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Whose Community? Market Economics and the Concept of Solidarity

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Abstract: The debate over the relationship between market processes and community values has intensified in recent years, due to the pace of economic change, as well as the respective impacts of the global financial crisis and the pandemic. This essay explores various conceptions of community, raising the question of whether or not a genuine sense of social solidarity requires that those who participate in those interactions live in physical proximity to one another. The implications of this discussion for economic policy are also examined, including the possibility that the composition of what has been historically regarded as “conservative” economics might be altered in a way that would be designed to benefit communities that are defined in local or national terms. Given the negative economic consequences of those actions that might be characterized as “building walls,” attention is devoted to potential policies that are intended to “build bridges” to the future for those who have been dislocated by new patterns of market activity. These explorations seek to advance the goal of assisting certain definitions of community without assuming that they have a higher moral standing than other conceptions of social solidarity, while also avoiding the conclusion that existing jobs and industries are more important than those which have not yet come into existence.

In 1982, the late Michael Novak, who was a resident scholar in philosophy, religion, and public policy at the American Enterprise Institute at the time, published *The Spirit of Democratic Capitalism*.¹ One of the major components of this book was the presentation of a framework that became known as the “Novak triangle.” In this paradigm, Novak argued that the economic system, which he described as “democratic capitalism,” was really three systems in one:

1. an economic system based on voluntary trade and exchange of goods and services between willing parties;
2. a political system based on some form of democracy, in which the people elect their leaders and the government is constrained by the rule of law; and

3. a moral and cultural system that consists of voluntary associations, such as religious organizations and educational institutions, that occupy the space between the state at one end of a social continuum and families and individuals at the other end.

Both the political and moral-cultural systems impose different constraints on the economic system. The political system determines the institutions and policies that will govern the market process — “the rules of the game,” if you will. The moral and cultural system imparts the values and virtues that people take into the marketplace, as workers, owners, managers, and investors. Within this framework, concepts of community and solidarity dwell in the latter system as manifestations of the various forms of voluntary association.

Novak resisted the contention that democratic capitalism was inherently hostile to communitarian values. While conceding that a market economy might alter traditional forms of social connection, he also maintained that it lends itself to the establishment of new forms of community:

It is a community of collegueship, task-oriented, goal-directed, freely entered into and freely left. Its members have much respect for each other, learn much from each other, come to expect truth from each other, and treat one another fairly. Still, they may not have much emotional attachment to each other, spend much time looking into each other’s eyes for moral support, or be particularly intimate with one another. They may enjoy comradeship in fighting the same battles, in enduring together the slings of hostile fortune, and in taking up each other’s necessities.²

To some who argue that market forces harm traditional manifestations of community and social solidarity, Novak’s counterexample is somewhat less than relevant, because their implicit assumption is that *local* and *long-standing* connections are inherently preferable to those that might be newer and more geographically distant in nature.

In recent years, David Goodhart has provided an example of this position, particularly in the context of the Brexit debate in the United Kingdom. Goodhart draws a distinction between two different social groups, which he categorizes as “anywheres” and “somewheres.” He describes the former category as consisting of persons who “have portable ‘achieved’ identities, based on educational and career success

which makes them generally comfortable and confident with new places and people.”³ By contrast, the latter group is comprised of those who “are more rooted and usually have ‘ascribed’ identities . . . based on group belonging and particular places, which is why they often find rapid change more unsettling.”⁴

The use of the word “rooted” provides a hint of Goodhart’s view of which category possesses a more authentic sense of community, as well as his statement that somewheres are “more communitarian by instinct.”⁵ By contrast, Brian Griffiths, who has described Goodhart’s book as “the most perceptive analysis of the difference between those who voted ‘Leave’ and ‘Remain’” in the 2016 Brexit referendum, also cites his work in concluding that anywheres “place less emphasis on tradition, family, faith, and nation.”⁶

The Brexit referendum is an imperfect representation of the potential trade-off between market processes and conceptions of community, because some critics of the European Union, both inside and outside the United Kingdom, focus on centralized *means*, such as regulation. At the same time, other euroskeptics concentrate on liberalized *ends*, with the single market serving as a prime example. However, it does provide a fascinating case study of the interaction between economic, political, and cultural factors⁷ and offers a potential point of entry for a discussion of alternative perspectives on the idea of solidarity between persons and the vision of a humane economy.

Does a genuine sense of community *require* that those who participate in those interactions live in physical proximity to one another? Can the “community of collegueship,” of which Novak wrote, generate the same level of solidarity as one that is based on membership of the same family or nation? John Schneider has addressed these questions by maintaining that moral proximity, in the Christian community, does not have to *necessarily* coincide with geography or biological relationships and that one’s vocation may very well play a significant role in these matters:

Moral proximity will often mean different things to different Christians. The general principle is the same, but it will mean one thing to an unmarried teacher, another to a banker with a large family, and quite another to a professional politician, stay-at-home mother, truck driver, garbage collector, or lonely artist.

Moreover, we may each of us have very special senses of proximity that make little or no sense to anyone else.⁸

What are the potential implications of these alternative visions of community for the design and implementation of economic policy? For decades, American “conservatives” have mostly identified with the perspective known in political economy as “orthodox economic liberalism.” This school of thought believes that both individual liberty and economic prosperity are enhanced by a limited degree of government intervention and regulation.⁹ This perspective also places a high value, relative to other objectives, on economic efficiency, technological innovation, and international economic integration.¹⁰ To borrow Joseph Schumpeter’s famous metaphor for the driving force in a market economy, orthodox economic liberals emphasize the creative side of the “gale of creative destruction.” This helps explain the historic preference of “conservatives” for a policy menu that favors relatively low tax rates (especially at the margin), fewer regulations, and open trade between nations.

Orthodox economic liberals have also argued that the best way to assist those who encounter the “destructive” side of a dynamic market economy is to foster an environment of growth and opportunity, which will enable those who have experienced a loss in business or employment to adjust to new possibilities at a lower transitional cost. This particular manifestation of “conservative” thought has maintained that public policies that are designed to protect existing firms and jobs from these kinds of change will be counterproductive in the long run. In the words of Mike Moore, the former director general of the World Trade Organization:

It is hard to argue the merits of Joseph Schumpeter’s principles of Creative Destruction to unemployed fifty-year-old meat workers. But the argument must be made. You can save old jobs for a while at the cost of new jobs, but in the end you finish up with neither the old jobs nor the new ones.¹¹

More recently, the cultural component of American “conservatism,” as opposed to the economic dimension, has experienced an increase in both visibility and significance. An important element of this development has been a renewed emphasis on the impact of the “destructive” side of market dynamics, especially with their international dimensions,

on preexisting forms of community. An ironic aspect of this trend is the extent to which these arguments have, to some extent, mirrored those positions that “structuralist” critics of the entire democratic capitalist system have offered.¹² While cultural conservatives affirm free enterprise, they express clear preferences for local and national commerce (as opposed to global trade), manufacturing and agriculture (as opposed to the financial sector and some service and information-oriented segments of the economy), and small to medium-sized enterprises (as opposed to large corporations).

Aside from a consideration of costs and benefits, would a policy mix that altered the orthodox economic liberal approach in a way that would be intended to address these concerns, also foster a greater degree of community? And what *kind* of solidarity is most likely to be encouraged? One political tradition that has wrestled with these questions since World War II has been the Christian Democratic Movement across the European continent. Norbert Neuhaus and Horst Langes have maintained that this perspective provides a sharp contrast to both the individualist and collectivist understanding of this term. In their view: “Solidarity is a fundamental social principle that springs from the social nature of man. This solidarity likewise *embraces all other peoples and nations in a globalised world.*”¹³ (Emphasis added.)

Neuhaus and Langes also stress that “every individual is simultaneously a member of a number of different communities” and that “each of these communities expects a corresponding degree of solidarity and contributions, which might however in practice overlap or even mutually exclude one another.”¹⁴ This discussion implies that, similar to Schneider’s idea of moral proximity, social obligations and communal responsibilities do not *have* to be limited to those that are a function of geographical location.

However, a significant number of the initiatives that have been advocated to benefit *particular* communities, such as trade restrictions or industrial policies, are rooted in identities that are largely local, regional, or national in nature. Given the negative economic consequences often associated with these initiatives, there is an ongoing search for alternative policies that offer the potential for simultaneous enhancement of *both* markets and communities, without making the judgments, either implicitly or explicitly, that (1) local and national production have a higher moral standing than production located elsewhere does, and (2)

existing jobs and sectors have a higher moral standing than future jobs and industries do, including those that might not yet exist.

Glenn Hubbard has provided some potential options that, while intended to assist those who have been hurt by the disruptions associated with changes in the patterns of trade or technological innovation, may offer “positive externalities” in the spheres of community and social solidarity. Using the metaphor of a “wall,” he argues that trade protectionism and increased market regulation, while responding “to a broadly shared desire for security and stability,” are costly and “unlikely to hold over time,” as Mike Moore has asserted.¹⁵ At the same time, Hubbard maintains that defenders of a liberal approach to international economics have implicitly assumed that the advantages of global markets “are easily available to everyone and that what is lost in the process was of no value.”¹⁶ Employing the metaphor of a “bridge,” he offers the following statement as an alternative approach:

Missing in the debate between these two sets of arguments is another way of dealing with change — not by ignoring its character or imagining that it can be permanently held off, but by adapting to it with strategies that take the costs involved seriously. If walls cannot protect those harmed by the transformation of the modern economy, bridges can connect them to its benefits and help make otherwise impossible transitions.¹⁷

Hubbard proceeds to offer two different categories of potential “bridge-building” policies, which he groups under the headings *preparation* and *reconnection*. The former “requires support for skill acquisition and enhancement of individuals’ working lives,”¹⁸ while the latter “focuses on individuals whose employment prospects and earnings have been significantly diminished or left behind.”¹⁹ In the first category, Hubbard refers to an increase in the level of public funding for both community colleges and university-level research, as well as tax credits that will encourage businesses to invest in the “human capital” — skills, talents, abilities, and knowledge — of their existing employees.²⁰

In the second group, Hubbard offers various options for expanding or revising the public commitment to the provision of social insurance. These proposals include the expansion of both the Trade Adjustment Assistance program and the earned income tax credit, the establishment

of new initiatives in health insurance reform, a form of wage insurance that would be primarily intended for older workers, and assistance to the long-term unemployed, particularly in areas with a significant number of persons in this category.²¹

The last idea represents an example of what Timothy Bartik has described as a “place-based jobs policy.” Citing Adam Smith’s 18th-century observation that many people are not inclined to be geographically mobile and recent data from the United States that supports this conclusion, Bartik concludes: “These staying percentages reflect enhanced life satisfaction that people gain from the familiar people and places of their home area.”²² In our own time, this preference is likely to be reinforced by the difference in housing costs between various regions of the nation and the costs of moving. Bartik writes: “estimates of the moving subsidy required for the median person to be indifferent to their current location and an otherwise similar location often exceed 100 percent of annual income,” with this projection increasing if other family members live in close proximity to the person’s current location.²³ These factors may contribute to the existence of involuntary unemployment in certain communities, and Bartik argues for policies that are designed to address these situations:

Involuntary unemployment makes it likely that benefits from jobs are higher in distressed places. The social benefits from a higher employment rate include both the private benefits to individuals who otherwise would not be employed, and external benefits like lower crime, benefits for family members, and local fiscal benefits.²⁴

Debates over the relative merits of these policies and related alternatives are likely to continue for some time, especially if the current decade conforms to the prediction, by Deutsche Bank Research, as the “Age of Disorder.”²⁵

These discussions will likely be influenced by different answers to the question that the “expert in the law” asked Jesus in the Gospel of Luke: “And who is my neighbor?”²⁶ Nigel Biggar has concluded that given “our limited emotional, physical, temporal, and material resources,” a case can be made for extending a relative degree of priority to the citizens of one’s own community or nation; in his words: “The argument from God’s agape to Christian cosmopolitanism does not work.”²⁷

A somewhat different perspective is presented by Paul Rowe, who has observed that the call to serve “all nations” is associated with — to borrow language from the third chapter of the Apostle Paul’s Letter to the Galatians — “no longer identifying with national titles such as Jews and Greeks.”²⁸ At the same time, in the context of evangelical Protestant Christianity and drawing on several international examples, Rowe argues that “patriotic and globalist forms of evangelical action are not exclusive perspectives.”²⁹

This final thought provides a measure of hope in the ongoing search for policies and institutions that will facilitate the search for a humane economy that includes healthy communities — not only domestically but also internationally. In the same way in which economists believe trade and exchange are mutually beneficial, efforts to strengthen social connections at the local or national level do not have to be pursued in a manner that comes at the expense of a global sense of solidarity. “Bridge-building” policies offer the potential for providing transitional support for our fellow citizens who have borne the concentrated costs of economic adjustment, while avoiding the counterproductive consequences of “wall-building” policies that also shift some of the burden of those costs to community members who happen to live in other nations.

Notes

1. Michael Novak, *The Spirit of Democratic Capitalism* (New York, NY: Simon & Schuster, 1982).
2. Novak, *The Spirit of Democratic Capitalism*: 137.
3. David Goodhart, *The Road to Somewhere: The Populist Revolt and the Future of Politics* (London: Hurst, 2017): 3.
4. Goodhart, *The Road to Somewhere*.
5. Goodhart, *The Road to Somewhere*: 5. David Goodhart acknowledges that “few of us belong completely to either group — we all have a mix of achieved and ascribed identities — and there is a large minority of Inbetweeners (in the United Kingdom).” Goodhart, *The Road to Somewhere*: 4.
6. Brian Griffiths, “The Political Economy of Brexit,” *Faith & Economics* 74 (Fall 2019): 66.
7. These connections have been discussed by Thomas Sampson, who concluded that the outcome of the referendum was not the result of

- an economic cost-benefit analysis but was, more likely, to be a reflection of values and identity and the information that was available to voters. Thomas Sampson, “Brexit: The Economics of International Disintegration,” *Journal of Economic Perspectives* 31, no. 4 (Fall 2017): 178.
8. John R. Schneider, *The Good of Affluence: Seeking God in a Culture of Wealth* (Grand Rapids, MI: Eerdmans, 2002): 181.
 9. David N. Balaam and Bradford Dillman, *Introduction to International Political Economy*, 5th edn (Boston, MA: Longman, 2011): 11. Barry Clark has described the most limited version of the role of government, in this framework, as the “night-watchman state.” Barry Clark, *The Evolution of Economic Systems: Varieties of Capitalism in the Global Economy* (New York, NY: Oxford University Press, 2016): 24.
 10. Clark, *The Evolution of Economic Systems*.
 11. Mike Moore, *A World Without Walls: Freedom, Development, Free Trade, and Global Governance* (New York, NY: Cambridge University Press, 2003): 30.
 12. David Balaam and Bradford Dillman describe “structuralism” as a perspective in political economy that places a high degree of value on “equity and relative equality.” Balaam and Dillman, *Introduction to International Political Economy*.
 13. Norbert Neuhaus and Horst Langes, *Values of Christian Democracy: Some Key Concepts* (Kisslegg, Germany: fe-Medienverlags GmbH, 2011): 68.
 14. Neuhaus and Langes, *Values of Christian Democracy*: 72.
 15. Glenn Hubbard, “The Wall and the Bridge,” *National Affairs* 45 (Fall 2020): 3.
 16. Hubbard, “The Wall and the Bridge.”
 17. Hubbard, “The Wall and the Bridge”: 4.
 18. Hubbard, “The Wall and the Bridge”: 12.
 19. Hubbard, “The Wall and the Bridge”: 14.
 20. Hubbard, “The Wall and the Bridge”: 12–14.
 21. Hubbard, “The Wall and the Bridge”: 15–18.
 22. Timothy J. Bartik, “Using Place-based Jobs Policies to Help Distressed Communities,” *Journal of Economic Perspectives* 34, no. 3 (Summer 2020): 104.
 23. Bartik, “Using Place-based Jobs Policies to Help Distressed Communities”: 104–105.

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24. Bartik, “Using Place-based Jobs Policies to Help Distressed Communities”: 107.
25. Deutsche Bank Research, “The Age of Disorder — the New Era for Economics, Politics, and Our Way of Life,” September 9, 2020, [http://www.dbresearch.com/servlet/reweb2.ReWEB?rwnode=RPS_EN-PROD\\$HIDDEN_GLOBAL_SEARCH&rwsite=RPS_EN-PROD&rwobj=ReDisplay.Start.class&document=PROD0000000000511857](http://www.dbresearch.com/servlet/reweb2.ReWEB?rwnode=RPS_EN-PROD$HIDDEN_GLOBAL_SEARCH&rwsite=RPS_EN-PROD&rwobj=ReDisplay.Start.class&document=PROD0000000000511857).
26. Luke, 10: 29.
27. Nigel Biggar, *Between Kin and Cosmopolis: An Ethic of the Nation* (Eugene, OR: Cascade Books, 2014): 5.
28. Paul S. Rowe, “The Global — and Globalist — Roots of Evangelical Action,” *Review of Faith and International Affairs* 17, no. 3 (2019): 36.
29. Rowe, “The Global — and Globalist — Roots of Evangelical Action”: 37. ■