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I am talking on what I think is an important issue tonight, the morality of capitalism, an issue I hope you also think is important as indicated by your attendance here. If you are here for some other reason, well, too bad, because that is what we are going to talk about.

Of course this task is especially interesting and, one might say, especially challenging given the economic environment we presently live in, and particularly given what has transpired in that environment the last year.

We have seen the economies of the world wracked by economic problems, first expressed as the asset bubble in housing prices, especially in the U.S., followed by stock market downturns worldwide, then the near collapse of the financial structure of most of the developed world.

There have been charges of unchecked greed, malfeasance, wrong-headed government policies, and failures in the coordination process that generally goes under the label of market capitalism. Where does this leave us? Should we even be attempting a moral defense of this system that has wreaked so much havoc in so many lives?

Well, I am going to take that issue head on, and say yes, we should. There are good reasons from a moral perspective to defend capitalism, or more appropriately a social coordination system based on private property rights and prices.

And, since this is my assignment as a part of this lecture series, I want to do so from an expressly Christian perspective. I recognize that there are many other perspectives from which to approach the moral and ethical issues surrounding systems of social coordination, but this lecture series is on Christian perspectives, and since that is my faith position that is what I will use as my starting point.

I want to start with the question – given what we know about the God of the universe, about his creation, and about human reaction to and interaction with God, how should we think about the system we use to secure economic cooperation among people? I want to lay out this framework first, and then I will return to the question of what does this mean in terms of our experience of the last year.

I want to take two important theological concepts, the Imago Dei, the idea that all humans are created in the image of God, and the Fall, the fact that we have fallen from our original position of sinless fellowship with God, and see how those two concepts play out in our modern world. What do they imply when we think about the economic and legal systems we live under, and also, what moral understandings of our duties to one another flow from these concepts?

I should warn you that in some very real sense I am venturing into dangerous territory here, because all of my training, and almost all of my academic work is in economics, a discipline that you may think is a far removed from theology as you can get. Nevertheless, I am a

Christian, I am an economic historian, and since I take my faith seriously, I would hope that I can deal, in a reasonably coherent way, with the intersection of those two parts of my life.

The first major concept – the Imago Dei.

What are the implications for the social ordering? First, the fact that God has made us in his image means all individuals are worthy of dignity and of respect for their personhood.

Notice that God also gives these individuals an amazing amount of freedom – represented by the choice he bestows upon us of deciding whether to accept or reject him. That is a strong statement of God’s belief in the moral integrity of the individual human being, in his or her right to choose.

The interesting thing is, if one accepts freedom of conscience, or freedom to worship or not to worship God, there is a logical extension of that freedom to other aspects of our life on this earth. If people can choose to accept or reject God, then it follows that those same individuals should have the freedom to choose their occupation, to enter into contracts, and to possess property.

In other words, the Imago Dei leads one, in this modern world, to a conception of individual rights. This also means there is the opportunity for the creative part of our being to be expressed, and I do regard our creativity, our desire to create order out of chaos, as part of what it means to be image bearers of God.

It also means individuals have the opportunity to order a significant amount of their lives around the goals they think are important, goals that are not necessarily selfish, but goals that are defined by themselves in the context of their understanding of the world they live in.

Now I know that for most of recorded history, an explicit recognition of those rights was not made, and, in the biblical narrative, there is only a limited discussion of a political/economic system that enforces the rights of the individual. Injustices are condemned and there is a sanction for property rights in the commandment not to steal. But there are also limits on property rights as expressed in the Jubilee Principle and in the various requirements for charity, such as leaving a portion of the field unharvested for the poor.

But we have gradually worked through our understanding of the concept of being made in the image of God in relationship to the modern nation state, which is much different than the theocracy of ancient Israel.

Much of this development of the conceptual framework of non-theocratic nation states has come from Catholic social teaching and also through the work of Reformation thinkers. That means the acknowledgment of basic human rights of conscience, of free association, of domains of control where we can determine how we want to order our lives, is consistent with the fact that we are God’s image bearers.

And, that means there is a responsibility of government to protect those individual rights, and to see that the exercise of those rights doesn’t interfere with the exercise of those same rights by others. In other words, the Imago Dei gives a presumption of freedom. Not an absolute right to freedom in any and all situations, but a presumption of freedom.

There are two important additions that I must make to this idea that individual rights flow from the Imago Dei. First, along with the rights that should inhere to us as God's creatures, there are also responsibilities.

A world that is a world only of individual rights, with no discussion of individual responsibilities, duties if you will, would be very stark place. We, as Image Bearers of God, have the duties of compassion, of mercy, of concern for one another. If we just emphasize the rights side we are guilty of presenting a malformed conception of the human.

Second, although I have spoken of these rights as individual rights, flowing from the fact that God wants each individual to make his or her own free choice of accepting God or rejecting Him, that is not an argument for radical individual autonomy.

We are social creatures. We are made to live in association with one another. And the very existence of the Trinity, of God in three persons, is testimony to the importance of the social nature of our being. We are to define our goals and live our lives in relationship with other people.

So, that raises the question, doesn't the duty side of our creation imply significant limitations on our rights? How can we use the coercive power of government to enforce these individual rights and not also argue for government to enforce the manifold duties that accompany those rights?

If you will bear with me a moment I will answer that question, but in order to do so I need to draw upon a second concept, the Fall, or the transition from the state of innocent obedience to God to a state of guilty disobedience. Because of the fall we can take actions that seek the harm of others, we can fail to fulfill our duties to others, we can act in all sorts of ways that are, to use a basic Christian term, sinful. And we also suffer from the problem of human finitude.

The existence of sin and our limited knowledge should temper our optimism that might come from thinking about the Imago Dei, about how we are creative, inventive beings, beings that want to create order out of chaos.

The fall means that we cannot just think about opportunities for humankind, we must also think about limits, about constraints, about ways of keeping our sinful nature, the result of the fall, from doing great harm.

What does this mean in terms of an economic and political system? It means that we need an institutional ordering that recognizes these basic facts of our anthropology. We need a system that allows us to express our order-creating natures, our desire to transform the world in good, and helpful ways, and our desire to have substantial realms where we can order our lives around what we, as individuals, living in community with others, see as appropriate elements for human flourishing. But we also need limits. We need boundaries, ways of constraining human behavior.

Interestingly enough, that is what capitalism, or what could be called the market order, is. Now, you will notice that to this point I haven't said much about markets – I have discussed rights, duties, our social nature, and the fall. But I haven't really connected that to markets. That is because market coordination, the signals that encourage people to conserve, or to spend, or to take actions that advantage themselves as well as advantaging others, comes

from a system of rights. So, if we have well defined and enforced rights the spontaneous order of markets will emerge.

So, when I defend a system of individual rights, enforced by the rule of law, known rules that apply equally to all members of society and which embody protection of the fundamental rights of freedom of action, I am also defending a market order. That means that people are free to engage in economic activity, that they are not to restrict the economic activity of others by trying to get the government on their side, and that prices will be used as a significant means of communication of wants and desires, especially in the world of impersonal interaction.

My argument here is that the market system, or more precisely a social ordering that uses government to prevent aggression against others, is a rather unusual combination of the freedom we should have as God's creatures and the boundaries that need to be drawn around us to keep us from harming others.

I realize this is a controversial way of looking at a regime of individual rights, or a system where government is used to foster negative, not positive liberty. Many see a system of property rights as the ultimate system of unchecked freedom, the opportunity for individuals to act in any way they want. But it isn't, especially when viewed in comparison to alternatives and from a long-term historical perspective.

First, this system starts with the premise of self-ownership, the most important of individual rights. And if one wants to list the most egregious violations of any reasonable standard of justice throughout history, it comes from the violation of this principle of self-ownership. Slavery, the killing fields of Cambodia, the Cultural Revolution in China, the genocide of Rwanda, all violate this fundamental principle.

But it doesn't stop there. Private property presents a huge obstacle to people trying to exercise their power over other people. A system of well defined and enforced property rights means that the only way one can gain additional control over resources, both human and physical, is by the rule of willing consent.

This means that voluntary trades or gifts are the order of the day. Thus there are serious boundaries on the actions people can take with respect to other people. And it especially means the powerful, the elite, cannot do the things they have done throughout history. They cannot use their power to arbitrarily confiscate the resources, or the time, or the services of others.

In fact, a system of individual rights is most important for the underprivileged, for those without power, for those ordinary people who, throughout history, have had to face the very real possibility of depredation by others. And this is of crucial importance to Christians; since we are called on to defend the rights of the marginalized and the powerless.

If you want a thoughtful approach to this issue I suggest you read Hernando de Soto, the Peruvian economist, who has made a strong argument that the most significant way the poor in most parts of the world are disadvantaged is through lack of access to the legal order, to the definition and defense of their property rights.

So, my defense of markets is based on my desire to see two major aspects of our being reconciled in a workable manner.

Both aspects are reasonably well balanced in this institutional framework. Market capitalism may not be the only system that does this, but is a quite unusual combination of freedom, of opportunity, and of constraint. There are large realms of action where the Imago Dei can be expressed, but there are also very substantial limits on that action through the institution of private property rights.

This still has not adequately answered the question of rights versus duties. If we want to use government to enforce rights, why shouldn't we also use it to enforce duties?

But the use of government to do so has all sorts of problems, and these problems are rooted in the fall and the problem of human finitude.

It is possible for national governments to enforce a reasonable conception of individual rights. There is a well-developed theory of the rule of law, built around the idea that people can order their own lives in ways they find appropriate, but not harm others. There is a clear, bright line there.

One can formulate a legal regime that enforces negative liberty, or freedom from interference by others, in a reasonable way. The problem with enforcing duties is that they are much more nuanced, much more contextual, and much less definable in terms of clear and stable rules.

Therefore, the realm of positive duties, while absolutely crucial to a functioning order, is, for the most part, best left to the social space of voluntary interactions. It is there that the particular circumstances, the issues of intention, of dysfunctional or functional behavior, of good or bad luck can be much better dealt with. And it is there that the personal encouragement of responsible behavior can take place.

Notice also that I have not said anything about the material benefits of markets. Those benefits are substantial, and the last century of experimentation with different institutional orderings gives strong evidence that market societies outperform, in material terms, alternative coordination systems.

The reduction of poverty is a positive moral good, and market capitalism has certainly generated very commendable benefits in that arena. But I think that the first duty of anyone who wants to defend markets is to defend them in terms of human flourishing, of giving people the opportunity to live purposeful lives. So, back to the necessity of thinking about a social coordination mechanism that recognizes the fact that we are God's image bearers and we are also fallen.

I should note, however, that seeing a moral social order in this way means that I have left open a large space, a significant realm of life. The world of markets and of limited government that I have described doesn't define nearly all of life. As I have discussed earlier, most of our duties lie in the realm of voluntary actions. This means there is room for, and actually the requirement of a strong, vital set of institutions and relationships that are neither market nor government. These have been called the mediating structures of our society, based on a moral vision of the good life that embodies both rights and responsibilities.

The problem is that when there is social space like this two very strong forces in our lives, the world of markets, and the world of government, can be imperialistic, or colonizers.

Markets and government both represent significant threats to this vital world of moral commitment and moral community that is essential for true human flourishing.

Markets colonize our lives by convincing us that market transactions should dominate more and more of what we do. The world of contracts, of seeing everything through the lens of reciprocity, or *quid pro quo*, can deform important social relationships. And, perhaps most dangerous, markets can be their own worst enemy because they are successful in increasing material well-being.

The increase in real living standards in the 19th and 20th centuries in countries that have adopted property rights and prices as their primary means of economic coordination is astounding. There is much that is good about that, and the root of it is found in human creativity that is unleashed by this regime of property rights protected by government.

But substantial increases in our well-being can also be seductive. We can buy into a consumerism, into the habit of defining ourselves by our incomes or our jobs, and we can become relentless seekers of more and more. In other words we can end up on a hedonistic treadmill.

Likewise, government can be a colonizer of this social space, taking on responsibilities that are best left to voluntary interactions. In the world of social relationships, the little platoons that Burke described, people must have meaningful activities to engage in, and when government takes over too many functions it starves the world of club, family, of institutions of worship, of the opportunity to undertake the acts of service, of caring for one another and of committing to one another outside the world of formal contracts, and outside of the coercive mechanisms of government.

Much of the imperialistic part of government causes the thinning of the voluntary duties that we have to one another, and those are significant duties. It also comes from not adequately recognizing the effects of the fall on government, and the potential for it to use its coercive power in negative, rather than positive ways. This is often based on the belief that if we simply give certain functions to government they will be well performed.

Let me illustrate the problem of government taking on more than it is capable of, with an issue that inevitably comes up when one discusses market capitalism, the problem of economic inequality. There is no question that economic inequality is one of the results of the system that I have been defending. And there has been much discussion about the rise of inequality over the last two decades of the 20th century.

First, as a matter of the actual record of inequality, I don't think there is evidence that market capitalism produces more economic inequality than other systems. And, if you look at U.S. history, there have been periods of rising inequality and falling inequality. Therefore what we have been observing may be just one more cyclical swing. And there are all sorts of problems with the data that purport to show rising inequality. But, be that as it may, the problem of inequality won't go away. It is there and it must be faced.

As a philosophical issue, I tend to agree with Jay Richards, who spoke here a month ago as a part of this lecture series. He argued that much of the concern for inequality, in a positive sum world, is an expression of envy, a motive we ought not to encourage.

But let's assume that the data reported represents a reasonably accurate picture of the income distribution. One cannot look at that world and not feel that some of the expressions

of inequality are arbitrary, and even morally outrageous. It strikes at the very heart of our concept of a fair and just world to have some people earning many multiples of the income of others who are working just as hard, and by normal measures of moral desserts, shouldn't be so radically disadvantaged.

But it is here that the problems of the Fall and of human finitude loom large. When we discuss the problem of inequality most people are concerned with the fact that there does not seem to be a direct connection between moral merit or just moral desserts, and income. But to overcome that problem means we must have a way of determining moral desserts, and a way of implementing rewards in accord with that knowledge. I argue that attempts to do so mean massive, ongoing, concentrated, and dangerous coercive power.

We simply do not have enough information in most situations to make good judgments about the actual merits of material rewards, and even if we did, adjusting those rewards on a more meritorious basis means an incredible granting of power to the state to interfere with human decision making.

And one must remember that this massive intervention with human choice cannot be a one-time thing; it must be a continual involvement since ongoing human interaction produces ongoing inequality. Therefore one cannot have equality before the law, or the rule of law and significant attempts to alter the income distribution. They are fundamentally incompatible.

Think about the issue of fairness. We oftentimes have the visceral reaction when we look at substantial income inequality of "that is not fair." And you may get a lot of people to agree about the unfairness of the distribution. But then move to trying to get agreement on what is fair. When we look at the difference in income between a house painter and an investment banker do we want to account for differences in risk preference?

Should we look at family background, how many hours the parents spent reading to their children or taking them to zoos? What about the number of children in the family? The educational background of the parents? The religious preferences? Whether it is a one parent or a two-parent family? All of these are related to income. Which ones do we want to compensate for and which ones do we not? How do we get enough information about what leads to income differences? And how do we get good information on the life cycle of a person's income relative to another person's, not just their relative income in a particular year?

Finally, many of the choices that influence the income distribution are remarkably personal, on both the part of the parent or parents and the income recipient herself. They are closely related to fundamental decisions about how to live life. But of course luck, good or bad fortune, also play a role. But how do we sort that out? And there are substantial feedback effects from trying to alter the income distribution. Do we know what those are and are we comfortable with them?

All of this means that if we want to do much about income inequality we must remand enormous powers to the state, a state which will have the ability to interfere in personal choices in many arenas. We must also assume there is competence and lack of favoritism in the process. All of this is inimical to the rule of law.

Instead it speaks of a state that has moved far beyond the conception of equal rules equally applied. We are thinking of coercive power being used very particularly, with great

attention to personal circumstance and personal opportunity. That ignores both the human finitude problem and the problem of capture of those coercive mechanisms by special interests.

Let me draw an important distinction here – the distinction between efforts to ameliorate human suffering and the attempts to achieve greater equality. I do think that one of the major duties that we have is a responsibility for the less fortunate, for those who are struggling economically. Therefore I believe one can make a case for limited intervention by government to lessen some of the impacts of unfortunate circumstances.

Measures to reduce the amount of human struggle have a different moral grounding, however, than efforts to redistribute income simply because of inequality. The efforts to lessen human suffering are not rooted in the concern that some are getting more than others, but rather are based upon the desire to reduce some of the effects of bad luck, of circumstances beyond the control of the individual.

I find it a possibly appropriate function of government to engage in some efforts to reduce the impact of those circumstances. You will notice that I put several qualifiers on that statement however, **possibly** appropriate – **some efforts**. This is because here the problem of the colonizing power of government of the social space is still dangerous, and one must be quite cautious in moving into that arena.

Also, my economics training, and my belief that competitive markets produce quality products and services much better than government monopolies means that I prefer to see efforts to help the poor carried out through direct transfers that allow purchase of the goods or services in question through the private sector.

Thus vouchers in education make much more sense than state provision of education. If there is a problem with access to health care for a portion of the population, freeing the health care market from the myriad of restrictions and subsidies that presently exist, and then providing vouchers for a limited portion of the population to purchase insurance or health care is the sensible way to go.

So that is my argument for market capitalism – because it is both a system of opportunity and freedom, coupled with significant restraints on the power of humans over others, it fits well with the fact that we are created in the image of God, and we are fallen.

Now let me turn to a serious challenge to that argument, what has happened in the last 13 or 14 months. How can I argue that market capitalism succeeds in controlling the worst aspects of human nature and also allows for appropriate expression of the creative impulse in this world?

Does market capitalism really represent a way of protecting the powerless, the ordinary people, when we have seen very high levels of unemployment, extraordinary payments to people who seem to have no feeling for the hardship that the risks they have taken have imposed on others? Isn't this an example of greed run amuck, of the worst of market capitalism, and perhaps a signal that we need to completely rethink our economic system? Here is my answer:

First, what we are seeing is not a dramatically new phenomenon. Organized societies throughout history have struggled with business cycles and financial panics. The business

cycle is not a thing of the past. Once one moves beyond a subsistence economy, and there develops a system of extended trade and of debt, every society has faced booms and busts.

And, the problems of financial crisis are not unique to what we think of as modern capitalism. In earlier times the crises were more likely to involve sovereign repudiation of debt, while later ones are more likely to involve banking crisis, but in all cases, the world of complex systems of trade, the use of money, and the existence of credit and debt has produced economic growth, but has also created periods of difficulty.

The crises are of four types:

First, sovereign debt repudiation – which has happened in many countries. For instance France repudiated its debt eight times between 1550 and 1800, . Spain -- 13 times from 1550 to 1900. More recently Argentina, Chile, Brazil, Ecuador, Jordan and Egypt (1970-2001) have defaulted.

Second, there are financial crises – which often involve the banking sector, like the one we just experienced. The first modern one involving stock markets was in 1720.

Third, we have major inflations, which harm all sectors of the economy, but especially the poor, working class, who have little means to protect themselves against the inflation.

Perhaps we should include fourth – general economic downturns – recessions and depressions, although they are usually related to one of the first three. And, of course there are asset bubbles, which also are usually related to inflation or financial crises.

If one wants to focus the picture a bit more just look at major downturns in U.S.

– 1837, 1839, 1857, 1873, 1884, 1893, 1907, 1930s, inflation of 1970s. 1981-82, and of course 2008-2009.

Thus the move to any sort of economic system of interdependence has risks, but risks that seem worth bearing because staying in the world of the subsistence economy, with little economic relationship with others outside of the immediate circle of family and friends is also a world of risks. A different sort of risks, of droughts, of plague, of famine, attacks by marauding bands, but nevertheless risks, and risks that left most people for most of recorded history right at the edge of survival.

Now one can say, the world of modern capitalism is simply too risky – Christians ought to opt for a different system. There are few good alternatives however, especially given the fact that the present crisis has involved almost all of the major economies of the world, covering a wide range of governance forms.

And, in terms of our present crisis, I see it as a mixture of some of the ongoing difficulties of modern capitalism and inappropriate government action. In terms of the government's role:

The Federal Reserve system created excess liquidity – 2001-2006.

But why was that excess liquidity expressed mostly in the housing market – creating an asset bubble there? There are several reasons, all difficult to weigh in terms of importance:

First, the federal government has been deeply involved in the housing market, trying to create a higher level of home ownership. Part of this was through Fannie Mae, created in

1938 and Freddie Mac, created in 1970. Despite quasi-privatization these are still Government Sponsored Enterprises, or GSEs and they have had the implicit, and now explicit backing of the government.

In 1992 legislation mandated GSEs increase bundles of primary market loans made to lower income borrowers.

In 1997 the exclusion of a capital-gains tax on the first \$500,000 of profits from the sale of an owner occupied residence gave even more reason to speculate in real estate.

HUD has been an important player in all of this pressure to increase the number of sub-prime loans, continually requiring an increasing percentage of all purchases of securities by Fannie and Freddie to be "affordable loans."

There were numerous warnings about the risks of GSEs purchasing instruments that were not credit worthy. The economist Greg Mankiw was one of those who argued that the GSEs posed great risks to the financial system. Richard Baker – Congressman from Louisiana, introduced numerous pieces of legislation to rein in the rather loose lending practices of Fannie Mae and Freddie Mac.

The securitization of mortgages was also encouraged by Fannie Mae and Freddie Mac.

And the rating system of securities sanctioned by the government meant there was a virtual monopoly on that service by a limited number of agencies.

Thus government action is a major contributor to the asset bubble and the subsequent break in that bubble.

But it certainly seems to be the case that the private sector is not blameless, that financial instruments were created for which risk was not properly assessed. And it also seems that compensation packages were structured in ways such that employees were not faced with the true consequences of their actions.

Systemic risk is, of course at the root of this. But systemic risk is hard to recognize and quantify. Both the private and public sector did a poor job of doing that in this crisis.

Thus there was a lack of foresight by regulators and by the private sector, where financial institutions created new instruments for which they did not correctly assess the risks involved. And there probably was actual fraud involved in the housing market, on both sides of the transaction.

But, back to the historical record - It this ongoing repeat of some sort of financial crises that makes me less than comfortable with the use of greed as the main explanation for our present problems. It is true that there were people with very narrowly defined goals involved in this last episode, oftentimes goals that were not congruent with the overall good of society. That was the case in both the private and public sector.

But if one wants to use greed as the main motive force one has to explain why the effects of greed are quite different at different times and in different settings. It is there that I turn to the institutional factors, to the way the public and private institutions were structured. Self-centered behavior does have its problems, and with certain sets of behavioral constraints,

or lack of constraints, that behavior will cause problems. But it has caused problems on a periodic basis throughout history.

Thus one can argue that, in some real sense, participants in the market process haven't learned from history, and have undertaken actions that have harmed themselves and have harmed others.

The problem is in dealing with this loss of foresight, the loss in some cases of a moral compass, and the failure to accurately assess risk in the private sector, is that most of the direct government interventions suffer from the same problems, but even more so. And they don't have the correcting mechanisms of markets. If the federal government does not increase the regulatory powers of the government there still will be substantial changes in the financial industry.

There will be changes in the mortgage market – assuming the federal government can get out if it in a reasonable time frame – there will be changes in risk assessment – and there will be changes in how compensation is structured.

So change is coming. But can we just rely on the correcting forces of markets. Shouldn't something more be done? Yes, something should be done. First, we must recast our vision of what the meaningful life is made of. It depends upon a host of the mediating structures I discussed earlier, and people need to be committed to those structures.

There must be a vital civic culture, a culture of virtue and caring in order for the world of capitalism to function well. We must reclaim the social space from the imperialism of markets and the imperialism of government.

Second, we do need to think through the world of regulation of financial markets. But here the problems are enormous. It is virtually impossible for the federal government to operate under rule of law precepts once it becomes intimately involved in the economy. And there is always the question of how to face the regulators with the correct set of incentives and the necessary information to make good decisions.

There are some possibilities – thinking through the issue of leverage limits is one possibility, and, it is also possible to think more carefully about the Too Big to Fail Syndrome. That has enormous downsides in terms of moral hazard over the long term. So, instead of maintaining an implicit commitment to bail out the Too Big to Fail firms, a type of what have been called living wills may be appropriate. A clear specification of how a large financial firm will be restructured in case it gets into real trouble is much preferable to this implicit guarantee that certain large firms, unspecified of course as to what that means, can be bailed out when things get to bad, and with too bad also unspecified.

Where does this leave us? I think both the long span of human history and the recent crisis lead me to the same conclusion. A market society has the possibility of being a moral society, one that embodies our best hopes of channeling human energies in productive ways and limiting the bad effects of human actions on others.

There is no guarantee of that. It will only happen if people do commit themselves to a moral vision of society, a vision that thinks of both rights and responsibilities, a vision that encompasses a concern for the downtrodden and the poor, and a vision that also makes room for human creativity. Our best hope is market capitalism under the rule of law, with a

vibrant civil society, a rich set of non-government and non-market institutions that make human flourishing possible.