



# RESURGENCE

## The Cause and Cure of Poverty

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What causes poverty? The question presently plagues many serious Christian thinkers and leaders. The answers vary but the proposed solutions are the stuff of our political campaigns every four years. We can already hear the discussion from the various candidates for the presidency in 2008, both Republican and Democrat. One candidate, John Edwards, actually wants to make poverty a *major issue* in the next election, maybe as important as the Iraq War. He openly presents his version of a solution and thus makes it a major part of his stump speech these days.

Many Christians, who think about these kinds of questions, will argue that poverty can not be solved in a free-market context. They believe the problem is economic since capitalism is *fundamentally rooted in greed*. The idea here is quite simple. The rich have all the wealth, they are the ones who create the products, make the money and drive the markets. The poor suffer all the more when this happens. Because capitalism has this perceived inherent flaw it will always, or at least ultimately, foster huge inequities in income and create greater poverty. These inequities will actually increase grinding poverty for millions of people, making things even worse for more poor people as the wealthy class grows. Since the percentage of monetary growth in the present economy shows the rich are getting richer and the poor and middleclass are gaining ground by a much smaller percentage this seems to favor these kinds of arguments against capitalism. (I will not get into this issue in this article, but there are different answers to this question that are *both* appropriate and sound.)

In 1981 author and political advisor, George Gilder, wrote a huge best-seller, *Wealth & Poverty*. This popular book influenced a new generation. It did so by challenging the "greed thesis" at its core. I have always admired George Gilder. I realized back in the 1980s that it was his thinking that powerfully influenced the Reagan administration to adopt what became known as Reaganomics, a much maligned and oft-debated theory of wealth, poverty and economics.

I had the opportunity to meet George Gilder Thursday evening, June 14, after he gave the evening plenary lecture at the Acton University in Grand Rapids. Gilder, who is currently the editor of the *Gilder Technology Report*, is a former speech writer for Nelson Rockefeller, George Romney and Richard Nixon. It was in the 1970s that he began serious research into the causes of poverty. This resulted in his books *Men and Marriage* (1972) and *Visible Man* (1978). His investigation into how wealth was created eventually led him to a deeper examination of the lives of entrepreneurs, culminating in a better-known book, *The Spirit of Enterprise* (1986). But *Wealth and Poverty* (1981) will always be the book he is most remembered for in the long run, perhaps because of the timing of its release. He currently directs a think-tank called The Discovery Institute, based in Seattle. More recently Mr. Gilder has done research and writing on technology and communication theory, both of which challenge the contemporary attacks that we hear on technological development. (Some of these particular attacks also come from Christians who see advances in modern

technology as a form of modern idolatry!) It is an understatement to say that this man is a prolific Christian thinker and writer.

Hearing Gilder in person made for a very interesting evening. He did not follow a script when he spoke but seemed to talk from a deep well of thought and his lifetime of experience. As a result he delightfully rambled on for some 45 minutes and then took questions. The evening was filled with memorable quotes and various citations. I will not forget it. I felt like I touched a piece of history, the history of important and culture shaping ideas.

Gilder's basic argument is simple really-capitalism is deeply rooted in the Judeo-Christian moral code. (This is not to defend all that Adam Smith, the so-called father of modern capitalism, wrote since Smith made mistakes as any theorist will.) Gilder's argument is true precisely because capitalism is *not* rooted in greed at all, as is falsely argued by numerous Christian activists today. Gilder argued, and I believe quite convincingly, that capitalism, when it is rightly understood, is rooted in **altruism**. And it is fundamentally based upon *creativity, the creativity of both service and wealth*. And Gilder believes that wealth is good, something many pious Christians have a hard time appreciating. Like almost everything else in life the question is not about the good of something that is materially based. The question is: "How will the rich use their wealth?" This is what will determine whether or not it will do harm or good in the end. This means that the real answer to poverty, and the various mutations of socialism, is *not* greedy, self-centered capitalism, but rather a creative virtue-based entrepreneurial capitalism that serves others and builds robust economies at the same time. *Gilder believes that capitalism has an inherent orientation toward others*. This is why it is wrong to treat capitalism as a purely competitive system since its success in the marketplace will create opportunities for more success spread even more widely. This success is a good thing. A *true* entrepreneur will want the poor to succeed precisely because these people will buy his goods and services and by this means all people will be better off in the process. Simply put, capitalism **creates** new wealth, it doesn't simply capture it or steal it from others.

Think about the much-maligned Wal-Mart chain. Politicians, and the various critics of modern forms of American capitalism, routinely attack Wal-Mart even though their overall record as a company is *generally* one of helping create jobs, of providing goods at cheaper prices and of stimulating creative economic changes. Yes, mom and pop stores do suffer when Wal-Mart moves to town. But that is the nature of the system. Mom and pop will have to adjust. The spirit of freedom allows them to do exactly that if they become creative enough to work better within the free-market system. They can "blame" capitalism as a bad system or they can become entrepreneurs, take a few personal risks, and potentially turn the situation in their own favor in due time. (Yes, they can also fail, thus I believe there ought to be safety nets to help them where it is appropriate. These safety nets are best created in local settings, *not* by national governments.) The alternatives to this process are much worse when you seriously begin to entertain them. We need laws to protect people from scams and business corruption for sure. But we do not need laws to keep Wal-Mart out of town. This is why Mayor Daley recently fought his own city council over the issue of taxing such businesses heavily in Chicago. Daley knows that stopping big businesses like Wal-Mart will actually harm the economy of Chicago in the big picture and thus he rightly vetoed the city council's foolish "big box" ordinance.

Socialism always destroys personal freedoms by trying to plan for other lives through a central government system that watches out for you. (This is why President Reagan once quipped that the worst words you could ever hear were these: "I'm from the government

and I'm here to help you!") Capitalism allows you to plan for yourself. It allows for creativity and enterprise. Furthermore, it encourages people to provide for others in order to express their creativity through goods and services. *Greed is, in reality, inimical to capitalism.* Greed drives the welfare state more than it does capitalism since greedy people want unearned rewards to be given to them by a benevolent government that levels the playing field. Such a system directly causes people to petition governments to solve their personal problems. and the bigger the government's role becomes the worse the nightmare.

The problem with liberal economic state-based solutions is that they undermine this cycle of personal success and initiative. Capitalism allows even "the wretched of the earth" to succeed. Envy and greed create wars and revolutions. Witness the great twentieth century bloodbaths, most of which revolved around economic thoughts and the role of government in engineering material possession and seeking to level the playing field economically.

But many will say, "I know greedy capitalists." Or, some will ask: "What about the famous Robber Barons?" Gilder argued very powerfully that greedy capitalism is a system bent on self-destruction. *Capitalism, he argued, will best succeed best where faith, family and freedom thrive. Where they shrivel, capitalism will be threatened.*

Gilder further argued that even democracy can not create a stable society unless there is some form of freedom connected directly to the economics of capitalism. (This is why Iraq needs the liberty to produce capital and the laws to product that more than it needs democracy as we define it.) China is a growing success precisely because it is copying the model of free enterprise seen in Hong Kong's economy. The question China now must face is how far this economic revolution will go *without* the virtue of real personal freedom, especially religious freedom. With the explosive growth of the church in China one has to wonder if the next great mission sending nation will be China. The wealth will likely be there for this to happen but their system of government needs to change so that freedom, faith and family can thrive in this new economy. I spoke with George Gilder about this and he believes this is the very scenario, the rise of virtue and freedom, that will most likely to occur in China. I protested by telling him of the persecuted church. But he felt confident that the prosperity of China would force a change in this regard too if the church keeps growing at the present rate. All indications are that this will happen. I think I came away agreeing with Gilder after thinking about it more deeply. I know I came away praying for the church in China as never before.

Many young Christians are being sold a bill of goods about the evils of capitalism by evangelical writers such as Ron Sider, Tony Campolo and Jim Wallis. The intentions of these men are generally good. They desire equality, which is good. They also hate injustice and racism. This is also very good. But the equality of means and income is not the basis of real freedom. Even lifting everyone out of poverty is not possible since poverty is rooted in much more than access to more money.

As I looked at the Acton Institute banner, while Gilder was speaking, I realized again what is wrong with the Ron Sider, Tony Campolo and Jim Wallis agenda for social and economic change. *Good intentions do not result good ends without sound economics.* These well intentioned Christian men are **not** good economists, thus they embrace one of the biggest economic myths of all-the myth that there is only so much wealth to go around. This is, in reality, *a materialist Darwinian social theory.* But these men have influenced numerous young Christians with their myth of a "zero-sum" economy. This is a myth that says that while some people get rich others will necessarily become poor. Gilder smashed this idea to a million pieces with his compelling presentation of a sound economic theory.

Personally, I want to see a healthy and open discussion of economics within the church. It is long overdue. We cannot afford to make false assumptions about capital and wealth. The result of bad thinking here has enslaved multitudes in the twentieth century and led to social and political revolutions of the most deadly sort. America will survive as an affluent nation so long as she is good and pursues virtue with her great affluence. The answer to our national crisis is not to attack the economic system behind our great success. ***The answer is a moral and spiritual reformation that preserves our freedoms and strengthens people to make good choices.***

Michael Novak, the highly-esteemed Catholic economist and social thinker, has argued that the next great national awakening will come from the affluent. I would have doubted that conclusion until I began to study wealth, economics and social theory more closely. I now agree with him. We are living in a different age, an age of incredible productivity. We must understand that we are the most affluent people, at least the vast majority of us, who have ever walked this planet. Feeling guilty about this will not work repentance. If we are to see a true spiritual awakening it will necessarily come from people who have the means to make a huge contribution to great good in the world. We ought to encourage even greater wealth production, protect personal freedoms and foster the spirit of the entrepreneur in every possible way. If the church can learn to preach the gospel well, teach spiritual formation as it ought to teach it, rebuild truly transcendent worshiping communities, *and* help businessmen and women to understand that they have a vocation from God, then we just might see the awakening Novak is talking about.