

## **Where Distributivism Goes Wrong**

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### **I.**

I have been asked to offer a critique of distributivism. Critiquing distributivism as an economic theory at a conference of Austrian scholars is like critiquing heliocentrism at a conference of astrophysicists. It might be a bit too easy. Thorough and accurate critiques are implicit in the canons of your own discipline. So, rather than just bring coals to Newcastle--and since I am a theological ethicist and not an economist--I will attempt to provide some alternative fuel as well.

For distributivism was, and is in its newer manifestations, more a movement in ethics than in economics per se. Its most famous early exponents, Hillaire Belloc and G.K. Chesterton, were capacious thinkers for whom economic ideas and experience of economic systems were not foreign--yet these men too were not economists. Distributivism's animating principle was that social justice demands widespread distribution of property. By property distributivists meant chiefly land. Widespread property ownership would obviate the need for division of labor, which Chesterton termed "a half-witted system." Distributivists were opposed to wage labor, because they saw wages as instruments of servitude. Distributivism would prove the needed antidote to socialism, because it was more consonant with the dignity of each human person, investing each with a real stake in the economic life of the community. It was to be an approach consonant with human nature, whereas socialism was unnatural. It would accord with human autonomy, whereas socialism was deterministic. It would undermine socialism's attractiveness because it would counter alienation, which was perceived as a byproduct of capitalist production. Responding creatively to the new Christian social thought of Leo XIII's watershed encyclical, *Rerum Novarum*, distributivism aimed to combine the best in contemporary ethical reflection with the imperative of a humane economy.

While "Chester-Bellockian" economics never achieved much practical success--being, indeed, impractical and impracticable--distributivism has continued to exert literary, cultural, and social influence because of the beauty and power of its social and ethical ideals. Ongoing manifestations, which I shall term "neo-distributivism,"

include the Catholic Worker movement, southern agrarianism (whose ideas have variously inspired poets and would-be statesmen such as Pat Buchanan), and intentional communities of various kinds. The contemporary writer Wendell Berry, who is influencing a number of minds in Christian seminaries and elsewhere, is a significant representative of distributivist ideas today.

For the Acton Institute, my organization, neo-distributivism is a live concern. With the declining appeal of real socialism among religious thinkers, some of the most forceful attacks on the morality of market activity are now coming from neo-distributivist quarters. To evaluate these attacks, it is important first to consider some of the tenets of distributivism, highlighting the movement's ethical concerns, and also elements shared in common with free-market economics. I will also suggest how the distributivist understanding of capitalism bears little resemblance to capitalism itself. Therein lies the possibility of a free-market response to neo-distributivists that embraces some of their own concerns.

A little anecdote may suggest reasons why the old-fashioned ideas of distributivism die hard. I was a presenter at a University of Chicago Divinity School ethics conference, listening to a young theologian from Duke expound on the evils of the "Wal-Martization of the world." Mega-marts are much maligned these days, and their critics tend to overlook the role of consumer freedom in the Mega-marts' success. They tend to see only large corporate imposition on the ways of small communities. So the Duke theologian developed not an economic critique (he didn't know anything about economics) but a cultural critique: the rhythms of community life and tradition are undermined when longstanding patterns of small local ownership are ended. I argued with him about consumer choice, consumer value, and pointed out that Mom and Pops still flourish, albeit often in types of business unknown to previous generations. None of these arguments registered with my interlocutor. In the end, he was not at all interested in economic analyses. It was a romantic vision that he sought, a snapshot image of an earlier life frozen in time. I then asked him what his economic ideal would be. His answer was an agrarian variant of distributivism: widespread distribution of land ownership, an agriculturally based economy, preferably with farms operated by mule power. I asked him how, under present conditions, everyone might have his forty acres and a mule. The response was that it is the role of a theologian and an ethicist to provide a moral framework, not a practical plan.

In a nutshell, we have a number of characteristics of distributivism: romanticism, an appreciation for small local community life, a suspicion of uneven concentrations of property, and, most notably, a Jeffersonian sense of land, farming, and localized trades and occupations as roots of communal virtues and indeed of freedom and independence. “A multitude of men are standing on their own feet,” wrote Chesterton, “because they are standing on their own land.”<sup>1</sup>

Distributivists have been fiercely committed to private property as the wellspring of liberty, the enabler of virtue, and the protection against encroachments of the state. Distributivists were from early on opponents of communism, socialism, and what has come to be called the welfare state. It may seem odd, but early exponents were opposed to a version of “capitalism” for an identical reason: they saw collectivism and capitalism as tending in the same direction, toward the “servile state.”

## **II.**

*The Servile State* is, of course, the title of Hillaire Belloc’s 1912 masterwork, which became a distributivist manifesto. As Belloc was instrumental to Chesterton’s conversion to Catholicism, so he was instrumental in laying the foundation for their joint enterprise in socioeconomic theory. *The Servile State* is also, ironically but tellingly, taken to be a seminal work in the history of liberty. It was reprinted by Liberty Fund in 1977 with an introduction by Robert Nisbet, who ranks it among the handful of books that most shaped his vision. How can the same work be embraced alike by contemporary champions and opponents of a truly free economy? Let us return to Belloc himself.

Belloc’s concept of “capitalism” has roots in Marxian analysis, even if Belloc was mortally opposed to Marxist theory.

A society in which private property in land and capital, that is, the ownership and therefore the means of production, is confined to some number of free citizens..., while the rest have not such property and are therefore proletarian, we call capitalist; and the method by which wealth is produced in such a society can only be the application of labor, the determining mass of which must necessarily be proletarian....

Belloc goes on to identify two marks of the “capitalist state”:

(1) that the citizens thereof are politically free: i.e. can use or withhold at will their possessions and their labor, but are also (2) divided into capitalist and proletarian in such proportions that the state as a whole

is not characterized by the institution of ownership among free citizens, but by the restriction of ownership to a section markedly less than the whole, or even to a small minority. Such a capitalist state is essentially divided into two classes of free citizens, the one capitalist or owning, the other propertyless or proletarian.<sup>2</sup>

Note how Belloc considers the “proletarians” to be politically free, yet servile. Belloc relates socialism and capitalism by arguing that in a collectivist state, the masses are actual slaves, and that in a “capitalist” state, they are *de facto* slaves.

Belloc’s chief concern about capitalism as he understood it was that it causes insecurity and insufficient provision for the mass of mankind. Capitalism was practically a zero-sum game for Belloc, with the mass of mankind the losers. Sharing with Marx an understanding that a servile capitalist state was the present situation in the developed West, Belloc saw only three possible solutions:

(a) Collectivism, or the placing of the means of production in the hands of the political officers of the community; (b) Property, or the reestablishment of a distributive state in which the mass of citizens should severally own the means of production; [and] (c) Slavery, or a servile state in which those who do not own the means of production shall be legally compelled to work for those who do, and shall receive in exchange a security of livelihood.<sup>3</sup>

We can see that the “Third Way” we hear so much about today has a pedigree. You will note that Belloc refers to a “reestablishment of a distributive state.” His reference is to an earlier economic order in the high Middle Ages, which he viewed as a developed and highly workable system of private and shared ownership, nurtured in small communities where habit and custom fostered liberty. While overly romanticized, Belloc’s account contained elements of truth that subsequent historians have confirmed and elaborated. Certainly Belloc punctured a common view that the march of history has been an uncomplicated unfolding of ever greater liberties. Anyone who sees the modern state as too large, powerful, and invasive will be able to appreciate the service Belloc rendered in his time.

But Belloc rendered yet greater service to lovers of liberty. Central to his critique of both collectivism and the “capitalist” servile state was an opposition to state power and to the coercive power of laws that expropriate and transfer wealth and labor. “The servile condition,” notes Belloc, “is present in society only when

there is also present the free citizen for whose benefit the slave works *under the compulsion of law*.”<sup>4</sup> Belloc carefully distinguishes the necessary conditions of freedom and servitude:

[T]he difference between servitude and freedom, appreciable in a thousand details of actual life, is most glaring in this: that the free man can refuse his labor and use that refusal as an instrument wherewith to *bargain*; while the slave has no such instrument or power to bargain at all, but is dependent for his well-being upon the custom of society, backed by the regulation of such of its laws as may protect and guarantee the slave.<sup>5</sup>

It is the laws of a state that make and enforce a condition of “slavery.” This can clearly be read as a prescient criticism of welfare statism. If it is a criticism of anything that could be related to capitalism today, it would be of crony capitalism, or of corruption in government or of legally condoned force and fraud in business dealings.

Needless to say, today’s neo-distributivist heirs of Belloc place much more emphasis on Belloc’s quasi-Marxist understanding of economic conditions and on his concern for distribution of property than they do on his understanding of the place of bargaining in a regime of liberty and on his overwhelming opposition to state power and control. Liberty-loving readers naturally place the emphasis the other way around. The liberty lovers have the better of the argument. We know now how and why Marxist analysis of capitalism is faulty. We also know that the widespread distribution (i.e. transfer) of property that distributivists seek could not be accomplished without massive state intervention and the most tyrannical oversight of the transfers. We know too that property, once distributed, cannot remain equitable--this was a mistake in Belloc’s analysis of high Middle Ages economics: he mistakenly saw patterns of property use and ownership as static rather than dynamic. In all, it is possible now to *know* that distributivism, noble and illuminative as many of its insights may have been, contains internal inconsistencies that doom it to the dustbin of history.

It was, then, through no fault of his own that the Duke theologian was unable to provide a workable plan.

### **III.**

Internal inconsistencies notwithstanding, neo-distributivists today behave as though the theory is not only coherent, but also unremittingly opposed to free economic activity as actually practiced in free societies. Belloc’s chief worry about state encroachment on freedoms is virtually absent in the new manifestation. What remains is antipathy toward capitalism, and toward a parody of capitalism at that. Notre Dame theologian Fr. Michael

Baxter, a man of considerable depth and theological perspicacity, nevertheless sternly warns that the capitalist order ought to be opposed by “blowing the dynamite of the Church.” He speaks freely of the need for a “Catholic radicalism” that contains a substantial dose of political and economic radicalism. Similarly, the Marxist-turned-Thomist ethicist Alasdair MacIntyre has repeatedly suggested the moral impermissibility of a free economy, relying on an ahistorical evaluation of the thought of Thomas Aquinas. When asked recently what he retains from his Marxist past, MacIntyre responded, in half-jest, “I would still like to see every rich person hanged from the nearest lamppost.”

Baxter, MacIntyre and others fail to appreciate the gravity of what the real radicalisms of the twentieth century wrought. While they yearn for a morally and spiritually better society, they yet retain the revolutionary’s zeal for radical upheaval, the revolutionary’s implicit or explicit longing for utopia. The revolutionary tenor of these new voices contrasts with the much more modest thought of a Belloc or a Chesterton. Perhaps this relates to a pessimism characteristic of contemporary distributivists, who may intuit that the radical moment has passed, who may sense, with Fukuyama, that the end of history has arrived, and that they have lost. Whereas a Chesterton always kept a playful and hopeful spirit about the human prospect, a MacIntyre appears to flirt with apocalyptic despair.

Turning from the realm of theory to practice, the Catholic Worker movement actually tries to implement, on a small scale, elements of neo-distributivism. “Distributivism means a society of owners,” write Catholic Workers Mark and Louise Zwick. “It means that property belongs to the many rather than the few.”<sup>6</sup> Founded by the charitable and theologically astute Peter Maurin and Dorothy Day while Chesterton was still at work, this movement is generally a force for good. It embraces persons from around the world who suffer economic hardship and incorporates them into communities of joint ownership, labor and love. Successful community building has, though, increasingly encompassed the radicalism and pessimism noted above. Labors of love for and with the poor and marginalized have turned toward radical critiques of “systems.”

*The Houston Catholic Worker* is a newspaper of the Catholic Worker’s Casa Juan Diego, and it has taken in recent years to wholesale condemnations of almost anything that smacks of free enterprise. For them, a global market is simply “brutal.” The free market has brought about a “new feudalism.” This newspaper has been pointed in its criticism of Catholic thinkers who have labored to bring to Christian social thought a fuller

appreciation of economic knowledge: Michael Novak, Fr. Richard John Neuhaus, George Weigel, and Fr. Robert Sirico. These thinkers, the newspaper suggests, use Catholicism simply to provide a moral sheen for greed. (In response, Neuhaus has quipped that the Catholic Workers love the poor so much that they appear to wish for more of them.) Capitalism is, for the *Houston Catholic Worker*, precisely what it was for Marx; the problem with this is that capitalism is not in actuality what it was for Marx. Neuhaus, Novak, Weigel and Sirico have been key in demonstrating not only the moral rationale for free economic activity, but also its role in improving the lot of the poor. When Pope John Paul II recognizes, as he has throughout the past decade, that the free economy offers the best hope for developing countries, we can see that the terms of the debate have shifted. While the Catholic Church will not pronounce in favor of one mode of economic arrangement, the ground of the Church's discussion has moved dramatically toward embracing, and informing, liberty.

I suggest that part of the reason the ground of the discussion has changed is due to the tremendous success of modern capitalism in providing many of the things distributivism originally hoped to foster: greater economic participation, broader ownership, cooperative enterprise, etc. While neo-distributivists remain fixated on land distribution, the Church's reflection has begun placing needed emphasis on the role of human capital: in a stunning line from his encyclical *Centesimus Annus*, written, significantly, on the hundredth anniversary of *Rerum Novarum*, John Paul writes, "besides the earth, man's principal resource is man himself." Not as often discussed, but important to Catholicism's greater openness to economic freedom, is the unchallengeable relation of that freedom to the argument against coercive population control.

Yet despite these many blessings and advances, blessings and advances consonant with earlier goals of distributivism, *The Houston Catholic Worker* remains mired in an older view of the world as divided into capitalists and serfs.

You don't have to be a genius to realize that the global economy now solidly in control and flourishing, has been built on the bodies of Third World people who have worked for practically nothing to fill the coffers of First World companies.... The foundation of the tremendous success of these companies is slave wages. Again, we have a very healthy economy built on a cemetery filled with poor workers who have died not with a bullet to the head or a firing squad but death from malnutrition, overwork, slave wages, poisoned water, (etc.)... The global market has reinvented serfdom. <sup>7</sup>

No acknowledgment here of the steady if uneven advances worldwide in life spans, public health, infant survival, caloric intake, and other direct measures of the well-being of the poor.

This all might be just more of the standard anticapitalist litany. Yet its special gravity is connected with its association with the founding lights of distributivism, as well as its claims to rootedness in Christian social thought and the personalist philosophy of John Paul II. The arguments of the neo-distributivists are more sophisticated than those of the old Christian socialists, more theologically and philosophically informed. The efforts of Catholic Workers with the poor and marginalized are to be deeply admired, and their anger at poverty and injustice worldwide is to be shared.

Indeed there are many reasons to be angry at poverty. What the neo-distributivists need to come to realize is that their anger is better directed at the enemies of freedom than at its champions. A good place for our friends in Houston to begin a soberer course of reflection would be to ask themselves: why is it that the poor immigrants they serve struggle to cross borders into a society of relative economic freedom in the first place?

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<sup>1</sup> G.K. Chesterton, *The Outline of Sanity* (London, 1926), 114.

<sup>2</sup> Hillaire Belloc, *The Servile State* (Indianapolis: Liberty Classics, 1977), 49-50.

<sup>3</sup> *Ibid.*, 41-42.

<sup>4</sup> *Ibid.*, 52. Italics added.

<sup>5</sup> *Ibid.*, 51.

<sup>6</sup> M. And L. Zwick, "Roots of the Catholic Worker Movement: Distributism: Ownership of the Means of Production and Alternative to the Brutal Global Market," *Houston Catholic Worker*, September-October 1999.

<sup>7</sup> "The Solution to Capitalism," *Houston Catholic Worker*, 1998.