is the point of intersection with the vertical axis, y is output, or income, and k is the propensity to consume. The propensity to consume is less than 1 since a portion of income will be saved at all points to the right of J. If k_s is the value of the propensity to save, then the value of k is $1 - k_s$.

In order for equilibrium to take place, it was stated that planned aggregate demand and supply must be equal. This means that D = C + I = Y, given a closed economy. Since a part of income is devoted to savings and a part to consumption, income may be said to be a sum of savings and investment or Y = C+S. The conditions

for equilibrium thus appear more stringent. Not only must the entrepreneur's estimate of demand be accurate, but the amount of planned new investment must equal the amount of planned savings. If planned savings exceed planned investment, entrepreneurs do not receive the expected proceeds. In other words, equilibrium of demand and supply requires equilibrium of the entrepreneur's expected consumption and planned investment with the consumer's planned consumption and savings. This point of equilibrium need not be consistent with a state of full employment.

Role of the State

Keynes argued that full employment could be achieved by increasing aggregate demand and proposed that the government exercise its powers, including public investment, to accomplish this goal. 134 If G represents the amount of demand for government goods and services, then the aggregate demand function becomes D=C+I+G. In like manner government receipts, taxes, must be introduced into the income equation, thus Y=C+S+Tx. As can be seen, taxes have a negative effect upon consumption C=Y-Tx-S. Since taxes must be paid, it is assumed that they tend to decrease consumption. Achieving

¹³⁴ Keynes, op. cit., p. 378.

equilibrium thus requires proper coordination of all variables.

Figure 3 contains an example of how government policy might work. The line D'D' represents a level of effective demand which provides for an employment level of N' and an income of Y'. In order to obtain full employment, an effective demand level of DD with employment of N men and an income of Y is required. To attain full employment, an increase in income, $\triangle Y$, equal to Y - Y' is needed. At first it might appear as if this must be satisfied by government expenditures equal to Y. However this is not necessary as can be demonstrated through the consumption function.

The expenditures multiplier. If expenditures are increased by an amount G, Y will be increased and so will C, since C is a Function of Y. The amount of government expenditures required to increase demand to a full employment level can be computed as follows.

Let the increase in income, $\triangle Y$, equal the change in government spending, $\triangle G$, plus the increase in consumption $\triangle C$ created by $\triangle G$.

Then
$$\triangle Y = \triangle G + \triangle C$$

and
$$\triangle C = k \triangle Y$$
.

Therefore
$$\triangle Y = \triangle G + k (\triangle Y)$$
,

$$\triangle G = \triangle Y - k (\triangle Y),$$

$$\triangle G = (1-k) \triangle Y.$$

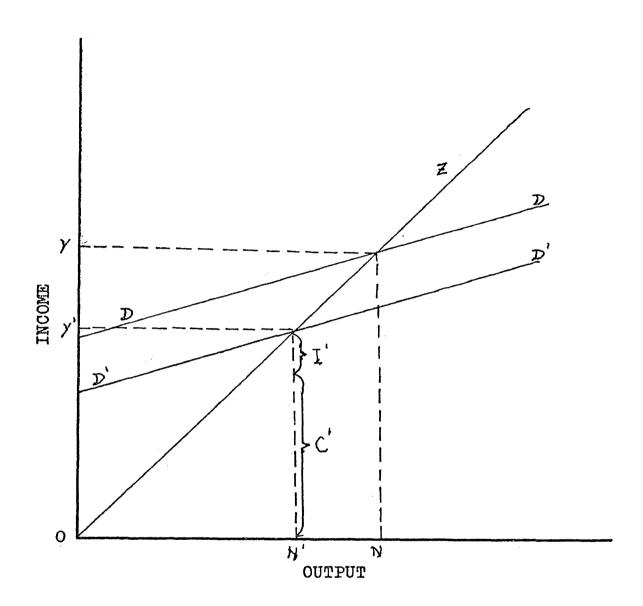


FIGURE 3
GOVERNMENT POLICY AND AGGREGATE DEMAND

The increase in government spending required to raise effective demand to a full employment level is (1-k) (Y-Y'). Since k is less than one, $\triangle G$ is less than (Y-Y'). The ratio $\frac{\triangle Y}{\triangle G} = \frac{1}{1-k} = m$ is called the multiplier, $\frac{135}{1-k}$ and indicates the extent to which increased government expenditures will be multiplied to attain Y. Since k is less than one, m is greater than one. Also, since in the example original government expenditures were non-existent, $\triangle G = G$.

Tax and transfer multipliers. Taxes and government transfers of income were ignored in the above example. If taxes had been increased at the same time that government expenditures were increased they would have had a lessening effect upon $\triangle Y$. This can be shown as follows (taxes = TX).

¹³⁵ Peterson, op. cit., p. 168.

If government expenditures had been divided between purchases of goods and services and income transfers to the inadequately employed, the change in income would also vary from the first example, assuming similar amounts were used. Let \triangle GP be the amount spent on purchases and \triangle GT be the amount of income transfers. If it is assumed that recipients of transfers will spend less than the entire amount of their increased income, and that this amount is determined by the propensity to consume, then the following should hold true.

$$\triangle Y = \triangle GP - \triangle TX + k \triangle GT + \triangle C$$

$$\triangle C = k \triangle Y$$

$$\triangle Y = \triangle GP - \triangle TX + k \triangle GT + \triangle C$$

$$\triangle Y - k \triangle Y = \triangle GP - \triangle TX + k \triangle GT$$

$$\triangle Y = \triangle GP - \triangle TX + k \triangle GT$$

$$\triangle Y = \triangle GP - \triangle TX + k \triangle GT$$

$$\triangle Y = \Delta GP - \Delta TX + k \triangle GT$$

$$\triangle Y = m \triangle GP - m \triangle TX + k m \triangle GT$$

The level of effective demand thus responds more to purchases than to transfers.

II. THE ECCLESIASTICAL MODEL

This elementary approach shows the basic principles underlying government fiscal policy. The question can be raised as to whether an ecclesiastical body could affect the economy in a similar fashion. Such a body might be a local church, a state level synod, a national body such

as the NCC or an international organization such as the WCC. Their common characteristics would be their effect on the flow of income. All received contributions which are ultimately directed into other channels. The main difference is the geographic area covered by the organizations which in turn affects its source of income, and the impact which it has on regions of the economy. Of course, the ecclesiastical variables could also be conceived of as aggregates of contributions and expenditures for all ecclesiastic organizations.

Contributions originate from the incomes of private households in much the same way as taxes. The basic difference is that they are given voluntarily rather than under the coercive force of state law. Expenditures are used for organizational maintenance, missionary work, and welfare. If B is used to represent contributions, or benevolence offerings as they are sometimes called, and E is used to represent ecumenical expenditures, then the income equation can be modified as follows:

$$Y = C + G - Tx + E - B$$

Changes in E and B will logically have the same effect as changes in G and Tx respectively.

If E is divided into two components, purchases
EP and income transfers ET, and if the previous assumption is retained concerning the expenditure of transfers

and the propensity to consume, then the demand equation can be further modified.

$$\triangle Y = \triangle C + \triangle GP - \triangle TX + k \triangle GT + \triangle EP - \triangle B + k \triangle ET$$

$$\triangle C = k (\triangle Y)$$

$$\triangle Y = k \triangle Y + \triangle GP - \triangle TX + k \triangle GT + \triangle EP - \triangle B + k \triangle ET$$

$$\triangle Y - k \triangle Y = \triangle GP - \triangle TX + k \triangle GT + \triangle EP - \triangle B + k \triangle ET$$

$$\triangle Y = \frac{\triangle GP}{1-k} - \frac{\triangle TX}{1-k} + \frac{k \triangle GT}{1-k} + \frac{\triangle EP}{1-k} - \frac{\triangle B}{1-k} + \frac{k \triangle ET}{1-k}$$

$$\triangle Y = m \triangle GP - m \triangle TX + m k \triangle GT + m \triangle EP - m \triangle B + m k \triangle ET$$

$$\triangle Y = m (\triangle GP - \triangle TX + k \triangle GT + \triangle EP - \triangle B + k \triangle ET)$$

Mathematically the two bodies appear the same in their effect upon the demand function. There may be a basic difference, however. Taxes are deducted from income before payment is completed, at least partially. Thus disposable income is equal to income less taxes. If, as is usually the case, the propensity to consume is considered fairly constant, then it is acting upon a lesser amount. Under this assumption the following holds true:

$$C = a + k (Y-Tx)$$

However, in the case of benevolence, consumption may be based upon the entire income and benevolence left as a residual.

$$C = a+kY$$

B = Y - C - S where S is savings. If this is the case, benevolence may have a less negative effect than taxes.

In order for the multiplier to be effective, benevolence contribution must come from idle savings, or be redistributed from a lower consumption social group to one which has a higher propensity to consume. A third possibility of utilizing the multiplier is through the sale of church bonds.

It should be apparent that the ecclesiastical bodies of the United States can be included into the Keynesian theoretical framework and that their strategic position is similar to the government's. The voluntary nature of benevolence is consistent with the requirements of the anarchist system. The proper use of ecclesiastical purchases and transfers provides a means of maximizing employment and equalizing income. This system does not threaten market justice through coercive redistribution but appears to be entirely consistent with the "just" system.

CHAPTER IX

CONCLUSION

I. SUMMARY OF FINDINGS

In the first chapter four questions were posed which this study hoped to answer.

The Scope of Economics

can a Christian classification for economic systems be established within the scope of economic science? This question must receive a negative answer unless the economist can break beyond traditional limits. From a practical viewpoint, there is justification for including nonmaterial wants within the scope of economics. If this break with tradition is acceptable, then the economist is free to study the relationships between ideals and economic systems.

Actually the inclusion of meaningful nonmaterial wants enriches the study of the economic system by high-lighting its social meaning. The feedback effects of economic policies can be seen in a broader view. They may not simply change the flow of material goods, but may also generate repercussions which alter the system. Once this relationship between organization and nonmaterial

goals is seen the economist cannot take an amoral position for he cannot help but shoulder the blame for negative contributions to social problems.

The problem of objectivity on the economist's part may seem to imperil his work when moral goals are included. However, their inclusion forces the economist to examine his own feelings and look for their effects on his analysis. By examining the conflicts caused by moral goals, he is required to examine all sides of the issues, thus objectivity is forced upon him. Failure in this area would certainly meet with corrective advice.

As to Christianity, most economists treating this subject seem to think they are required to take the part of Jesus Christ and say what is right and what is wrong. Or, in the face of conflicting desires, throw up their hands, and say "impossible." If a Christian economic system is impossible, then it seems reasonable to say that a Christian is impossible. Many might agree with the latter. However, there are those who say they are Christians and, like most other people, they have a lot to say about economics. Now a positive Christian economics need be no more than an objective study of this social group and its economic flounderings. The question of a Christian economic system is slightly different. Here a single system must be defined which satisfies the total Christian body. The question of whether such a

system is real is meaningless. As time passes, if the model provides more or less accurate predictions concerning the activities of the Christian body, it is serving its purpose. The statement that it is impossible to define a Christian economic system is a prediction which can and should be tested.

Given the enlarged scope of economic science, this study has established a Christian classification for economic systems. Such a system must provide for church unity and social justice. A combination that appears obtainable only through free enterprise and anarchism.

Macrostewardship

What is macrostewardship? This consists of an ecclesiastical adaptation of Keynesian economic theory.

Does macrostewardship satisfy the requirements of a Christian economic system? Insofar as it is a combination of free enterprise and anarchism, and provides a rational means of satisfying the Christian goal set, it is a Christian system.

II. INADEQUACIES

In order to satisfy the Christian goal set, a third subgroup of Christians is required, one which is willing and able to satisfy demands for normative and market justice. Unless such a group exists and until it meets these demands, the chances for church unity are slim.

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