



CENTER FOR CATHOLIC STUDIES

TO: WBC AND MICAH PARTICIPANTS
FROM: MONSIGNOR RICHARD LIDDY
SUBJECT: INCOME INEQUALITY
DATE: APRIL 2017

- **Welcome and Self-Introductions**
- **Woodstock Business Conference Mission Statement**
 - The Mission of the Woodstock Business Conference is to establish and lead a national and international network of business executives to explore their respective religious traditions in order to assist the individual executives:
 - To integrate faith, family and professional life,
 - To develop a corporate culture that is reflective of their religious faith and values and
 - To exercise a beneficial influence upon society at large
 - The Conference, grounded in the Roman Catholic tradition, welcomes believers who are open to and respectful of one another's religious tradition. It is committed to the conviction that ethics and values grow out of one's religious heritage.
- **Scripture Reading: Timothy 1; 6:17-21**
- **Tell those who are rich in this world's goods not to rely on so uncertain a thing as wealth. Let them trust in the God who provides us richly with all things for our use. Charge them to do good, to be rich in good works, and generous, sharing what they have. Thus will they build a secure foundation for the future, for receiving that life which is life indeed.**

- **O Timothy, guard what has been committed to you. Stay clear of worldly, idle talk and the contradictions of what is falsely called knowledge. In laying claim to such knowledge, some men have missed the goal of faith. Grace be with you.**
- **Quiet Reflection 5 minutes followed by sharing insights**
- **Articles: Two Lenten Reading**

CONFESSIONS OF A CATHOLIC CONVERT TO CAPITALISM

By Arthur C. Brooks

The greatest conversion story of all time began at daybreak on Dec. 9, 1531, on a hill outside Mexico City. The ruthless Spanish conquest of the indigenous peoples was proving an un compelling advertisement for the Catholic faith. It had produced a meager stream of voluntary converts up to that point.

That morning, according to tradition, an indigenous, Mexican peasant named [Juan Diego](#) reported an apparition of the Blessed Virgin Mary. Her message was simple. “Dear little son, I love you,” she told him. “I want you to know who I am. I am the Virgin Mary, Mother of the one true God, of Him who gives life.”

That message might sound a little anodyne, but the political significance of the apparition was anything but. In the midst of a violent campaign that attributed little human dignity to the indigenous communities, Mary appeared as a *mestiza*, an ethnic mix of the Spanish and native peoples. And she appeared to an indigenous man, speaking in his native tongue. In this deeply transgressive act, Our Lady showed that the Catholic Church, despite the mistakes and crimes of those who had introduced it to Mexico, represented the radical equality of God’s love. In the seven years after this apparition, eight million natives were brought into the church. The *tilma* of Juan Diego, a cloak that was miraculously imprinted with an image of Our Lady, became the spiritual symbol of an entire people. Even now, the image is reported to convert thousands of onlookers each year.

I know something about that last data point. I am one of those converts. At age 15, I visited the shrine of Our Lady of Guadalupe as part of a school band trip to Mexico. I had no connections to the Catholic Church at the time; I am not sure I knew any Catholics at all. But from within a crowd of teenagers on a forced march through a boring old church, I looked up at the image of the Blessed Virgin on the famous *tilma*, which still hangs in the shrine. I did not fall into a rapturous trance. I was not overcome by sweeping emotion. But a simple observation captured my imagination and lodged in my memory: Mary was appearing to *me*.

“People often mistake their imagination for their heart,” wrote Blaise Pascal, “and so often are convinced they are converted as soon as they start thinking of becoming converted.” It is true that Mary did not convert me in that singular moment. But the image stuck in my mind. A few months later, I started the conversion process at my local parish in Seattle. My Protestant parents were mildly chagrined but quickly recognized that if this was my teenage rebellion, Catholicism was probably better than drugs. I entered the church at 16 and began the great spiritual adventure of my life.

“The mind of man plans his way, but the Lord directs his steps” (Prov 16:9). God puts the truth before us in unexpected places, I have learned. Our job is to look hard and remain open-minded.

Sometimes that open-minded search has counterintuitive steps. I found that out in my short and ill-fated run at college. As the son and grandson of academics, I should have been a successful student, but I was an aspiring classical French horn player with little interest in studying. This led to academic probation. So I followed my heart and launched an era that my long-suffering parents would affectionately term my “gap decade.”

The first six years, spent touring with a chamber ensemble, sound more glamorous than they were. Imagine driving a van around the country with four other guys, earning \$14,000 a year, and you get the idea. But this nomadic lifestyle had its rewards. In my early 20s, on a concert tour of France, I met a Spanish girl studying in Dijon for the summer. Shredding Pascal’s maxim and mistaking my imagination for my heart, I moved to Spain in hot pursuit, took a job with the City Orchestra of Barcelona and started working on my Spanish.

Big bets sometimes have big payoffs. Shortly thereafter, we married and commenced our journey of faith together. Twenty-five years later, as our children grow into adulthood, we find ourselves worrying they will do something crazy like drop out of college or move to Europe in pursuit of young love. We ask Our Lady of Guadalupe to pray for them.

Poverty on the Run

The next conversions were professional and ideological. As a Seattle-born bohemian living in Barcelona, my political views were predictably progressive. But my thinking began to change in my late 20s upon returning to college, which I did by correspondence while working as a musician.

I fancied myself a social justice warrior and regarded capitalism with a moderately hostile predisposition. I “knew” what everyone knows: Capitalism is great for the rich but terrible for the poor. The natural progression of free enterprise is that the rich and powerful accumulate more and more of the world’s resources while the poor are exploited. That state of affairs might be fine for a follower of Ayn Rand, but it is hardly consistent for a devotee of Our Lady of Guadalupe. Right?

As with most people of my generation, for me the symbol of world poverty was a starving child in Africa. I remember a picture from my childhood—I think it was from National Geographic—of an African boy about my own age. He had a distended belly and flies on his face, and he became for me the human face of true deprivation. As I grew up, I assumed, as do most Americans, that the tragic conditions facing the starving African boy had gotten worse. Today, more than two-thirds of Americans think global poverty has worsened over the past three decades.

This assumption and the attendant beliefs about capitalism hit a snag when I studied economics for the first time. In reality, I learned, humanity has starvation-level poverty on the run. Since 1970, the fraction of the global population that survives on one dollar or less a day (adjusted for inflation) has shrunk by 80 percent. Since 1990, the number of children who die before their fifth birthday has collapsed by more than 50 percent. Life expectancy and literacy rates have steadily climbed.

When faced with suffering, we often ask a conventional question: “Why are some people poor?” But grinding material poverty was the norm for the vast majority of people through the vast majority of human history. Our ancestors had no concept that mass poverty was an acute

social problem that cried out for remedies. Deprivation was simply the background condition for everyone.

In just the last few hundred years, that all changed for a few billion people. So the right question today is: “Why did whole parts of the world cease to be poor for the first time in history?” And further: “What can we do to share this ahistorical prosperity with more people?” Economics taught me that two billion of my brothers and sisters had escaped poverty in my own lifetime. This was a modern-day miracle. I had to find its source.

St. Patrick's Cathedral stands amid the bustle of midtown Manhattan. (iStock)
My search for the “why” of this miracle required almost no detective work. Virtually all development economists, across the mainstream political spectrum, agreed on the core explanation. It was not the success of international organizations like the United Nations (as important as they are) nor benevolent foreign aid that pulled billions back from the brink of starvation. Rather, the responsibility lay with five interrelated forces that were in the midst of reshaping the worldwide economy: globalization, free trade, property rights, the rule of law and the culture of entrepreneurship. In short, it was the American free enterprise system, spreading around the world, that had effected this anti-poverty miracle.

Again, this is a mainstream scholarly finding, not some political cliché. Informed people from left to right agree on these basic points. As no less an avowed progressive than President Barack Obama put it in a 2015 public conversation we had together at Georgetown University, the “free market is the greatest producer of wealth in history—it has lifted billions of people out of poverty.”

None of this is to assert that free enterprise is a perfect system—but more on that in a moment. Nor is it to claim that free enterprise is all we need as people. But it has unambiguously improved the lives of billions. It became my view that if I was truly to be a “Matthew 25 Catholic” and live the Lord’s teaching that “whatever you did for one of the least of these brothers and sisters of mine, you did for me,” then my vocation was to defend and improve the system that was achieving this miraculous result.

That is how an unlikely Catholic became an even more unlikely warrior for free enterprise.

The Inequality Trap

My new mission gave meaning to my growing disenchantment with music. I was hungry for work that served vulnerable people more directly. Now I had a roadmap to point me toward that future. I graduated from correspondence college shortly before my 30th birthday. Traditional graduate work in economics followed, and I left music for good to pursue a Ph.D. in policy analysis. That sparked a career as a university professor, teaching economics and social entrepreneurship.

As I taught about the anti-poverty properties of free enterprise, a common objection—especially among my Catholic friends—remained. “Okay,” many said, “I see that markets have pulled up the living standards of billions, and that’s great. But they haven’t pulled people up *equally*. In fact, capitalism has created more inequality than we have ever seen.” This spawns ancillary concerns about the rich getting richer at the expense of the poor, and the rising inequality of opportunity. My challenge as a Catholic economist was to answer these questions in good faith.

The evidence on income inequality seems to be all around us and irrefutable, particularly

in the United States. From 1979 to today, the income won by the “top 1 percent” of Americans has *surged by roughly 200 percent*, while the bottom four-fifths have seen income growth of only about 40 percent. Today, the share of income that flows to the top 10 percent is higher than it has been since at any point since 1928, the peak of the bubble in the Roaring Twenties. And our lackluster “recovery” following the Great Recession likely amplified these long-run trends. Emmanuel Saez, a University of California economist, estimates that 95 percent of all the country’s income growth from 2009 to 2012 wound up in the hands of the top 1 percent. Taking this evidence on its face, it is easy to conclude that our capitalist system is hopelessly flawed. Digging deeper, however, produces a more textured story.

To begin with, we should remember that inequality is not necessarily a bad thing when the alternative is the equality of grinding poverty, which was the case in previous centuries. Few would prefer a nation of equal paupers to modern-day America. But in any case, the notion that global income inequality has been rising inexorably is incorrect. From 1988 to 2008, a key era in the continued worldwide spread of market systems, economists have shown that the worldwide Gini index—a common measure of inequality—at worst has stayed level and *has most likely fallen*.

The real concern is capitalism’s purported tendency to create radically and unfairly disparate economic outcomes. In reality, however, most of the places with sky-high inequality are not bastions of unfettered free enterprise. According to the World Bank, while the United States has the 63rd highest level of income inequality in the world, communist China is higher (57th place). Pope Francis’ native Argentina, characterized more by government edict and economic planning than by free enterprise, is higher still (53rd).

If capitalism per se does not cause income inequality, what does? One part of the answer becomes clear after spending just a few days in China or Argentina. It is impossible to miss that prosperity in these places depends largely on political power and privilege, much more so than in the United States. While the United States is not perfect on this score by any means, our relative success at decoupling non-merit-based clout from economic success goes a long way toward explaining why so many people are so eager to relocate here.

Most of you have a family like mine. You are probably the descendant not of nobility but of ambitious riffraff who risked everything to flee poverty, oppression or both. Initially, they knew, poverty and inequality would also greet them in America—but here those conditions would be mutable, and some measure of prosperity could be achieved through hard work and personal responsibility. All this is doubly true for American Catholics, who were long viewed by the elite as the very archetype of impoverished and unpolished immigrants. Generations of Catholic immigrants—perhaps Juan Diego would be one today—showed up on our shores and at our borders starving for jobs and opportunity. Our country’s attractiveness to immigrants has persisted to this day, belying the idea that the United States is now some kind of plutocratic dystopia.

What about the worry that rich people are benefiting at the expense of the poor? It is ill-founded. All income groups in the United States have seen dramatic increases in their standard of consumption—not just since colonial times but also over the past few decades. Today, government data show, conveniences such as air-conditioning and color television—once literally inconceivable—have become ubiquitous all across the income distribution. Forty-five percent of Americans with incomes *below* the poverty line today live in a house with three or more bedrooms.

This is why many economists suggest that data on household consumption spending offer

a better gauge of families' daily realities than pretax earned income. Many households lose significant funds when they pay their taxes; many others gain meaningful resources through government transfers and benefits. Yet all of this is lost in the conventional income statistics. This is an especially noteworthy omission for Catholics, since our preferential option for the poor and corporal acts of mercy aim at concrete, specific improvements in actual living conditions. Eliminating poverty should mean fighting to raise living standards to a satisfactory threshold and eliminating acute material insufficiency. Mathematically, there must be a bottom 10 percent and 20 percent of earners in any society. The morally relevant issue is not this mathematical truism but rather how these people are actually living.

So what happens when we turn to consumption statistics, painting a more holistic picture with the data on what households actually spend? The allegations of recent runaway growth in inequality evaporate. Measured this way, the gap has not grown meaningfully in decades. In other words, the zero-sum fear about our economy is mistaken. True, the rich are doing plenty well in the United States. Should they pay their tithe and then some, devoting resources not only to their government through taxes but also voluntarily to their churches and charities to help those who are less fortunate? Of course. But there is no real sense in which their success is directly stolen from the poor or middle class. In material terms, *all* these groups are unimaginably better off today than before free enterprise entered their lives.

A bigger concern is inequality of economic opportunity. The waves of immigrants drawn to this country did not expect to exchange impoverished lives in their homelands for instant wealth and luxury in the United States. But they *did* believe—accurately—that they were exchanging ossified lives in permanently stratified societies for one in which hard work could more directly yield a measure of prosperity.

Unfortunately, the best data available today suggest that absolute economic mobility is, in fact, declining. A recent study led by Raj Chetty, a Stanford economics professor, shows that the percentage of children who earn more than their parents has rapidly decreased. Their research shows that at age 30, about 90 percent of children born in 1940 were earning more than their parents had earned at that same age. Only half of children born in the 1980s were able to accomplish the same feat. And Americans' expectations are trending downward to match this reality: According to a survey from mid-2015, only one in eight Americans believe their kids will have more disposable income than adults today.

Of all the concerns about inequality, this is the most legitimate. Unfortunately, it is also the hardest to solve. For example, it is a dubious proposition at best that forcibly redistributing wealth to decrease inequality would necessarily reinvigorate opportunity. After all, the approximately \$20 trillion in transfer payments that have resulted from the War on Poverty have purchased a lot of welfare programs to make poverty a little less unbearable, but they have failed to do anything meaningful to make poverty more *escapable*. Even education spending, which is meant to level the playing field, has failed to do so. It has doubled per child (in real terms) since 1970, yet the achievement gap between students at the top and bottom of the income distribution has increased, not decreased, by a third.

The bottom line is that income inequality is not rising worldwide or, when properly measured, in the United States. Income inequality is not a unique product of capitalism, and it does not itself create impoverishment of the poor or the diminution of opportunity. Income inequality is the wrong focus for our anxieties about free enterprise. Opportunity inequality is the crisis we face today, and weakening the free enterprise system will not solve this problem.

Capitalism for the Soul

Once I climbed over common Catholic criticisms of inequality, I realized that I had summited only a small foothill in the debate over free enterprise. A much bigger mountain loomed: the effects of capitalism on the soul.

The critics' argument goes something like this: Capitalism makes us into materialists, into money-making automatons. Capitalism focuses us on greed and acquisition at the cost of our families, our faith, our friendships and even our planet. It sucks the life out of life. The great G. K. Chesterton voiced this objection in his classic essay "Three Foes of the Family." "It cannot be too often repeated," he wrote, "that what destroyed the Family in the modern world was Capitalism." He charged that the ethos that accompanies free enterprise had "broken up households and encouraged divorces, and treated the old domestic virtues with more and more open contempt." Pope Francis put forward a similar point in his 2013 apostolic exhortation "Evangelii Gaudium": "In this system, which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule."

These critics claim that market-based societies destroy real human flourishing because they inevitably make their participants more acquisitive and selfish, and therefore more unethical and unhappy. The evidence on the happiness question is especially evocative. In 2009, for example, researchers from the University of Rochester conducted a study tracking recent graduates' progress at achieving goals they had set for themselves. Some of the 147 alumni had set out toward "intrinsic" goals, such as developing deep, enduring relationships. Others aimed at "extrinsic" goals, such as achieving wealth or becoming famous.

The results brought good and bad news. The good news is that, by and large, the subjects did achieve their stated goals. But be careful what you wish for, because it was only the alumni who had set intrinsic goals for whom success translated into actual happiness. The people who had successfully attained extrinsic goals, many of which boiled down to indulging avarice or pride, experienced more negative emotions, such as shame and anger. They even suffered more physical maladies such as headaches and loss of energy.

For Catholics, this is a potentially lethal criticism of free enterprise: As capitalism fixates us on wealth, it weakens the family, fragments the community and leaves us miserable. Is this not the very essence of idolatry?

The answer to this has occupied me for the past decade. I have lain awake worrying about the coarsening materialism of our society and American popular culture. Turn on the television, go to the movies, glance at practically any advertisement, and you will learn that the formula for a happy life is simple: use people, love things, worship yourself. Is capitalism to blame? My conclusion is that it is not. Systems are fundamentally amoral. The forces that make up the free enterprise system are fundamentally content-neutral. Free enterprise could be used for purely evil ends if capitalism produced only pornography and poison gas, or for purely virtuous ends if man were not fallen. In reality, like basically every human endeavor, capitalism as currently practiced contains a mixture of praiseworthy and damnable behavior. At root, then, what matters is the morality of those who participate in the system.

Confusion about this point is the reason for one of the most frequent misquotes in all of Scripture. St. Paul is often incorrectly cited as saying that "money is the root of all evil." On the contrary, his indictment was of inordinate *attachment* to money: "For the love of money is a root of all kinds of evil, and in their eagerness to be rich some have wandered away from the faith and pierced themselves with many pains" (1 Tm 6:20).

The problem is not money; it is attachment to money. Why else would God himself enter the world in complete poverty? More precisely for the topic at hand, the big problem is not free enterprise per se. It is the choice by many men and women to prioritize the struggle for riches ahead of higher goods such as faith, family and friendships.

Still, doesn't the free enterprise system's relentless efficiency at creating wealth make it a special offender at incentivizing selfishness and avarice? Even if humans tend naturally toward greed until we are corrected, doesn't capitalism just slam our feet down on the accelerator? In a word, no. Anyone who traveled behind the Iron Curtain in the 1980s (or China and Argentina today) has seen every bit as much human selfishness and greed on the part of the powerful and privileged. And there is little doubt that kings, princes and even popes throughout history fell to pecuniary idolatry. Greed was a deadly sin long before the invention of capitalism. Free enterprise—which has brought so much good to billions of people—is not the culprit. Why is this particular flaw woven so deep into our postlapsarian humanity? From the perspective of armchair evolutionary psychology, it makes intuitive sense that we have an appetite for material security. Had one particular caveman not stored up enough food or acquired enough animal skins, they might either have perished prematurely or failed to find a mating partner, and you would not be here to read **America**.

This is why it is imperative never to forget that biology is not our loving Father. Unlike God, natural selection does not particularly care whether we are happy or whether we live flourishing lives that build up our communities. Our DNA certainly does not care how long we have to spend in purgatory—if we are fortunate enough to arrive there in the first place. This means the quicksand of materialism is one way in which we Catholics are called to mortify and purify our impulses. This is not made any easier, incidentally, by the pervasive popular advice that “if it feels good, do it.” Our Father gives us rational souls and inspired consciences for a reason. We must put them to use in our financial decisions and our careers, no less than in any other arena of our lives.

Catholic faith instructs us in a moral program that we can implement under any economic system, including our own. Our recipe for a better life simply inverts the world's mistaken formula and renders it virtuous: *Love people, use things, worship God*.

As St. Josemaría Escrivá reminded us, earthly goods are “debased when man sets them up as idols, when he adores them” instead of the Lord. But they are not inherently bad. In fact, worldly goods can be “ennobled when they are converted into instruments for good, for just and charitable Christian undertakings. We cannot seek after material goods as if they were a treasure. Our treasure is Christ and all our love and desire must be centered on him.”

The bottom line, in my view, is that Catholics have no cause to reject free enterprise. We must acknowledge the limitations of any economic system, and avoid fashioning false idols out of our wealth or the markets that make it possible. But those tempted to consider different economic systems must remember that only free enterprise (accompanied by necessary regulation and proper social safety nets) has helped fulfill the noble antipoverty goals of our faith for billions of people all around the world. Meanwhile, capitalism's collectivist competitors, such as state socialism or communism, have left a long trail of misery, tyranny and atheism.

In the United States, practically no one advocates a complete overthrow of capitalism. But among many Catholics who are laudably dedicated to social justice, there remains a reflex to militate against market forces and advocate for more state control of the economy. Our prudential analysis of key issues, from education to taxes to corporate regulation, should not begin with hostility to free enterprise. We must conduct an honest accounting of market failures,

to be sure—but we should rely wherever possible on market concepts of competition and choice, which have consistently transformed industries and improved living standards. American free enterprise has imperfections that must be mended. But at root, we should cultivate it widely, share it with everyone and celebrate its fruits with enthusiasm.

The Privilege of Work

Earlier in this essay, I outlined my religious conversion to Catholicism, followed by my vocational conversion from French hornist to economist. Let me close with a few words about how they are related.

In “*Gaudium et Spes*,” the Second Vatican Council gave laypeople a clear teaching on the importance of our secular work. “Let Christians follow the example of Christ who worked as a craftsman,” the document declares. “Let them be proud of the opportunity to carry out their earthly activity in such a way as to integrate human, domestic, professional, scientific and technical enterprises with religious values, under whose supreme direction all things are ordered to the glory of God.” In short, the church teaches each of us with an honest profession to sanctify our work, no matter what it may be.

During the years when my work was music, my favorite composer was Johann Sebastian Bach. The master of the High Baroque published more than 1,000 works over the course of his 65 years. From keyboard études to church cantatas for every Sunday in the lectionary, Bach’s incredible compositions seemed to fall easily from his pen.

But music was not the most important force in Bach’s life. Before music came family. He was the father of 20 children. And before everything else came his love for God. Bach finished each of his scores with the words “*Soli Deo gloria*,” or “Glory to God alone.” When asked one time why he wrote music, his answer was simple but profound: “The aim and final end of all music should be none other than the glory of God and the refreshment of the soul.”

I first read that quotation when I was still playing the French horn. It inspired me, but it also sank in like a knife to the heart. I wanted to be able to sanctify my secular work as the church instructs; to be able to confidently say that my work glorified God and served my fellow men and women. In the orchestra, frankly, I was feeling that way less and less often. A lot of nights I was refreshing no one, and I began to crave a new profession that would offer a more direct path toward serving others.

To switch from music to economics might sound like moving from the sublime to the dismal. Yet as paradoxical as it seems, economics is what enabled me finally to deliver something like Bach’s answer about my own work. As a Catholic dedicated to the welfare of those at the periphery of society, I am an expert witness to the fact that there has never been a better system than free enterprise for empowering real people to pull themselves out of poverty. There has never been a better system to allow people to unlock the unique sense of dignity that comes with earning their own way, deploying their talents to serve their community, colleagues or customers, and taking home justifiable pride in—and rewards for—their efforts. And there is no reason, if we are serious about our Christian apostolate, that free enterprise should become an idol in itself, impoverish anyone or capture our souls.

In sharing this truth, I can finally sanctify my work. Not on the level of the great Bach, to be sure, but in my own little way. What a privilege it is. Our Lady of Guadalupe, pray for me.

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New York Times. www.americamagazine.org/politics-society/2017/02/06/confessions-catholic-convert-capitalism.

It's Not Just Unfair: Inequality Is a Threat to Our Governance

By Angus Deaton

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THE CRISIS OF THE MIDDLE-CLASS CONSTITUTION

Why Economic Inequality Threatens Our Republic

By Ganesh Sitaraman

423 pp. Alfred A. Knopf. \$28.

President Obama labeled income inequality “the defining challenge of our time.” But why exactly? And why “our time” especially? In part because we now know just how much goes to the very top of the income distribution, and beyond that, we know that recent economic growth, which has been anemic in any case, has accrued mostly to those who were already well-heeled, leaving stagnation or worse for many Americans. But why is this a problem?

Why am I hurt if Mark Zuckerberg develops Facebook, and gets rich on the proceeds? Some care about the unfairness of income inequality itself, some care about the loss of upward mobility and declining opportunities for our kids and some care about how people get rich — hard work and innovation are O.K., but theft, legal or otherwise, is not. Yet there is one threat of inequality that is widely feared, and that has been debated for thousands of years, which is that inequality can undermine governance. In his fine book, both history and call to arms, Ganesh Sitaraman argues that the contemporary explosion of inequality will destroy the American Constitution, which is and was premised on the existence of a large and thriving middle class. He has done us all a great service, taking an issue of overwhelming public importance, delving into its history, helping understand how our forebears handled it and building a platform to think about it today.

As recognized since ancient times, the coexistence of very rich and very poor leads to two possibilities, neither a happy one. The rich can rule alone, disenfranchising or even enslaving the poor, or the poor can rise up and confiscate the wealth of the rich. The rich tend to see themselves as better than the poor, a proclivity that is enhanced and even socially sanctioned in modern meritocracies. The poor, with little prospect of economic improvement and no access to political power, “might turn to a demagogue who would overthrow the government — only to become a tyrant. Oligarchy or tyranny, economic inequality meant the end of the republic.”

Some constitutions were written to contain inequalities. In Rome, the patricians ruled, but could be overruled by plebeian tribunes whose role was to protect the poor. There are constitutions with lords and commoners in separate chambers, each with well-defined powers. Sitaraman calls these “class warfare constitutions,” and argues that the founding fathers of the United States found another way, a republic of equals. The middle classes, who according to David Hume were obsessed neither with pleasure-seeking, as were the rich, nor with meeting basic necessities, as were the poor, and were thus amenable to reason, could be a firm basis for a republic run in the public interest. There is some sketchy evidence that income and wealth

inequality was indeed low in the 18th century, but the crucial point is that early America was an agrarian society of cultivators with an open frontier. No one needed to be poor when land was available in the West.

The founders worried a good deal about people getting too rich. Jefferson was proud of his achievement in abolishing the entail and primogeniture in Virginia, writing the laws that “laid the ax to the root of Pseudoaristocracy.” He called for progressive taxation and, like the other founders, feared that the inheritance of wealth would lead to the establishment of an aristocracy. (Contrast this with those today who simultaneously advocate both equality of opportunity and the abolition of estate taxes.) Madison tried to calculate how long the frontier would last, and understood the threat to the Constitution that industrialization would bring; many of the founders thought of wage labor as little better than slavery and hoped that America could remain an agrarian society.

Of course, the fears about industrialization were realized, and by the late 19th century, in the Gilded Age, income inequality had reached levels comparable to those we see today. In perhaps the most original part of his book, Sitaraman, an associate professor of law at Vanderbilt Law School, highlights the achievements of the Progressive movement, one of whose aims was taming inequality, and which successfully modified the Constitution. There were four constitutional amendments in seven years — the direct election of senators, the franchise for women, the prohibition of alcohol and the income tax. To which I would add another reform, the establishment of the Federal Reserve, which provided a mechanism for handling financial crises without the need for the government to be bailed out by rich bankers, as well as the reduction in the tariff, which favored ordinary people by bringing down the cost of manufactures. Politics can respond to inequality, and the Constitution is not set in stone.

What of today, when inequality is back in full force? I am not persuaded that we can be saved by the return of a rational and public-spirited middle class, even if I knew exactly how to identify middle-class people, or to measure how well they are doing. Nor is it clear, postelection, whether the threat is an incipient oligarchy or an incipient populist autocracy; our new president tweets from one to the other. And European countries, without America’s middle-class Constitution, face some of the same threats, though more from autocracy than from plutocracy, which their constitutions may have helped them resist. Yet it is clear that we in the United States face the looming threat of a takeover of government by those who would use it to enrich themselves together with a continuing disenfranchisement of large segments of the population.

Sitaraman reviews many possible correctives, including redistribution to reduce inequality; better enforcement of antitrust laws; campaign finance reform to break the dependence of legislators on deep pockets; compulsory voting; and restrictions on lobbying, including the possibility of “public defender” lobbyists to act on behalf of the people. I would add the creation of a single-payer health system, not because I am in favor of socialized medicine but because the artificially inflated costs of health care are powering up inequality by producing large fortunes for a few while holding down wages; the pharmaceutical industry alone had 1,400 lobbyists in Washington in 2014. American health care does a poor job of delivering health, but is exquisitely designed as an inequality machine, commanding an ever-larger share of G.D.P. and funneling resources to the top of the income distribution.

Perhaps the least familiar and most intriguing policy proposal that Sitaraman discusses is the idea of reviving the Roman tribunate: 51 citizens would be selected by lot from the bottom 90 percent of the income distribution. They would be able to veto one statute, one executive order and one Supreme Court decision each year; they would be able to call a referendum, and

impeach federal officials.

Such a proposal seems fanciful today, but so is campaign finance reform, or greater redistribution. Yet we do well to remember Milton Friedman's dictum that it takes a crisis to bring real change, so that our job in the meantime is to develop alternatives to existing policies that are ready for when "the politically impossible becomes politically inevitable." There will surely be no lack of crises in the days to come.

Angus Deaton, a professor emeritus at Princeton, was awarded the Nobel in economic science in 2015.

Be Attentive: *As business practitioners how do you read these two articles and what have you notice about changes over your work careers with regard to the positives of capitalism and the challenges of inequality.*

Be Intelligent: As you look to the present and the future what do you anticipate with regard to the tensions between the capitalism and inequality and democracy?

Be Reasonable: What are the implications for our businesses and for our families?

Be Responsible: In this season of Easter, how do you wrestle with the tensions between capitalism and self interest and common good and Christianity? How will this conversation impact your thoughts and actions this week, this month?

Closing Prayer: St. Francis Peace Prayer

Lord, make me an instrument of your peace;
Where there is hatred let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
And, where there is sadness, joy;
Grant that I may not so much seek to be consoled as to console;
To be understood, as to understand,
To be loved as to love;
For it is in giving that we receive,
It is in pardoning that we are pardoned,
And that it is in dying that we are born to eternal life.

Glory be to the Father and to the Son and to the Holy Spirit as it was in the beginning is now and ever shall be world without end. Amen