

INTERPRETING *CARITAS*: DID FRANK KNIGHT AND LUDWIG VON MISES GET IT WRONG?

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Knigh and Mises claimed Christianity, both in its early history and in its modern political role, was incompatible with market economics. Competition to satisfy partners in voluntary exchange, investment, and the achievement of property and wealth received little or no sanction from a religion that preached “no thought for the morrow” and commanded “love of one’s neighbor.” Prompted by their disagreement with the anti-capitalist policies promoted by some contemporary church leaders, they adopted faulty interpretations of early church history and caricatured Christian doctrine, in particular the implications of divine love, *caritas*. Later writers from both Catholic and Protestant traditions argue there is no incompatibility. Indeed Adam Smith’s concepts of self-command, Propriety and the Spectator can be used to help better approach a proper understanding of *caritas*. The antagonism of Knight and Mises may have had deeper roots than simply intellectual dissent from socialism.

This paper contrasts the writings of Frank Knight and Ludwig von Mises, two economists from the first half of the twentieth century who were highly critical of Christianity, with the philosophies of the Christian writers Brian Griffiths and Michael Novak published closer to the century’s end. The former argued vehemently that the Christian faith was incompatible with market economics. Both were perturbed by the economic policies advocated by the church leaders of their day. They believed (perhaps correctly) that these policies were based on poor economics. They considered (perhaps wrongly) that contemporary church leaders were properly interpreting Christian doctrine.

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Griffiths and Novak provided a counterpoint. They also rejected the kind of socio-economic policies advanced by many churches in the earlier half of the twentieth century. But neither accepted the highly restricted interpretations of Christianity put forward by Mises and Knight. The crucial difference between the two sets of authors lies in their perceptions of the meaning of *caritas*, (i.e., divine love).

First examined are the views of Knight and Mises. This is followed by surveys of the alternative opinions of Griffiths and Novak. Finally it is argued that *caritas*, properly understood, has been analyzed with approval by economic philosophers as far apart both in time and in theology as Adam Smith and Friedrich Hayek. The negative interpretation given by Knight and Mises to *caritas* may repel the unbeliever from examining the pith of the religion. Alternatively, a believer with no background in economics, who uncritically accepts their arguments, may forever forfeit insights into how “codes of conduct” in both moral and economic life evolve at the instigation of the Creator.

FRANK H. KNIGHT

Knight was concerned with the damage that could be imposed on the enterprise economy by policy makers paying heed to what he saw as the teachings of the Church. In 1923 he asked if the emulation motive, the contest motive, was ethically good or base. It adds zest to life. It promotes efficiency and has added net utilitarian benefits. It provides consumers with comparisons of who can best satisfy their wants and ranks them according to how they organize society’s resources in ways which best satisfy them. But:

we appear to search in vain for any really ethical basis of approval for competition. . . . It fails to harmonise with . . . the Christian ideal of spiritual fellowship. Its only justification is that it is an effective way of getting things done; but any candid answer to the question, “what things,” compels the admission that they leave much to be desired. (Knight 1923, p. 74)

Christianity is not even neutral on the issue. Although the spirit of contest is natural both in play and the rest of life “it is hard to think of sport or sportsmanship in connection with New Testament personalities” (p. 134). Knight emphasized that Christ talked rather of how the last shall be first, and the chief would be servant of all (p. 73). His main assertion was that Christianity assesses value according to motive, not quality or quantity of outcome. Virtue then consists in conscientiousness or spirituality rather than in objective goodness, beauty, or quantity.

In 1939 Knight revisited the subject. He wrote of a “basic contradiction” between Christianity and its “absolutist, negativistic, personal idealism” on the one hand, and the “positive, activistic, relativistic and practical norms of utilitarian mutualism and sportsmanship which actually prevail” in every day life. To the former, good is determined by motive; to the latter, “it is ‘results’ which count” and “‘good intentions’ are contemptible” (Knight [1939] 1982b,

p. 56). Still another real life contradiction noted by Knight is the “opposition between personal loyalty . . . and loyalty to abstract principle, especially to truth.” (For example, in Luke 9:60, the refusal by Christ to allow a man first to bury his father.)

Given that society is best organized on the basis of voluntary and mutually beneficial, contractual exchange, Knight argued that policy should be directed at removing frictions in the operation of the system, or in reinforcing the natural tendencies working toward its success. Coercion should be absent, except where lack of trust, integrity and contractual compliance exist, requiring in turn mechanisms for contract enforcement. Laws in such societies are then obeyed because they are “believed to be right,” not out of subjective “sheer self-interest” (Knight 1982b, p. 59). Knight then argued that Christian teachings “give little or no direct guidance for [policy] change and improvement of social organisation;” and “even indirectly there is . . . little to be found . . . which can serve for the ethical guidance of deliberate political action.” Christianity “is exclusively an emotional and personal morality” while “social problems require intellectual analysis in impersonal terms” (Knight 1982b, pp. 123-24). The values of Christianity and the ethics of a market economy are different, not even complementary. There is worse; he contends they are in opposition.

To support these charges Knight had further to elaborate on his interpretation of Christianity. He is inevitably brief, limited and selective. These restrictions were in evidence in a 1941 article. There (Knight 1982b, p. 125 and note) he explicitly used the following arguments: Christ’s teaching in the New Testament took social conditions as a “given;” obedience to rulers and to recognized masters was expected; not only were the early Christians expected to render to Caesar, they were instructed to obey the scribes and Pharisees; the dominant theme of the Sermon on the Mount is an attitude of “supreme indifference” to worldly things; in any event if the kingdom and righteousness is diligently sought “all these things will be added unto you” (Matt: 6:33). Knight takes the view (Knight 1982b, p. 198) that the Sermon on the Mount states merely that faith and love *à outrance* are sufficient to solve all earthly problems until the imminent Parousia. If love fails then the Kingdom in the next world will provide adequate compensation.

If there is no guidance in Christianity as to specifics does the essence of the religion possess some inner driving force that might indirectly act as guide to social change or conscious behavior? Knight contended ([1941] 1982c, p. 126) that the essence of Christianity is *caritas*, coupled with the second half of the great commandment (love your neighbor as yourself). He claimed (Knight 1982c, p. 128) that *caritas* in the New Testament was limited to the circle of early believers awaiting Christ’s return (that is, it was explicitly fraternal, even escapist, not universal or generalizable). Deliberately “passing over” any attempt to elaborate on alternative meanings, he argued that “love,” for example for children, tells us nothing about “how to raise them properly” (Knight 1982c, p. 130). Moreover, Knight queried, how can one

possibly love other peoples' children as one's own without destroying the family and moving over to Platonic communism—contrary to “the accepted teachings of Christianity?”

There follow other illustrations (Knight 1982c, p. 131) of the problems of the Golden Rule: universal love is unworkable because too diffuse, unless constrained by personal relationship or functional connection; the beloved does not necessarily want what we would want in his place; whom to love and how cannot be answered exclusively in terms of the desires of the beloved. But these seem to be self-imposed problems for Knight *because to make his case* he constructed a straw man. This is his own misinterpretation of the last words of the Command “love your neighbor *as yourself*.” He seems to be aware of this, of course, and ironically said that what most of us want from others is to be left alone to mind our own business. If this is the desire of the beloved and of the lover there seems little problem other than to ask how should we treat each other when we are compelled to interact? Knight urged “friendliness” and “special sympathy, compassion and material helpfulness on ‘appropriate’ occasions.” He went on:

Each person ought to want, and very largely does want, to stand on his own feet, to play his own hand, in accord with the rules of the game . . . it is clear that much of what is commonly said about “helpfulness” and “service,” etc., is “mush,” or worse . . . love, as concession to the other's wishes, often conflict[s] with respect for the person . . . with intelligent desire for his well-being [and/or] the higher values of civilized life. (Knight 1982c, pp. 132-33)

Knight clearly believed this is what “we ought to wish for others,” since it is “what they ought to wish for themselves” (with due “regard for their actual opinions and feelings, of course”). And that, according to Knight, was “hardly suggested by the wording of the Gospels.” But is that true?

If Knight was incorrect then his denial of the relevance of Christianity was grounded only in his misinterpretation of *caritas*, and so an incorrect definition of the religion. He claimed (Knight 1982c, p. 133n) that the Epistles come closer than do the Gospels to his own predispositions. But even there, he argued somewhat ingenuously, the obligation to work, *on pain of starvation* (II Thess. 3:10), stops short of requiring efficiency or productivity. But had he not already rejected the option he could have called on Gospel support for his “predispositions.” The Parable of the Talents (Matt. 25:14-30), after all, depends for its point on the aptness of productivity. The man who failed even passively to invest his talent stood condemned. Those who actively multiplied them were praised. The Parable of the Workers in the Vineyard (Matt 20:1-16) expounds on issues of relative productivity, property rights, and the sanctity of contractual agreements. Of course, had Knight done that his objective of denigrating the Gospel as a direct guide for ethical living in the modern, day-by-day economy would not have been achieved. (The Vineyard Parable could have offered Knight the economist a fascinating expository challenge in his

search for indirect guidance. While only the vineyard owner's right to offer to hire at whatever rate he chose was defended explicitly, it is interesting that the hourly rate went up as the day progressed. Was it because a flat daily rate minimized negotiation costs when hiring casual labor in the village square? Were conditions such that the grapes had to be harvested that day? Were the Palestinian rains imminent? Was the marginal product of labor increasing in value as sunset approached? The Parables, after all, were based on common, easily understood, everyday occurrences.)

Knight, however, did not proceed down that route. Rather, as we saw above, he viewed Christian love as interfering "mush" often detracting from the self-respect of the so-called beloved. He reached that stage in the development of his thought from the starting point of his view of love in the early history of Christianity. Primitive Christian love, a *outrance*, took no thought for the morrow, and preached nonresistant passivity to circumstance. Whereas: "In modern society, personal relations rest on the ideals of mutual respect and friendliness, and especially on the 'bourgeois virtues' of competence, foresight, and reliability, which are not conspicuous (to say the least) in New Testament teaching." And (Knight 1982c, pp. 205-06): "If men and life are to be made better, it will surely be accomplished by cultivating these ideals and attitudes, and not by trying to teach everybody to love everybody else in the world with indiscriminating fervor."

What is this "mush" love practiced with "undiscriminating fervor" with which Knight is so concerned? At the time of his writing many Church and political leaders were putting forward social and economic policy proposals with which he profoundly disagreed. Writing in 1941 (p. 212) he warns that these policies were motivated by ill-informed concern for the disadvantaged, resulting in counterproductive policies, and worse, the evils of group blame. "[D]issatisfaction with modern civilization" was so "widespread and acute" that it "threatens to engulf that civilization and all its achievements in a 'holocaust' (*sic*) of destructive conflict." "[K]nowledge and understanding with a view to action are no part of primitive Christianity." And logically he claims this must be so since knowledge is a means to power. And wealth is condemned in the Gospels, and so by extension all forms of power, including organization and "intelligence itself."

He notes:

Our natural impulses . . . (perhaps especially!) where our intentions are good, run toward finding somebody . . . to *blame* [emphasis in original] for anything that seems to be wrong, and to proceed by way of . . . "liquidation." This may not seem to be a natural consequence of Christianity, but . . . [it] is very largely the case . . .

And then goes on:

no other action [appearing to be] . . . a more natural or proper expression of love . . . is likely to be more effective, or much less disastrous. Let anyone reflect as to how far love will carry us toward a solution of the problem

of money, the business cycle and unemployment! . . . depression profits practically no one . . . it cannot be due to exploitation; but it is the main source . . . of the whole culture crisis, including the war [i.e., WW II] . . . it is all this chiefly because of the kind of remedies which are proposed and tried. (Knight 1982c, p. 213)

What are these remedies? He tells of the “reformers” who wish to alleviate poverty on moral and religious grounds. As concrete examples Knight (1982c, p. 148) uses the papal encyclical *Quadragesimo Anno* and the 1936 *Report on Christianity and the Economic Order* of the Oxford Conference of World Protestantism, largely authored by Archbishop of Canterbury William Temple. These remedies were proposed which sounded caring but which would reduce total wealth. The policies put forward, allegedly on the basis of Christian principles or love of the downtrodden, would, he argued lead to either Christian Marxism, liquidation of the oppressors, or merely to apparently innocuous preaching at the wealthy. But even the latter is “vicious” since it distracts attention from rational analysis, and it encourages the attribution of group blame. In particular, calls were made for higher than ruling market wages. These calls, Knight argued, if heeded would result in less employment, especially of those already in the weakest positions. That in turn would segregate them, permanently making them wards of society, or cause a reorganization of society itself into an all-inclusive bureaucratic despotism.

Knight, of course was correct as economic analysis would have indicated, and as history has shown. He concludes (1982c, p. 152) by suggesting that when the “Gospel of love” comes to mean “active love for the lowly and downtrodden” in true Hegelian fashion it “tends to become both a gospel of hate toward the ‘privileged classes’ and a conspiracy to seize and use powers to effect a social revolution in which these blamed groups will be ‘liquidated.’” Hence, he claims, we have Christianity joining hands with revolutionary Marxism, with socialism and indeed with national socialism.

So it was not only the Pope’s encyclical and the Archbishop’s *Report* which Knight found troubling. As we saw, Knight sought an ethical underpinning for the system of voluntary and mutually beneficial exchange. If hierarchical authorities such as centralized churches attempted to restrict such individual liberty then their advice was to be rejected as failing to meet that quest.

But the “reformers” of his time were far greater in number than the two church leaders just mentioned. The bulk of the church in both Europe and America seemed to be walking this path, and it was taking with it the leaders of the economics profession and other political opinion formers. This was the period identified by Robert Fogel (2000, pp. 22-25) as the Third Great Awakening, with its offshoot, the Social Gospel. Instead of voluntary exchange leading toward some undefined (and undefinable) state of social affairs “a new breed of social scientist was required” which would define it. This “new breed” would detail policies to fulfil “the obligation of the state to improve the economic condition of the poor by favoring labor and redistributing income.”

It was not surprising that this movement was, at least initially and in Knight's time, seen as emanating largely from Christianity. Fogel notes (2000, p. 24) that: "During the nineteenth century and into the early twentieth, colleges and universities were religious institutions and focal points for revivals [and so for shifts in policy paradigms]."

The founding father of the American Economic Association (AEA), Richard T. Ely, exemplified this. Robert H. Nelson (2001, p. 8) writes: "For Ely in the Social Gospel phase of his life . . . the chief motivating force in the world, even in labour and business, must be 'love' of fellow human beings rather than the 'self-interest' that most economists had long favored." And when the AEA was founded in 1885, with 50 attendees, 20 of whom were, or had been, practicing clergy, a call was made for the churches, the state, and science to promote social reform (Fogel 2000, p. 125). This type of thinking was anathema to Knight. Rather, argues Nelson (2001, p. 11) he saw

great danger in the tendency of most social scientists to believe that human behavior is rationally explicable in terms of behavioral laws. . . . This belief would serve merely to [support those who] sought . . . to bring human actions under [scientific] control . . . the end of human freedom was likely to be among the consequences.

LUDWIG VON MISES

Mises was also perturbed with the close links that existed between latter day Christianity, socialism, and social engineering. Writing in German in 1922 (Mises, p. 372) he asked whether Christianity in history "has ever shown a bias in favour of this or that form of social organisation?" He argued, like Knight, that the earliest teachings of Jesus were to take no thought for the morrow. This was then consistent with the behavior of the early converts in their communal sharing of consumption goods. But "[s]uch a way of living is untenable in the long run." It is saving, not the transfer of all goods into a common consumption pot, that is necessary for investment, whether gross or net. So the behavior could only be explained, Mises argued, by the expectation that the future Kingdom of God would require no manmade preparation, and furthermore was imminent. Therefore (Mises 1922, p. 376) "nothing binds Christianity to a definite social order, and that is why, throughout the centuries, it has been possible for it to be adoptable by all races and strata of society." The Church then becomes "a volitionless tool in the hands of time and fashion" (Mises 1922, p. 378).

Both Knight and Mises interpreted Primitive Christianity in the same way. They both discussed it while ignoring the context of the Old Testament; and they were both highly selective in the use they made of New Testament writings. There is also something perturbing in the lack of logic in Mises's conclusion. He posed a general historical question relating to Christianity and

provided a still-to-be-proven general historical answer—but he did so on the basis of his questionable description of a specific period.

Mises was influenced in his interpretation of Christianity by the views of Tolstoy after the latter's conversion to anarchic Christianity.¹ These reinforced Mises's belief that the religion had no relevance to a modern socio-economic order (p. 379). However it could damage a free economy. One source of potential harm he was particularly concerned with was the European political movement, Christian Socialism. Originally a nineteenth century reaction by some Christians to *laissez faire* individualism it was embodied in Germany in a formal political party, the Christian Social Workers Party, established by, among others, a preacher in the Prussian State Court.

Mises (1922, p. 380) wrote that the:

gospels are not socialistic and not communistic. They are . . . indifferent to all social questions on the one hand, full of resentment against all property and all owners on the other. So it is that Christian doctrine, *once separated from the context in which Christ preached it—expectation of the imminent Kingdom of God—can be extremely destructive*. Never and nowhere can a system of social ethics embracing social co-operation be built up on a doctrine which prohibits any concern for sustenance and work, while it expresses fierce resentment against the rich, preaches hatred of the family, and advocates voluntary castration. (Emphasis added.)

Mises was a more colorful writer than Knight. But both interpreted Christianity in much the same way. “Social co-operation” certainly cannot be achieved through Christianity if defined as Mises described it. But we have already seen that there is a concern for “sustenance and work” in Christianity unless, as both Mises and Knight did, one deliberately ignores the teaching of the Parables and the Epistles, quite apart from the Law. The instructions given by Christ on being aloof from one's family and on self-mutilation (Luke: 9:60 and Matt: 5:30) provided Mises with an opportunity for mischievous hyperbole. But the messages are metaphorical. They refer to proper prioritization of the use of time in the one case, and to the need to appreciate that, unlike manmade law, God's law condemns not only the act, but also the intent to do evil.

¹Tolstoy, the Russian novelist, after his conversion (c.1880), believed that Christ left five commandments for life: do not be angry; do not lust; do not bind yourself by oaths; resist not him that is evil; and be good to the just and the unjust. He came to believe private property should be condemned because ownership was secured by force. Organized government should also be opposed since it maintained itself through coercion. He wrote several essays on these themes. In 1901, he attempted to divest himself of his own property, but after pressure from his family, legally transferred his estate to them. (*Encyclopaedia Britannica* 1976, pp. 483-86.)

In reality, having had his little bit of verbal fun, Mises was far more concerned with (as he saw it) Christianity's "fierce resentment" against all property and the rich. The potential damage that could arise from the other-worldliness of Tolstoy-like Christianity was slight. (Only a few are attracted by life in a monastic cell, and if they remain there they impact little on others.) The capture of Christianity by socialism was a totally different matter.

Mises was also writing at the time of the Third Great Awakening. In America, the Social Gospel and its political counterparts were in the ascendant. In Europe, more secular than America, the Church condemned atheistic socialism. But it did so only out of self-interest. As Mises pointed out, failure to do so "would strike at [the Church's] very roots; but [the Church] has no hesitation in approaching socialist ideals provided this menace is resumed (*sic*)."² In the world Mises lived in he noted (1981, p. 386) that the "Prussian Church stands at the head of Prussian State Socialism and the Roman Catholic Church everywhere pursues its special Christian social ideal."

But why did the Church pursue socialist doctrines with their antipathy to private property with such enthusiasm? Knight's explanation lay in the presence of woolly thinking coupled to "mushy" caring. He believed that the outcome of that pursuit would be a diminution of personal freedom. The reasoning provided by Mises was different. He inverted Knight's line of argument. In *Socialism* he claimed that the desire of the Church authorities was for power or influence over the individual, not least in socialist form. Mises argued (1981, pp. 385-86):

The Church knows it cannot win . . . [a]s long as rationalism and the spiritual freedom of the individual are maintained in economic life, the Church will never succeed in fettering thought and shepherding the intellect in the desired direction. . . . Therefore it cannot rest content to live as a free Church in a free state; it must seek to dominate that state. . . . Now independent production does not tolerate any spiritual over-lordship . . . dominion over the mind can only be obtained through the control of production . . . [this] was first made clear to [the churches] when the socialist idea [independently] made itself felt. . . . It then dawned upon the Churches that theocracy is only possible in a socialist community.

The logical consequences were rejection of property and unearned income (p. 392); an acceptance that income equality is ethically desirable since, in line with the alleged belief of Thomas Aquinas, "some are poor because others are rich" (p. 394); and finally, a rejection of the profit motive and acquisitiveness on both ethical and aesthetic grounds (pp. 394-96), a rejection with which theologians such as Aquinas would have agreed.²

²Rothbard (1976, p. 62) writes: "Aquinas and other theologians denounced 'covetousness' and love of profit, mercantile gain being only justifiable when directed at the 'good of others;' furthermore Aquinas attacked 'avarice' as attempting to improve one's 'station in life.'"

And the outcome? Mises does not suggest immediately that caring, “mushy” or otherwise, emerges. Rather, the desire for power becomes coupled with “resentment” (p. 394) toward inequalities. This argument enabled him to make a colorful detour. The alleviation of resentment through socialist means, with the approval of religion, not only fails, but is venal. In contrast to the “grandeur of capitalist society” where there is equality before the law, vastly improved material and cultural living standards, freedom of thought and opinion, racial and gender equivalence, and international harmony, “Christianity has acquiesced in slavery and polygamy, has practically canonized war, has, in the name of the Lord, burnt heretics and devastated countries” (pp. 397-98).

But by 1949, when he published *Human Action*, Mises did complete his inversion of Knight’s progression. There he claimed (rather less partially than he did in *Socialism*) that “Christian social reformers” were intent on supplanting the profit motive with the motive of helping others. There he also argued (again with more logical coherence than in *Socialism*) that the pursuit of the doctrine of care would feedback into a forfeiture of freedom and, importantly, would also fail to achieve its own stated social goals.

In a section of *Human Action* entitled “Righteousness as the Ultimate Standard of the Individual’s Actions” (1949, pp. 724-30) he explains the views of these “reformers.” They argue that: “What is needed is not a reform of government . . . but the moral purification of man . . . a turning away from . . . selfishness. Then it will be possible to reconcile private ownership . . . with justice, righteousness and fairness” (Mises 1949, p. 724). Here we have something that may even be close to the Third Way talked of by politicians in Europe and America in the 1990s. Indeed a little earlier (Mises 1949, p. 716), Mises refers to a Third System, neither fully capitalism, nor wholly socialism. “[C]onscience will be supreme and not the urge for profit . . . there will be no need for government interference with the market” (Mises 1949, p. 724).

But Mises notes there is a basic and unavoidable internal inconsistency. There is now an implicit need somehow to prohibit or ban “selfishness, acquisitiveness [and] profit-seeking” in order to replace them with “other impulses” such as “altruism, fear of God [and] charity” (Mises 1949, p. 725). Moreover the proponents of this Third Way fail to understand that “the requirements of society’s productive effort and the pursuit of the individual’s own concerns are not in conflict” (Mises 1949, p. 725). A market economy does not require detailed government orders since in “indulging in his ‘acquisitiveness’ each actor contributes his share to the best possible arrangement of production activities” (Mises 1949, p. 726). These arguments are valid counters to the ill-thought-out Third Way of the “reformers.”

But who are these Christian social reformers whose economic understanding Mises finds wanting? He is unusually reticent in identifying them. He describes them as ascribing “primacy to . . . conscience, to charity and brotherly love” (Mises 1949, p. 727). He argues that they are not only soft-hearted but also soft-headed. If they practiced their beliefs they would have to

assess who was most worthy to receive the presumed benefits of their conscience-directed acts. If a seller asked for a below-market price, which buyers should benefit and which should be excluded from consuming? If a buyer offered an above-market price which sellers should benefit from his generosity and which should be refused? If entrepreneurs can no longer use price and profit to inform and motivate themselves into directing resources toward the uses most valued by society the outcome will be less satisfactory whether decisions are taken on the basis of brotherly love and, very probably, by eventual appeal to *diktat*.

The reformers Mises is attacking in *Human Action* appear to be those who advocate the concepts of the just price and the just wage. The “just price” was prominent in the thirteenth century. It was “essential in the social teachings of the doctors of the church and . . . the reformers want to raise [it today to] the ultimate standard of economic conduct” (Mises 1949, p. 727). Mises partly misses the mark here. In 1949, and indeed throughout history there have been those who believed the concept of a “just price” could be defined without recourse to market valuations. (Very often “justice” would be linked to cost of production, in particular labor cost.) However historical research since 1949 (to which Mises *ipso facto* did not have access) shows that the Scholastic philosophers of the Middle Ages were divided among themselves as to how to define the just price. (See, for example, the comprehensive literature reviews provided by Rothbard 1976 and Friedman 1987.) Most importantly many believed the just price to be the market price that would be willingly paid by buyers and willingly accepted by sellers. In other words, although these Scholastics did not have access to the concept of marginal utility, they regarded just prices as those arrived at subjectively by market participants, not objectively by *diktat*, or unpredictably by appeal to brotherly love.

Mises attacked the notion of the “just price” as received at the time of his writing, and ascribed the associated implications to the (otherwise unidentified) Christian social reformers of his day. His critiques are valid but we now know they were inappropriate in the context of an attack on the theology of the Middle Ages. The reformers, however, saw the (misinterpreted) Middle Ages as a “bliss experience” where “at least the elite lived up to the principles of the Gospels” and people “had not defied the commandments [nor] coveted unjust profits.” The reformers believed that: “What is needed is to bring back those good old days.”

In *Human Action*, therefore, Mises’s line of argument was approaching that of Knight. If care, or “justice” as apparently interpreted by the (unnamed) Christian reformers, supplants the profit motive, this leads to a diminution of individual liberty (and material well-being). In *Socialism* he saw the (explicitly defined) formal Church as bent on power, with a policy of social reform as its means to that end. Both he and Knight, however, had been strongly influenced by their own interpretations of very early Christianity.

BRIAN GRIFFITHS

Griffiths, (1982, p. 77), emphasized the need to interpret the Gospels and the behavior of the Primitive Church in the light of the entire Bible. Indeed, he claimed, the social ethic of Christianity is largely derived from the Old Testament. So he dispenses with the critiques of both Knight and Mises, restricted to the early church, *ab initio*. He identifies five factors (Griffiths 1982, pp. 78-91) underlying his belief that Christianity does not undermine, but is rather supportive of and complementary to a market economy.

First, the *Creation and the Fall* indicate that Man is a steward on behalf of the Creator, with a mandate to create wealth and to exercise dominion over natural resources as trustee (Gen. 1:26-7). The Fall introduced the ultimate economic problem, scarcity and so the dilemma of choice. The underlying act of choosing is further complicated by the presence of preferences, including covetousness and idleness. Second, the *Political Economy of Old Testament Israel* explicitly underpins the right personally to possess the means of production and distribution. The Commandments banning theft and covetousness emphasise the sanctity of private property. Property, scarcity and different tastes then lead to exchange, which has to be carried out honestly (Lev. 19:35-7). Griffiths, thirdly, moves on to economic allusions in the Gospels, under the head of *The Coming of the Kingdom and the Teachings of Jesus*. There are laws that must be obeyed, other than or amplifying the Decalogue, involving matters of attitude, appropriate self-denial and sacrifice, and emphasising an avoidance of hedonistic materialism. “[T]he teaching of Jesus . . . is not a condemnation of wealth as such but a much needed perspective on the material world in an age of materialism” (Griffiths 1982, p. 88). Griffiths points out that Jesus would not and did not deny Old Testament teaching on economic issues. He took “ownership of private property for granted.” Moreover, shrewdness in its exploitation was expected, *pace* the Parable of the Unjust Steward (Luke 16:1-12) where Christ praised astuteness and single-mindedness.

But what of *The Life of the Early Church* which Knight and Mises laid such stress on? This is Griffiths’s fourth element. He rejects as untypical the “communistic” practices of the Jerusalem church identified in Acts (2:44-5; and 4:32-5). These events occurred just after that particular congregation had had the supernatural experience of Pentecost. The gift of the Holy Spirit prompted many to share their possessions and to live a common life. Griffiths emphasizes two features. The communal sharing that took place was “spontaneous and not master-minded” or centrally planned. And second, “it was voluntary not compelled.” In short, the book of Acts is recording a unique way of life, which took place at a unique point of time, after a unique spiritual event, and unlike state socialism, it was neither mandatory nor universal, even in that congregation of believers. Griffiths notes, “There is no suggestion even in the passage[s] quoted . . . that as Christians we should strive” to imitate that particular way of life. Indeed to do so would be “disastrous” (Griffiths 1982, pp.

89-90). Mises and Knight would concur, if not with the interpretation, at least with the conclusion.

Griffiths expands on this in his fifth element: *Eschatology*. History not only has a Creation but also an end. Ultimately the “personal return” of Christ will establish his Kingdom. There will be (Rev. 21:1) “a new heaven and a new earth.” To the Christian history is a process with a known endpoint—Christ’s return and reign will see “the establishment of a just society . . . and the restitution of all things” (p. 91). Mises and Knight, of course, argued that the Primitive Christians held this return to be imminent. That was why the Early Church behaved in the economically irresponsible manner described.³ Griffiths disagrees. He saw the behavior of the early Jerusalem church as an emotional response to a recent event (Pentecost), rather than the forgoing of prudence in an ill-founded expectation of the immediate future (the Parousia). It was an aberration. It was quickly demonstrated that the communal sharing was both impractical and fostered dishonesty (Acts 5: 1-10). Ananias sold his house (which Peter emphasized was his to sell) and claimed to hand over the money received (which Peter underlined was his to keep). Peter rebuked Ananias and his equally dishonest wife for deceit and hypocrisy, not for failure to share. Nowhere else in the New Testament do Christians hold all that they had in common. Clearly this behavior was not an illustration of the principle of *caritas*.

MICHAEL NOVAK

Griffiths, a man of the Book, started with Genesis and proceeded through to Revelation in his arguments. Novak,⁴ a man of the Church, was less confident that that was the way to proceed. He argues that Biblical revelation must be seen in the context of intellectual and social history. This permits us to arrive at “religious doctrines which have [led] to those institutional practices which have made economic development, political liberty, and a moral-cultural commitment to progress on earth emerge in history as a realistic force.” To support his argument he lists and expands on six such doctrines (Novak 1991, pp. 335-36).

³Mises (1922, pp. 383-84) also gives the example of the Church Father, St. John of Chrysostom in Constantinople. Chrysostom strongly advocated mimicking the practice of the Jerusalem congregation in order to provide an “inexhaustible” fund to aid the poor.

⁴Michael Novak was vice-chairman of the Lay Commission on Catholic Social Teaching and the U.S. Economy. In 1984, the commission produced its report, *Toward the Future: Catholic Social Thought and the U.S. Economy*. It is not improbable that this report influenced the contents of the encyclical written by Pope John Paul II, *Centesimus Annus*, in 1991. This encyclical marked a break in the Church’s teaching and attitudes toward enterprise capitalism. Prior to 1991, the Church’s official line had been expressed in two encyclicals dating from 1891 and 1931: respectively these were *Rerum Novarum* issued by Leo XIII and *Quadragesimo Anno* issued by Pius XI.

First, *The Trinity* illustrates “pluralism-in-unity” throughout creation, including social systems. Socialism may aim at community, but its arrangements are often made at the expense of individuality. By contrast, in what Novak calls “democratic capitalism” each individual can participate in a whole range of organizations, from commercial corporations to national governments, from churches to schools, from families to neighborhoods. This (Novak 1991, p. 338) “is by no means the Kingdom of God.” But plurality and unity coexist. The individual and the state are in a constructive tension not possible in either socialism or anarchy.

Second, *The Incarnation*, God becoming man, teaches humility and realism. Christ, as man, had to accept the limits of the world as it is. He taught us to seek perfectibility, but warned it was unattainable. We, in turn, must strive to construct institutions consistent with man as he is, not for man as he should be. Incentive structures should be put in place and aligned with the reality of man’s selfish motives and weaknesses. A market or enterprise economy achieves this. The result will not be utopia but only an optimum subject to constraints. It will be (Novak 1991, p. 343) “a political economy for sinners.” The alternatives, a command economy or reliance on mutual goodwill, are perversely inconsistent with reality and doomed to fail. Only the market system provides the information necessary (prices) and the incentives (profits) to permit noncoercive, social cooperation in large-scale societies.

Third, there is *Competition*. As Knight pointed out, most individuals are competitive, and do wish to better themselves. The challenge, says Novak, is to channel this desire to creative not destructive ends. Nowhere in Scripture is equality of outcome argued. Inequality of result is to be expected, and the competitive process will and should be tough. Paul, writing to a church whose members would be familiar with the Isthmian Games, used metaphors from racing and boxing to stress the rigor of the Christian life (I Cor. 9:24-7). “Run to win,” was the Pauline injunction. Novak says (1991, p. 347): “to live in a slack age of low standards is a curse upon self-realisation. To live among bright, alert striving rivals is a great gift to one’s own development.” Democratic capitalism provides such a benevolent environment, because it is tough and competitive. Moreover, rivalry for money is “innocent in itself,” and indeed is “socially binding.” Suppliers compete with suppliers, purchasers with purchasers, but buyers and sellers willingly and beneficially cooperate with each other. The winner in competition is the trading partner who best satisfies the conditions required of the proposed exchange. Nevertheless, success places responsibilities upon those who become rich. God’s standards are higher than man’s. Although money obtained through voluntary exchange reflects the approval of others who have benefited, God goes one step further. All men have obligations as stewards of Creation. And given the fourth doctrine listed by Novak—*Original Sin*—these are difficult to discharge. Evil and selfishness are inherent in man. He argues (Novak 1991, p. 343) that the “single greatest temptation for Christians is to imagine that the salvation won by Jesus has altered the human condition.” The fulfillment of our obligations, the

twin commands from the Sermon on the Mount, is particularly difficult if we are wealthy.

In his fifth doctrine (Novak 1991, p. 351), *The Separation of Realms*, Novak cites the well-known principle of rendering unto Caesar the things that are Caesar's. "[The] political system of democratic capitalism cannot . . . be a Christian system." His argument, basically resting on the pluralism of humanity, is certainly valid when supporting separation in governance. A multi-faith population group cannot have, to paraphrase Novak, a "free polity" that "is also a Christian polity." Novak defines "democratic capitalism" as a market economy, coupled with appropriate cultural institutions moved by ideals of liberty and justice, all subject to "*a polity*" (emphasis added) similar to the American system of representative democracy.⁵ Separation of realms *at that overall governance level* is appropriate, indeed ordained. Novak, of course, is attempting to defend the whole concept of democratic capitalism from a Christian perspective. It is intriguing, however, that at this level it is the "polity," not the economics, with which he feels least comfortable in terms of that defense.

Griffiths did not stress the separation of realms. He did restrict himself to only the lower order features of a market-based economy. Certainly he argued for limited governance. But its form was of less concern to him than it was to Novak. The economies of the Scriptures ranged from Kingdoms, to theocracies and oligarchies. Novak's "democratic capitalism" embraces an enterprise economy. Griffiths's discussed that type of economy, but the form of political governance was immaterial to him, provided only that the governance system did not inhibit the market's operation. At the economic level *per se*, separation of realms was not a prerequisite.

Neither Novak nor Griffiths, however, was optimistic that any organization, whether a "little platoon," a corporation, or a government can be Christian. Griffiths (1982, p. 99) noted that even "a Biblically constituted Church is no guarantee that it will be a community of life, growth and love." While Novak (1991, p. 352) was even more dogmatic: "No intelligent human order—not even within a church bureaucracy—can be run according to the counsels of Christianity." What is required is "Christian commitment" (Griffiths) or "moral behavior that seems counter-natural"⁶ (Novak). Both were discussing *caritas*.

⁵Here, perhaps, I fail faithfully to paraphrase Novak's intent. His actual words (p. 14) are "a polity respectful of the rights of the individual to life, liberty and the pursuit of happiness."

⁶Novak here approaches with alarming proximity the views of Mises and Knight. As examples of counter-natural Christian counsels he cites the loving of enemies and the turning of the other cheek. They no doubt had somewhat different interpretations from Novak, but Knight regarded such instructions as "mush," while Mises said they implied recommendations including self-imposed "castration."

Caritas, Novak's sixth and final listed doctrine (1991, p. 353), is Latin for divine love. It embodies compassion or sacrificial love and is the "theological symbol . . . closest to the personality of God." "Love your neighbor as yourself" is a command in both Testaments. Aquinas defined it as "willing the good of the other as other." Novak notes that "good" itself must be interpreted without being influenced by either the predispositions of the lover or the loved. Frank Knight illustrated the problem by asking whether one could (or should) love other people's children as one's own? The question is rhetorical. Novak (1991, p. 352) notes another difficulty: "Often it is easier to love the poor and the oppressed than to love one's next door neighbour." Might the alleged lover then merely be engaging in some "mushy" self-indulgence? In fact, Novak argues Christianity demands "a high level of charity that is not of this world." So what earthly use is *caritas*? Novak explains with a charming analogy from human marriage.

CARITAS PROPERLY UNDERSTOOD

In Latin there are four "loves:" *amor*, *dilectio*, *amicitia*, and *caritas*. Courtship between man and maid begins with *amor*, instinctive physical attraction (other examples include the reaction of a newspaper reader to a photograph of a starving peasant half way round the globe, or the instinctive love for one's parent). As time passes this gives way to *dilectio* or predilection. There is a conscious level of choice involved. And it is a delight, for example, when children choose to have their parents as friends. The giving of affection is a level more complex than *amor*. Courtship between spouses develops further into *amicitia*. The predilection is reciprocated. "[T]wo independent persons each begin to love the other as other." The affection is transformed into friendship. Finally *caritas* appears :

in the recognition that the good which one loves in one's friend, and the good one's friend loves in oneself, is God . . . [and] the recognition arises that of all things known to human experience, the love of friends for one another is not only the most like God, but in fact the way by which humans participate in the life of God. (Novak 1991, p. 355)

There is *progression* in spiritual depth from instinctive attraction or concern, to affection, to friendship to charity. There is another aspect. Adam Smith pointed out that love varies *at different distances*. While the call of God takes priority over that of our nearest and dearest, this does not imply that our immediate human obligations should be given a lower priority than our more distant human interests. Smith put it as follows:

[t]he care of the universal happiness of all rational and sensible beings, is the business of God, and not of man. To man is allotted a much humbler department, but one much more suitable to the weaknesses of his powers, and to the narrowness of his comprehension—the care of his own happiness, of that of his family, his friends, his country: that he is occupied in contemplating

the more sublime, can never be an excuse for his neglecting the more humble department . . . or the smallest active duty. (Smith 1976a, p. 386)

The concepts of progression, and distance or intensity help explain the problems Knight had with loving the children of others as our own. The instinctive desire to love them is, correctly, absent. The relevant love for the children of others is not *amor* but, depending on their social proximity to us, some degree, minuscule or great, of either *dilectio* or *amicitia*. Similarly, the anonymous peasant, whose only claim to our attention is a media picture, arouses only instinctive concern or *amor*.

C.S. Lewis (with Greek, not Latin terminology) used a similar approach in 1960. He added an extra dimension to both *progression* through time and varying *intensity* or *distance* levels across time. Lewis's gloss is that the four loves merge, can even become one another, while retaining their individuality. Novak would surely agree.⁷ Yet the three natural loves can each deceive, distort and pervert. They can each be dangerous if the sweetening grace of Charity, the divine love that must be the sum and goal of all, is missing. For example, there can be times when responding to instinctive love or predilections can damage reciprocal friendship. Love must be assessed in terms of priorities and of net effects. *Caritas* provides this. Mises was bewildered by Luke 14:26 where Christ commanded his followers to hate their families. Lewis points out that this is not the hatred either of rejection or the desire to harm. Rather it is a directive that any instinctive, unilateral, or reciprocal love for parents must be secondary to, or subsumed within divine love. To put it positively, it is divine love that must be demonstrated. With a spouse, sex can express all four loves simultaneously (Lewis 1963, p. 113). Rape may demonstrate instinct, even predilection. But it merits the hatred of rejection. So love progresses, varies in intensity or distance, and has a four-fold manifestation of unity in diversity. But only one of the four loves, *caritas*, is truly divine, untainted by Original Sin.

Only *caritas* can resolve the tensions and order the priorities of the other loves. To explain further, as a first step, consider how Adam Smith demonstrated the tension between Prudence and Benevolence, both of which can be subsumed within any of the four loves. Smith argued that a compromise⁸ has to be drawn between three subsets of virtue. These are: Prudence, Justice and Benevolence. Prudence gives self-love its due recognition. We may hear about famine in foreign parts, but it is going beyond the bounds of Prudence to starve oneself on that account. Smith notes (1976a, p. 72): "As to love our neighbour as we love ourselves is the great law of Christianity so it is the great

⁷Novak's emphasis on pluralism in unity, which he epitomized by using the doctrine of the Trinity is sufficient ground for this assertion.

⁸See Smith (1976a, pp. 155-75, 437, 467-85). E.G. West in his Introduction to Smith (p. 27) states that "Smith insists that a balance is required among [the] three subsets of virtue."

precept of nature to love ourselves only as we love our neighbour, or, what is the same thing, as our neighbour is capable of loving us.”

We are duty bound to love, even express anguish, but Prudence dictates that some ranking of importance or practicality be made in defining our neighbor and how we deal with him. Love correctly varies with distance. The second sub-virtue, Justice, involves legal rules, externally imposed, securing freedom and outlawing coercion. Both these sub-virtues, says Smith, are necessary but not sufficient for full Virtue. Another discretionary and voluntary virtue is required, namely Benevolence. Prudence may be the strongest human behavioral motive, but Benevolence is the highest. Smith writes (1976a, pp. 71-72): “to feel much for others, and little for ourselves, . . . to restrain our selfish, and to indulge our benevolent, affections constitutes the perfection of human nature; *and can alone* produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety” (emphasis added).

But we know that as a mode of social organization, mutual benevolence is impractical (relative to the impersonal market economy) because of information constraints and weakening incentives (predilection and mutual affection) as organization size and complexity increases. As the old saw has it, charity begins at home. Smith (1976b, pp. 26-27), in the best known of all his arguments, indicated “it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest.” If we can comprehend these tensions that Smith identifies with “Benevolence” we can begin to understand how Novak concluded that Christianity is compatible with the voluntary exchange economy:

A system of political economy imitates the demands of *caritas* by reaching out, creating, inventing, producing, and distributing, raising the material base of the common good. It is based on realism. It respects individuals as individuals. . . . An economic system which makes individuals dependent is no more an example of *caritas* than is a lover whose love encourages dependency. (Novak 1991, p. 357)

But can we take the second step? Can we go beyond not only the religious rejectionists, Knight and Mises, but also beyond Griffiths and Novak who argue only that there is compatibility between an exchange economy and *caritas*? Voluntary and beneficial exchange reduces the tensions between, and correctly prioritizes the four loves. To take the discussion further, the final section shows how Adam Smith and Friedrich Hayek argued (with more than a two-century gap between), that both aspirations to *caritas* and the market order have spontaneously evolved from our religious origins as created human beings.

CARITAS AND THE IMPARTIAL SPECTATOR

Hayek asked (1988, pp. 135-36) how and why we have evolved as humans living in tribal, self-sufficient societies, to dwelling in the interconnected

economy? How can market traditions which, “people do not like or understand, whose effects they usually do not appreciate and can neither foresee, and which they are still ardently combating, continue to have been passed on from generation to generation?” The answer is provided by the “evolution of moral orders through group selection: groups that behave in these ways simply survive and increase. *But this cannot be the whole story* (emphasis added).” If it was not understood why the “beneficial effect [of] creating an as-yet unimaginable extended order of cooperation,” a market, arose from certain “rules of conduct” how did market economies originate? And more important, how did they survive given that instinct does not encourage deferred gratification (the essence of capitalism), and that the conceit of reason often suggests that what is designed (a planned society) must be superior to the product of spontaneous order?

THE ROLE OF RELIGION IN SOCIAL EVOLUTION

Hayek argues that custom and tradition cannot be appealed to as explanations. They would both fail as upholders of “rules of conduct” over any period of time, particularly when the institution within which the behavior takes place is itself misunderstood or unpopular. Rather, particular patterns of behaviour are more likely to be followed when the rules are supported by religious beliefs or magical superstitions. These beliefs themselves grow or are revealed to help man interpret his environment. Their preservation may be helped by threat of punishment if transgressed. But such codes, says Hayek (1988, pp. 136-37), must have a chance to “produce their beneficial effects . . . on a progressive scale before selection by evolution can become effective.” Myths or religion can provide the “generation to generation” transmission motivation, “especially where rules of conduct conflicting with instinct are concerned.” And furthermore, as if to provide a two-way test, if religious discipline has helped the successful evolution of private property-based, market economies, Hayek notes that “*the only religions that have survived are those which support property and the family*” (emphasis in original).

But how did the religious standards and rules themselves evolve? Hayek (as an agnostic) is weakest on this point. Certainly the intergenerational transmission mechanism has been present in Christianity (cf. Deut. 6:7-9), as too is the requirement of long-term success in a situation that is counterintuitive. The empirical doubts of Thomas took place two millennia ago (John 20:24-8). Adam Smith (also perhaps an agnostic) can help us better understand how our religious rules, our consciences, are formed.⁹

⁹See Coase (1976, pp. 538-39). He notes, along with Jacob Viner, that Smith tended to use phrases such as the Architect of the Universe, or the Director of Nature and “other circumlocutions” as “evading [the] giving [of] an answer” to the question of whether he accepted a personal God as creator.

THE ROLE OF OTHERS IN RELIGIOUS EVOLUTION:
THE IMPARTIAL SPECTATOR

In 1759 Smith tried to explain the adoption of moral standards by which people judge, first, themselves, and second, others. People go from having no standards as children to commonly shared ones as adults. This occurs because each of us desires a “mutual sympathy” of sentiments with others. He goes on (Smith 1976a, p. 54): “Nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast; nor are we ever so much shocked as by the appearance of the contrary.” This desire for a concord of emotion, is in its turn an engine for social cohesion over time and across groups. To increase the likelihood of attainment we may for example, join small groups of similarly inclined people, Burkean “little platoons.” Also to increase the probability we each modify our behavior to mutually acceptable levels. This “self-command” is a repetitive process of reciprocal mutual adjustment. The resulting moral discipline would appeal to neither a Freud nor a Keynes.¹⁰ An unintended and unconscious system of standards or proper behavior thus evolves. To determine what is proper (to achieve mutual sympathy) we learn to adopt the standpoint of the “Impartial Spectator” to assess our own behavior and that of others. And it is that judgment that is the moral standard. We none of us like pre- or ill-informed judgment of ourselves. We prefer impartial assessments of ourselves by others, and reciprocally we do so for them. Hence we also modify our behavior in the hope that others will judge us more favorably. Babies develop into adults through this process. Rules handed down become internalized, revised, and fine-tuned. The same is true for communities.

What is the ultimate sanction for the standards of the Impartial Spectator? Are they justified simply because they have evolved as described? Are they merely the product of enlightened self-love? Not at all. “Man naturally desires, not only to be loved, but to be lovely” (Smith 1976a, p. 209). People not only

¹⁰See Otteson (2000). He summarizes the outcome of the process, the self-command, as “very non-Freudian.” See also Keynes who summarized the moral standards of himself and his Bloomsbury friends as follows:

We entirely repudiated a personal liability on us to obey general rules. We claimed the right to judge every individual case on its merits, and the wisdom, experience and self-control to do so successfully. This was a very important part of our faith, violently and aggressively held, and for the outer world it was our most obvious and dangerous characteristic. We repudiated entirely customary morals, conventions and traditional wisdom. We were, that is to say, in the strictest sense of the term, immoralists. The consequences of being found out had, of course, to be considered for what they were worth. But we recognized no moral obligation on us, no inner sanction, to conform or to obey. Before heaven we claimed to be our own judge in our own case. (Keynes 1949, p. 97)

want praise and approbation, but they want it for just cause. Self-respect destroys the value of the approbation of others, if that approbation is unmerited. The origin of the process is “nature.” Nature planted the seeds of the process “in the human breast . . . intend[ing] the happiness and perfection of the species.” And (p. 195), “every part of nature, when attentively surveyed, equally demonstrates the providential care of its Author; and we may admire the wisdom and goodness of God even in the weakness and folly of men.”

Our standard of propriety, argued Smith, then involves the relevant mix or tension between the sub-virtues he identified of Prudence, Justice, and Benevolence. And only *caritas*, it was argued above, could, *inter alia*, resolve these tensions, particularly between the two discretionary sub-virtues of Prudence and Benevolence, so as to indicate how the two could exist in perfect propriety alongside each other. Smith awards the role of striking and (by encouraging self-command) exercising a balance to the Impartial Spectator. Or to put this assertion more modestly, the Impartial Spectator’s function can be seen as being subsumed within *caritas*.

But this leaves us failing fully to define *caritas*. It is, of course, impossible for a human to do so, the search to understand God is never ending. But understanding the Impartial Spectator helps us comprehend our Creator. Further, Smith argued, the social organization of which the Impartial Spectator would approve, “virtue in propriety,” is near to identical, except for a lack of “sympathy,” with that which would be approved of by libertarians like Mises, and perhaps Knight, whose stress is on utility. Smith writes:

That system which places virtue in utility, coincides . . . with that [of] propriety. [In the former] all those qualities of the mind which are agreeable or advantageous, either to the person himself or to others, are approved of as virtuous [provided each] is confined to a certain degree of moderation . . . [V]irtue consists . . . in the proper degree of all the affections. The only difference [between that system] and that which I have been endeavouring to establish [virtue in propriety] is, that it makes utility, and not sympathy, or the correspondent affection of the spectator, the natural and original measure of this proper degree. (1976a, p. 484)

CONCLUSION

Knight and Mises poured scorn on the socialist economic policies of Christian leaders of their day. To support their positions they strongly criticized Christianity itself. Indeed, they injected a large part of their work with arguments suggesting that *caritas*, the essence of Christianity, was what underpinned the “mushy” and damaging economic policies advocated by the Church. Several decades were to pass before Griffiths and Novak demonstrated that Christianity was compatible with a nonsocialist approach to economics. By then many had deduced that socialist policies were Christian *per se*. Others, Christian and non-Christian, must have been confused by the

Knightian and Misesian interpretations of *caritas*. Griffiths and Novak have now provided a theological underpinning that is consistent with the economic views of Mises and Knight, and have shown how their attack on the contemporary leaders of the church was valid. And this was done without accepting Knight's or Mises's interpretations of *caritas*. *Caritas*, loving your neighbor as yourself (and the self-command which that requires), can be partially understood using the evolutionary concept of Smith's Impartial Spectator. Harm and hurt might have been lessened had these two somewhat virulent critics contrasted their religious interpretations with the writings of Smith, and the thoughts of Hayek (who was a junior colleague of Mises). The fact is they did not. Perhaps their antagonism to Christianity had deeper roots than simply intellectual dissent from socialist Christian leaders. James Buchanan noted:

Frank Knight did not preach a gospel (despite the old University of Chicago saying that "there is no God, but Frank Knight is his prophet"). There was, to him, no gospel to be preached. . . . He taught that "truth" was whatever emerged from the free discussion of reasonable men who approached the dialogue without prejudice and as good sports. The question as to the possible existence of something external to such a discussion-agreement process was not within his range of interest for the simple reason that it could never be answered. (1982, p. xi)

Fair enough. But were the "dialogues" and approaches of Knight and Mises to Christianity really those of "reasonable" men "without prejudice?"

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