

Towards an understanding of a careful and just stewardship of men and resources

Economics as a Distributive Science

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DISTRIBUTION IS THE Cinderella of our time. It is treated as both the reigning queen and the hated stepsister. But common to both is its treatment as a fairy tale.

The question of correct or proper distribution is treated as a fairy tale because justice is treated as a fairy tale. Instead of being considered the opposite of arbitrary, justice is considered as being a totally arbitrary taste to be manifested in the utility function of each individual.

Because of the modern fact-value distinction, most economists automatically assume that normative questions are subject to only arbitrary and/or subjective solutions. Positive questions, such as the achievement of efficiency and its conditions, are the hard core of economic science. Of course, there is a domain of unchallenged scientific questions called distribution theory, but this is usually price theory applied to the factors of production or a macro-theory of relative shares. The thrust of this paper will not be concerned with these alleged scientific questions. Instead, the purpose will be to sketch the modern treatments of distribution as an arbitrary normative judgment and to compare them with an older concept of economics as a distributive science. The older conception is grounded on a framework of justice which attempts to render men their due.

Justice as Cinderella

THE SOFTNESS SURROUNDING the question of distribution may be attributed to the fact that it is not treated as a scientific question. Therefore it cannot be treated with the rough and occasionally ruthless hands of economic analysis. But even those who would claim the arbitrary nature of such questions long to say something about such matters. Therefore the softness may result from the coddling of those who think that distribution is so important that it should be protected in much the same way that women used to be put on a pedestal.

The pedestal position may be traced back to John Stuart Mill's flutterings about socialism. From the earlier halcyon days of Ricardo—"To determine the laws which regulate this distribution is the principal problem in Political Economy"—Mill set the stage for modern positions. According to Mill's *Principles of Political Economy*, the laws of the production of wealth partake of the "character of physical truths" and there is "nothing optional or arbitrary" in them; whereas, the Distribution of Wealth is a "matter of human institution solely." According to Mill, "The things once there, mankind, individually or collectively, can do with them as they like."¹ We may call this the manna-from-heaven assumption.

Although most (all?) economists recognize that there are disincentives and distortions introduced whenever the state attempts to do as it likes with those things which it does not own, there is still the aesthetic appeal of a lump-sum tax which will not affect behavior at the margin. If this is the case, then the conscience can be salvaged by saying, "Of course, a distribution of income and wealth must be assumed" Since for most modern economists, equity is a taste or preference for more equality in the distribution of income and wealth, discussion about policy can go on even though there is no agreement that complete equality is the goal or even desirable.

Such a procedure is made explicit in the conceptual framework suggested by Arthur Okun's book *Equality and Efficiency: The Big Tradeoff* (1975). There is a trade-off between efficiency (created or destroyed by incentives) and equality, but equality is treated as an unquestioned good. *Ceteris paribus*, more of it is better than less, and reasonable tradeoffs can be made to achieve more of it. It cannot be questioned any more than the axes *x* and *y* in an indifference curve. In essence, distribution, and for many social scientists this means equality, becomes the Cinderella sparkling in her purity.

The Hated Stepsister

IF I MAY BE allowed to reverse the story line, I would like now to introduce the cinders part of the story, or examine distribution in her role of Cinderella the neglected stepsister. Here we encounter the classical liberals and libertarians, trying to protect themselves against the soft socialist side of John Stuart Mill, or should we say his feminine side as represented by Harriet Taylor?

Reacting against the soft socialist side of John Stuart Mill, many classical liberals have tried to protect themselves against egalitarian consequences by denying the scientific status of the concept of distribution as applied to free markets. For example, Ludwig von Mises claims, "There is in the operation of the market economy

nothing which could properly be called distribution. Goods are not first produced and then distributed, as would be the case in a socialized state."² Even stronger, because of the implication that all distributive moves are injustice, is the position of Murray Rothbard:

... there is *no* "problem of distribution" on the free market. In fact, there is no "distribution" at all. On the free market, a man's monetary assets have been acquired precisely because his or his predecessors' services have been purchased by others. There is no distributional process apart from the production and exchange of the market; hence, the very concept of "distribution" as something separate becomes meaningless. . . .

When the government takes from Peter and gives to Paul, it then *creates* a separate distribution process and a "problem" of distribution. No longer do income and wealth flow purely from service rendered on the market; they now flow from special privilege created by the coercion of the State. Wealth is now *distributed* to "exploiters" at the expense of the "exploited."³

This turning of the tables, this reversal of roles from unquestioned beauty to ugly beast signifies to me the fairy-tale nature of the discussion. Perhaps the cul-de-sac of the ideological approaches of egalitarianism and libertarianism do not exhaust the alternatives.

Distribution, Justice, and the Nature of Man

LET ME MAKE THE transition of returning to the Greek and Judeo-Christian understanding of distribution a little smoother by considering some modern examples. There are modern schools of thought which take the distributive concept seriously and thereby avoid the Scylla of liberty and the Charybdis of equality. Significantly, these groups would claim to be manifestations of Christian social theory and therefore grounded on realities about human nature. They are the English Distributists, to whom economists have paid little or no attention, and the *Ordo*-liberals such as Roepke and Ruestow, to whom the

American economists have paid but slightly more attention.

Roepke's "Third Way" attempts to steer between the extremes. He distinguishes his main ideas from the collectivist schemes based on egalitarianism, but he is also critical of unrestricted individualism. His emphasis on distribution can be seen as the foundation of his attack on the problems of modern society:

The New Deal no less than Socialism stands for *concentration* of power, *concentration* of property—the fact that this time it is the state which does the “concentrating” hardly alleviates the calamity. The burning problem of our times lies in the *distribution*, not in the concentration, of power and property.⁴

The Distributist League was founded in 1926 by G.K. Chesterton, who was heavily influenced by the ideas of Hilaire Belloc. According to Margaret Canovan, Chesterton was elected president at the inaugural meeting and enunciated its basic principle, adapting the words of Francis Bacon, “Property is like muck: it is only good if it be spread.”⁵

G.C. Heseltine has affirmed that the very opposite of distributism is collectivism. Men are to be made independent by securing personal property. Property has both rights and responsibilities associated with it. According to Heseltine, the subtitle of the Distributist League was “for the restoration of liberty by the distribution of property.”⁶

Distribution of property has always been conceived as a mean between the arrogance of the rich, who have too much, and the servility and meanness of the poor, who have too little. In fact the widespread growth and development of the middle class is important not only for the growth of *per capita* income, but also in alleviating this eternal strife between the rich and the poor. The strife can theoretically be eliminated by two different methods: collectivism or distributism.

In the twentieth century the difference between these two methods can be seen in the contrast between land reform in Taiwan or South Korea compared with the

collectivization of land in the Soviet Union or China. Alexander Ruestow has pointed out both the past failures and the present dilemma for Western foreign policy in the underdeveloped countries:

An especially thorny problem is that in many of the underdeveloped areas whose governments are on our side, a corrupt agrarian feudalism persists under which peasants are oppressed and exploited in time-honored fashion by absentee feudal lords. In China where these conditions were allowed to continue, where there was no prompt execution of a program of agrarian reform, the consequence was the loss of that vast country with its more than 600 million inhabitants to Communism. The communization of China, and even that of Russia itself, could have been avoided by a timely and thoroughgoing agrarian reform. The same conditions, however, are found in other underdeveloped but not yet communized countries.⁷

More generally, Ruestow has claimed, “When justly and generally divided, individual property is the only solid basis known to us upon which liberty, independence, and the human dignity of all individuals can be built. In this lies the only real, essential and non-economic justification of private property.”⁸

Professor Roepke has reminded us that the contrast between rich and poor “is the great question which for thousands of years has agitated the minds and hearts of men. And, inevitably, the ages in which the contrast was most acute brought forth the champions of justice and equality: the prophets of the Old Testament, the Gracchi of Rome, the founders of the great religions, the peasant leaders and the religious dissenters of the Middle Ages and of the Reformation, the socialists, communists, and anarchists, the agrarian and social reformers from Solon to the present.”⁹

Perhaps the profoundest reflection on the different means of collectivism versus distributism can be found in Plutarch where he provides us with the individual lives of Lycurgus–Numa Pompilius and of Solon–Poplicola and then provides us with a comparison of the lives. He also gives us

the lives of Agis, Cleomenes, and the Gracchi brothers with a comparison of all four. Plutarch rightfully centers on the moral consequences of the redistribution process. This is political economy at what might be called the constitutional level of decision-making. *Politeia* originally meant a way of life transmitted or chosen by a people; it was not a constitution in the strained modern sense of public choice theory: a conglomerate of abstract individuals in a state of nature trying to mimic a Pareto-optimal decision procedure so as to preserve the beauties of methodological individualism.

In much the same way as the polities of Greece and Rome, the Jews of the Old Testament were trying to preserve their way of life, in this case as handed down by God. As Barry Gordon has observed, the prophets Amos, Hosea, Micah, and the first Isaiah all "rail at the trend to increasing concentration of ownership and control of resources. This has led to widespread exploitation of the mass of the populace."¹⁰

The Roman examples of Numa Pompilius and Tiberius Gracchus, the Greek example of Solon, and the Judeo-Christian traditions of respect for private property show the proper lines of the distribution solution compared with the collectivist solutions: not the abolition of private property but its distribution; not envy and hatred but love and reconciliation.

The ultimate foundations of both the Greek and Christian positions is what might be called theomimetic or God-imitating stewardship. Since God is the ultimate owner and the ultimate sovereign over man, man is simply the steward of what has been given to him. He should bestow on those things over which he has dominion, whether political dominion over a body politic or economic dominion over the resources of the world, the same loving care which God has bestowed on him.

Although this may not be a startling new understanding for Christianity set against some of the recent discussions of ecology and stewardship, it is perhaps worth citing a passage from Greek thought, since the Greeks are often accused of holding a

theology in which the gods are aloof and indifferent to the fate of the world.

In Plato's *Laws* we find a formulation which places man in the ownership of the gods and stresses the loving care which all owners bestow on their property:

Athenian stranger: Do not all human things partake of the nature of soul? And is not man the most religious of all animals?

Cleinias: This is not to be denied.

Ath.: And we acknowledge that all mortal creatures are the property of the gods, to whom also the whole of the heavens belongs?

Cle.: Certainly.

Ath.: And, therefore, whether a person says that these things are to the gods great or small—in either case it would not be natural for the gods who own us, and who are the most careful and best owners, to neglect us.¹¹

The most important ancient model for understanding careful stewardship of men and resources is that of the good shepherd. Everyone is familiar with the Twenty-third Psalm, "The Lord is my Shepherd . . ."; everyone is familiar with the role of Christ as the Good Shepherd. But not everyone is familiar with the fact that this metaphor is a commonplace of the ancient world. In the ancient civilizations of Egypt and Mesopotamia, the king was perceived as the shepherd of his people.

It is precisely in the image of the ruler as a shepherd that the meaning of economics as a distributive science takes on significance. The term "economics" itself stems from the Greek roots *oikos* and *nomos*. *Oikos* is the household and *nomos* is usually translated law; but the meaning of the word "law" may stem ultimately from the Greek word *nomeus*, which means herdsman.

If this is true, then Edwin Cannan is forcing a false dichotomy in his etymology of the word economics. He stresses that the Greek *nomos* meant law "in the sense in which it is used in 'astronomy' when we treat of law and order followed by the stars, rather than in the sense in which it is used in 'deuteronomy,' which is the sec-

ond set of ordinances laid down for the Hebrew people."¹² But, as Singer emphasizes, two points need to be made. Astronomy originally meant the way in which the stars were "distributed" in the form of constellations. Second, the term *nomos* did not in the early period have the connotation of opposition to *physis*, or nature, as it later came to have. Nor did it have the connotation of *lex*, which largely applied to legislation and therefore shared in a certain arbitrariness. As Singer points out, "the archaic *nomos* is not made and unmade at the behest of popular assemblies or changing magistrates."¹³ Therefore *nomos* in this earlier period denoted rules laid down by divine or semi-divine lawgivers.

Kurt Singer has emphasized the older connotations of the concept of economics and the contrast with more modern concepts. The modern idea of the *homo oeconomicus* is almost the exact opposite of the generous man who was the original economist:

The herdsman . . . is never regarded as a close-fisted calculator or model of petty thriftiness but everywhere admired for his large-hearted hospitality, even in dire circumstances. It is time to remember that, at least in Homer, the verb *nemo* is mostly used of generous hosts dispensing meat and drink, not in order to allocate scarce resources according to marginal utilities. But in order to do honour to guests and justice to their own great-mindedness. It is thus in this respect surprisingly near to ancient and lasting connotations of the German *Wirtschaft*.¹⁴

In essence *nemo* contains the idea of dealing out and dispensing what is man's due in the positive sense of providing for him what is good. What is good for man also includes retribution or punishment for his evil actions; this latter meaning of the term is contained in the word *nemesis*.

The fullest discussion of these concepts can be found in the very brief Platonic dialogue called the *Minos*. Although there is some dispute as to whether it is an authentic Platonic dialogue, this con-

troversy does not affect the usefulness of considering the substance of the dialogue. The division of labor stems ultimately from the wise shepherd who takes care of his flock. Leo Strauss has summarized the discussion of this essential perspective in a way which highlights many of the antitheses between ancient liberalism and modern liberalism. Let me quote Leo Strauss in full as he provides a provocative treatment of what it means to treat men with a view to the good:

In the last section of the central part Socrates proves that law is an art by assuming that art consists in distributing properly the parts of the whole or the parts of another whole—of a herd, as it were. In some cases the distributor assigns to each member of the herd the same quantity of the whole to be distributed as to every other member. In other arts, however, the distributor must consider the fact that the "herd" consists of qualitatively different parts or that different things are good for different parts or different individuals. What human beings call laws would then be the distributing, say, of punishments and rewards to the members of the city or in the best case the distributing of the proper food and toil to the souls of human beings by the king. The king assigns to each the work best for him, that is, most conducive to his becoming a good man; he does not treat the human beings whom he rules as parts of a herd. But if to be a good man is the same as to be a good citizen, a good member of the city, one can also say that the king assigns each man to the place or work for which he is best fitted. In this section writings are no longer mentioned: assigning to each soul what is good for it cannot be done well except orally, by the king on the spot. It would be more simple to say that such assigning cannot be done by the best laws, the laws of the king. He thus implies that laws ought to be infinitely variable.¹⁵

The administration of justice by the king on the spot is the recognition of the superiority of administrative law over the rule of law. The rule of law is thus seen as a second-best or a compromise, but not as an ideal in and of itself. It may be the best or most appropriate in certain circumstances, but in terms of the purposes

of law, the formation of characters and the development of certain ways of life, general rules have limitations. Strauss's discussion also has the merit of recognizing the limitations of the shepherd-herd metaphor caused by the fact that men are not identical like sheep, but instead have a bewildering variety. Unlike modern liberalism he does not lose himself in rapt admiration of this variety; he keeps his eye on the main purpose of human existence—"becoming a good man."

The Christian usages of the word *oikonomos* are consistent with the Greek emphasis on distribution and run the gamut from the most mundane to the most profound. Whether the context is one of the apostles' attempting to find a deacon to distribute food and resources to the widows, monks' administering the necessary business affairs for the monastery, Jesus's feeding the five thousand, Jesus's establishment of the sacrament of bread and wine on Holy Thursday, the priest's subsequent administration of communion, the priest's administration of penance, God's salvation plans or "dispensations" for the entire human race in terms of which human history is to be understood—no matter, in all cases distribution as the process of giving men their due or what they ought to have is always understood. The close connection between distribution and justice can be seen in a passage quoted by John Reumann, whose dissertation is the single most important source for understanding the indebtedness of Christian theology to earlier Greek ideals of stewardship and *oikonomos*. He cites Isidor of Pelusium (*ob. c. A.D. 435*): "he is called an *oikonomos* because of the fact that he distributes to each one what is his own, or because he distributes to each one in the house what is in accord with his worth."¹⁶

Particularly if we take the expanded view of justice that Cicero provides—justice teaches one "to consider the interests of the human race, to render to each his own, and not to tamper with that which is sacred, that which is public, and that which belongs to another"—we can conclude by exploring some of the implications of con-

sidering economics as a distributive science. One of the easiest and most tempting outs might be to say that economists ought to be stewards of the production and distribution of material things like the steward (*oikonomos*) of the monastery. In essence this would be a retreat to the Marshallian understanding of economics as concerned with the ordinary business of life. But the price of this everydayness would be giving up our self-image as the science of rational choice, our definitions in terms of scarcity, our successful imperialistic raids on the other social sciences, and our ability to give a scientific approach to most of the interesting questions of public policy.

All this would probably be salutary for economics to do, but it founders on the difficulty of separating the sacred from the profane. The economist, if he is going to tend to his own business, still would need to know what is not his business. There is a time and place for everything, but it is not always easy to know which is which. Christ, in throwing the moneychangers out of the temple, is not necessarily condemning moneychanging.

The complexity of the sacred and the profane can be seen in that earthly representative of the Supreme giver of gifts, that single symbol of still legitimate largesse, St. Nicholas. The three gold balls of the pawn broker's shop came to Nicholas (the patron saint of the moneylenders) because he distributed the money he had inherited as a young man to save three young daughters of a local prominent citizen from going into prostitution because they did not have dowries. Not only do we have that irony, but we also have the irony of the zealous merchants of Bari who stole his bones from Myra and built a pilgrimage church to enshrine his bones at Bari. Is this activity sacred or profane? Is it ordinary or extraordinary?

¹John Stuart Mill, *Principles of Political Economy* (London, 1965), p. 199. ²Ludwig von Mises, *Human Action* (New Haven, 1949), p. 255. ³Murray N. Rothbard, *Power & Market* (Menlo Park, Cal., 1970), p. 66; also see the similar formulation in Rothbard's "Toward a Reconstruction of Utility and Welfare Eco-

nomics," in *On Freedom and Free Enterprise*, ed. Mary Sennholz (Princeton, 1956), p. 251. ⁴Quoted by Erik von Kuehnelt-Leddihn, "American Blunders in Germany: Professor Roepke Speaks," *Catholic World*, August 1948, p. 397. ⁵Margaret Canovan, *G.K. Chesterton: Radical Populist* (New York, 1977), p. 89. ⁶G.C. Heseltine, "Distributism," *Catholic World*, January 1932, p. 387. ⁷Alexander Ruestow, "The Remnants of Western Imperialism: A German View," *Review of Politics*, Vol. XXII (1960), pp. 67-68. ⁸Alexander Ruestow, "General Sociological Causes of the Economic Disintegration and Possibilities of Reconstruction," Appendix to Wilhelm Roepke, *International Economic Disintegration* (London, 1942), p. 282. ⁹Wilhelm Roepke, *Economics of the Free Society* (Chicago, 1963), p. 184. ¹⁰Barry Gordon, "Contrasting General

Solutions for the Scarcity Problem in Biblical Literature," Unpublished paper presented to the History of Political Economy Conference, Charlottesville, Va., May 23-26, 1983, p. 7. ¹¹Plato, *Laws* 902b-c, in the *Dialogues of Plato*, ed. B. Jowett, Vol. IV (Oxford, 1953), p. 473. ¹²Edwin Cannan, *A Review of Economic Theory* (New York, 1964), p. 37. ¹³Kurt Singer, "'Oikonomia': An Inquiry into the Beginnings of Economic Thought and Language," *Kyklos*, 1958. ¹⁴*Ibid.* ¹⁵Leo Strauss, "On the *Minos*," *Liberalism Ancient and Modern* (New York, 1968), p. 70. ¹⁶John Henry Paul Reumann, "The Use of Oikonomia and Related Terms in Greek Sources to About A.D. 100, as a Background for Patristic Applications," University of Pennsylvania Dissertation, 1957, p. 145.