

RECLAIMING LIBERATION THEOLOGY

Desire, Market and Religion

Jung Mo Sung



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Economics and Religion: Challenges for Christianity in the Twenty-first Century

The theme of 'evangelization and the Third Millennium' is the order of the day. For us to be able to announce the good news to the poor and to the whole of humankind we need to know the main problem that afflicts them. When the time-line is the third millennium, it is almost impossible for one to come up with analysis of problems and their causes. On the other hand, we cannot reduce the time-line only to the immediate and everyday life of small groups, especially when we are living through the globalization process.

That being the case, I want to sketch here an analysis that has as its time horizon not the millennium but the turn of the century to try to understand what are today's great changes and challenges that will determine the coming decades, and how the capitalist system is reacting to such changes. In this way I am going to privilege, as I have done in other chapters, the relation between theology and economics. Not only because as a Liberation Theologian I believe it to be of fundamental importance to deal with the relation between the announcing of the good news to the poor and the economic structures, but also because the economy, a part of the social life that is becoming almost omnipresent in today's world, is being more and more related with theology and religion by the economists and social scientists themselves.

A global vision of changes

Whoever minimally follows the discussions and analysis about our time is already acquainted with the idea that we are living not only in an era of great changes but also in a change of era. Let's see some major components of this process.

First, with the end of the communist bloc almost one third of the world population is having to learn, with great difficulty, to go from a centralized economy where all or at least the major decisions were

carried out by the state, to a market economy, with its risks, possibility of enrichment and social inequalities. The social and economic crisis and the ethnic conflicts in the European East are visible signs of the difficulties of this process. In this context China is a special case. Not only for its population of 1.2 billion inhabitants, but also for its model of changes which has produced a yearly rate of economic growth above 10 per cent in the last 15 years. A progressively greater economic integration in globalization, quite apart from the maintenance of its political model, is going to change profoundly the economic configuration of the planet.

Second, the globalization of the economy, made possible by various technological transformations, is retiring the notion of national economy and perceptibly shrinking the power and influence of the national state. Alongside the possibility of production and consumption without the limitations of national barriers it is important to highlight the huge size of the current financial market (around 15 trillion dollars) and its highly speculative character, since only 15 per cent of this total is linked to the productive system. In this time of virtual reality, we can say that a good portion of international capitalism turns around a virtual wealth.

Third, this process of globalization of the economy has been accompanied by another, namely, globalization of culture. The concept of global economy has to do with one single structure underlying any and all economies whose dynamics can be measured by the economists, with indicators such as international exchange and investments. However, in the cultural sphere, to be worldwide is not the same as to be uniform. The worldwide culture connects itself with the movement of globalization of societies, but that has to do with a specific symbolic universe of the current civilization, with a vision of world. 'In this sense, it goes along with other world visions, setting up among them hierarchies, conflicts and accommodations.'¹ It does not imply the elimination of other local cultural manifestations but a process where it feeds on them. An example of this is language. English is a worldwide language. In some cases English predominates (as in technology, international business and in the Internet), but in other moments and other spheres it will either be absent or have little weight (family and religion). 'Its transversal character reveals and expresses the globalization of the modern life; its worldwide character preserves other languages in the interior of this transglossic space.'²

¹ Renato Ortiz, *Mundialização e cultura*, 2nd edn, São Paulo, Brasiliense, 1994, p. 29.

² Ortiz, *Mundialização*, p. 29.

If in the beginnings of capitalism and of the cultural modernization in the West, work ethics and work culture prevailed, in the current worldwide culture, consumption enjoys a distinctive position, and has become one of the major world definers of legitimacy of behaviours and values.

Fourth, technological change, also known as technological revolution, is creating an era dominated by industries based on the intellectual capacity of the human being. Differently from the previous pattern, where the majority of industries had their geographical spaces determined by the localization of natural resources, the ownership of capital and the type of needed manpower, these new industries do not have predetermined places and can establish themselves wherever is more convenient to them.

Fifth, the end of the communist bloc and the resulting exclusive dominance of capitalism did not mean the maintenance of a dominant centre of economic or political power. In the nineteenth century the rules of international trade were formulated and imposed by England, and after World War Two, by the United States. But in the twenty-first century the globalized economy will no longer have a 'strong' centre, but rather several 'loose' centres scattered in big transnational corporations, in some countries such as the United States, Japan, Germany and in multilateral organizations such as the World Bank and the World Trade Organization. A problem to be considered at this point is how can a globalized economic system operate effectively under the command of several loose centres?

Sixth, besides these questions we still have the demographic problem. The population of the poor countries continues to grow, while that of the rich countries stabilizes itself. 'While the industrial democracies accounted for more than one-fifth of the earth's population in 1950, that share had dropped to one-sixth by 1985, and is forecast to shrivel to less than one-tenth by 2025'.³ Added to this we also have the ever more brutal concentration of wealth in the hands of a minority. These factors generate the phenomenon of economic migrants striving for survival or better days, not to mention political refugees. In the eighteenth century Europe went through a similar demographic problem and the discovered solution was emigration to the New World. However, today the rich countries shut their doors to immigrants, to the 'new barbarians',⁴ because with the new technological revolution

³ Paul Kennedy, *Preparing for the Twenty-First Century*, New York, Random House, 1993, p. 45.

⁴ Jean Cristophe Rufin, *O império e os novos bárbaros*, 2nd edn, Rio de Janeiro, Record, 1992.

unskilled manpower is not needed and the industrialized countries, especially in Europe, also have the problem of structural unemployment. Beside this migration problem, we also have that of an ageing population, which is a serious problem for the social security systems, to the extent that a proportionally smaller number of contributors will have to support an ever-growing number of retirees.

Seventh, I want to refer to one more factor in the process of the great transformation we are going through today: the ecological question. Certainly the environmental problem has been the motivation of more debates than concrete actions, at the economic and political levels. In this sense, it should not be part of the list of factors which today are changing the configuration of the world. On the other hand, the growth of ecological consciousness, or at least the consciousness about environmental problems and its influence, in the debate regarding the new theoretical paradigms, allow us to bring it to the fore. From the ecological standpoint, the high consumption patterns of the elites in rich countries, as well as the ones in countries that imitate the consumption pattern of the latter, the excessive demands and the squandering habits of the populations integrated in the world market, plus the billions of excluded people in poor or developing countries, who also aspire to increase their consumption levels (taking as model of imitation of desire the consumption patterns of the middle class and the elites⁵), constitute a serious attack on our planet. Environmentalists thus consider this question as a race against time.

In this sense, Cristovam Buarque says that

the crisis of modernity will not be solved with an advance in modernity. A different modernity is called for regarding not only means but also purposes and types of society. It is no longer possible or desirable to reach the levels of wealth of the 'rich countries'. There is no longer socialism to be copied. The modernization of the economy and the distribution of its results are not enough. It is necessary to modernize the modernization.⁶

This point of view, that criticizes the myth of progress and economic development and contests the assumption that development for its own sake is desirable and therefore that economic production is the most useful measure of the material success of a country, has pro-

⁵ The problem of imitation of consumption desire was dealt with in Chapters 2 and 3.

⁶ Cristovam Buarque, *A revolução na esquerda e a invenção do Brasil*, Rio de Janeiro, Paz e Terra, 1992, p. 24.

voked counter-attacks from many economists. For the optimists the natural resources do not constitute an absolute quantity which is being constantly consumed; on the contrary, for them many resources are created by human inventiveness and work, and technology has an infinite capacity of producing new resources.

New time, new ideology?

For a more complete vision of our great scenario we also need a look at the ideology that is dynamizing and bringing consistency to this process.

Until recently this relation between technologies and institutions, on one hand and beliefs and ideologies on the other was not appreciated in social analysis. This was so because most social scientists, both the theoreticians under the influence of Marxism and the neoclassical liberals, shared the same vision of the world: the world as a machine. They believed, and many still do, that the world and society are like a very complicated machine whose functioning may be understood if we carefully and meticulously gather the parts that compose it. From this premise they concluded that the behaviour of the system, as a whole, could be deduced from a simple summing up of those components, whether individuals or social classes. A lever pulled in a certain part of the machine, with a certain amount of strength, would produce regular and predictable results in another part of the machine. It is based on these premises that the IMF and the World Bank impose their economic adjustments in an 'impersonal' and 'universal' way, that is, as valid for all societies. Similarly, starting from these premises, many people of good will participated in the social, political and ecclesial movements, with the unshakeable certainty of the inevitability of the success of the construction of the Kingdom of Freedom or the Kingdom of God.

In neoclassical economic theory the 'scientific' basis of neoliberalism, the basic part of the machine, is the rational man. This means that society is seen as constituted of individuals who act in line with the rational estimation of their interests, an estimation that envisages maximization of benefits and minimization of costs. Besides reducing the human being to an essentially egotistical being, the analogy of the world as a well-oiled machine led economists to think that the world is fundamentally balanced and harmonic. 'Once started the machine glides along, each component part contributing to its serene progress.'

⁷ Paul Ormerod, *The Death of Economics*, New York, St. Martin's Press, 1994, p. 41.

From then on, economic growth is seen as running peacefully provided that there is no undue intervention by government and labour unions. The problems of economic fluctuations and unemployment simply disappeared from today's hegemonic economic theory.

Faith in this conception of the world is so strong that the University of Chicago, the great centre of neoclassical thinking, had five of its professors winning the Nobel Prize in Economics from 1990 to 1995. And two of the more renowned neoclassical economists of our times, also Nobel Prize winners, Gary Becker and James Buchanan, built up their academic careers applying the neoclassic economic methodology to non-economic phenomena such as politics, bureaucracy, racism, family and fertility. In the case of birth control, for instance, there are economists from this current sponsoring the idea that the best way to control natality is to show to the parents that investment in producing babies does not compensate in the face of the small and uncertain return they would receive in the form of caring in their old age. Rather than having children they should invest in private retirement funds!

For this type of thinking, the increase of social exclusion and other social problems are not, in truth, problems at all, but rather signs that we are heading toward a real and definitive solution. They are signs that the government is abandoning its undue intention of intervening in the market in the name of social goals, and is allowing the free running of the market. In the end, what we call social problems are only problems of groups of inefficient individuals who deservedly were left out by the market's system of competition.

This mechanistic and individualistic vision of the world was expressed in a clear and beautiful way in Margaret Thatcher's famous declaration that what they call society is something that does not exist and that what exist are the individuals that constitute it.

Today, more and more scientists come to the conclusion that this way of seeing the natural and social world as a machine is not the most appropriate one. Instead of machine they are using the analogy of a living organism. Behaviours of the system are not deducible from the sum of individual behaviours; they are too complex to be represented by a mechanistic approach. With that they are renouncing claims to absolute certainty in diagnosis and the possibility of 'scientific' foresight.⁸

⁸ This is a very important and broad theme, but an extrapolation in this book. For an introductory vision we recommend the book by Edgar Morin, *Introdução ao pensamento complexo*, Lisbon, Piaget, 1991. As applied to the field of education and the debate regarding the market, see the excellent book by Hugo Assmann, *Metáforas novas para reencantar a educação*, Piracicaba,

Furthermore, this new way of seeing the world and human society brings to the economic debate the problem of ideology and of individual and social values. The economic dynamic is not seen any longer simply as the result of the interaction of quantifiable factors, a fundamental principle of the economic sciences since the end of the nineteenth century. It is also seen as the result of interactions with values and other non-quantifiable factors.

In this sense, Lester Thurow, professor of economics at the famous MIT, wrote that 'societies flourish when beliefs and technologies are congruent; decline when the inevitable changes in beliefs and technologies become incongruent'.⁹ This is not a new idea, but stated by a famous economist in the United States is a sign of the times. For him the demise of feudalism did not happen only due to the technological revolution and new institutions, especially regarding property and trade. Alongside,

capitalism also needed changes in its ideology. In the Middle Ages, avarice was the worst of all sins and the merchant could never be pleasing to God. Capitalism needed a world where avarice was a virtue and the merchant could be most pleasing to God. The individual needed to believe that he or she had not just the right, but the duty to make as much money as possible. The idea that maximizing personal consumption is central to individual welfare is less than two hundred years old. Without this belief the incentive structure of capitalism has no meaning and economic growth has no purpose.¹⁰

If in its beginning capitalism needed this linkage of the belief with religion, once victorious it could give up this shelter, at least at the level of explicit speech. About this Weber said: 'In the field of its highest development, in the United States, the pursuit of wealth, stripped of its ethical-religious meaning, tends to become associated with purely mundane passions.'¹¹

Capitalism no longer needs religion to legitimate itself, and has got rid of its archenemy, communism. Thus, it is natural that many agree

Unimep, 1996. As applied to the debate of the economic sciences, see the book of Paul Ormerod, *The Death of Economics*.

⁹ Lester Thurow, *The Future of Capitalism*, New York, William Morrow and Company, 1969, p. 12.

¹⁰ Thurow, *Future of Capitalism*, p. 11. The classic work on the subject continues to be Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, New York, Charles Scribner's Sons, 1958.

¹¹ Weber, *Protestant Ethic*, p. 182.

with the thesis that history has come to an end.¹² As Thurow says, 'capitalism and democracy now live in a unique period where effectively they have no viable competitors for the allegiance of the minds of their citizens. It has been called "the end of history"'.¹³ However, if it is true that there is a relation between technology and institutions of a given society and ideology,¹⁴ what are the implications of the big changes (as we previously saw) for the composition of current capitalism? In other words, will these big changes demand, or are they already demanding, changes in the ideological field (the alternative being inefficiency of the market system)? That is not due only to technological changes, but also to the end of the communist bloc which made the problem of its own internal contradictions – up until then left on the back burner in the face of external confrontations – inescapable to the capitalist world.

With this we do not mean that neoliberalism,¹⁵ the hegemonic ideology of our time, is in crisis especially in its final phase. As Perry Anderson says,

the neoliberal project continues exhibiting an impressive vitality. . . . The political agenda continues to be dictated by neoliberal parameters even when its moment of economic performance seems austere and disastrous. How to explain this second life in the advanced capitalist world? One fundamental reason was clearly the victory of neoliberalism in other parts of the world, namely, the fall of communism in Eastern Europe and in the Soviet Union . . . There are no neoliberals more intransigent in the world than the 'reformers' of the East.¹⁶

However, there are signs that something new is happening in this field. Recently George Soros, a stockbroker tycoon who manages a 16 billion dollar investment fund, and a professed disciple of Karl Popper,

¹² F. Fukuyama, *The End of History and the Last Man*, New York, The Free Press, 1992.

¹³ Thurow, *Future of Capitalism*, p. 64.

¹⁴ For a systematic vision of this relation, see, for instance, F. Hinkelammert, *Democracia y totalitarismo*, San José, DEI, 1987, p. 12–44.

¹⁵ On neoliberalism, see, for instance, Emir Sader (ed.), *Pós-neoliberalismo*, São Paulo, Paz e terra, 1995. A theological vision with the analysis of the problem of the idolatry see, for instance, Jung Mo Sung, *Deus numa economia sem coração*, 2nd edn, São Paulo, Paulus, 1994, and Hugo Assmann, *Crítica à lógica da exclusão*, São Paulo: Paulus, 1995.

¹⁶ Perry Anderson, 'El despliegue del neoliberalismo y sus lecciones para la izquierda', *Pasos*, San José (Costa Rica), DEI, no 66, Jul–Aug. 1996, pp. 23–30. Quoted on p. 26.

wrote a long article, 'The Capitalist Threat', attacking fiercely the current capitalist system:

Although I have made a fortune in the money market, I fear now that the unrestrained intensification of the *laissez-faire* capitalism and the spread of the market values to all areas of life is endangering our open and democratic society. I believe that the main enemy of the open and democratic society is no longer communism, but the capitalist threat.¹⁷

Such a vigorous attack, coming from someone at the top of the system, could only cause, as it did, a great deal of controversy. *Forbes* magazine, for instance, published an article about Soros in which it refutes none of his fundamental arguments but limits itself basically to personal criticisms, trying to combat his ideas by demoralizing the author, calling him a rich and eccentric man, and 'a little ridiculous – he spends his time flying the world over, giving press conferences and writing books and articles that no one understands'.¹⁸

Vargas Llosa, a fierce sponsor of neoliberalism, also wrote an article to refute George Soros, with the suggestive title of 'The Preaching Devil'.¹⁹ In it the author agrees with only one of Soros's theses, that when Adam Smith developed his theory of the invisible hand of the market he was convinced that it was grounded on a very strong moral philosophy and that the great liberal thinkers, including Popper, believed that the market and economic success were just a means for the realization of the lofty ethical ideals of social solidarity as well as of cultural progress and individual betterment. And that in today's version of triumphant capitalism the cult of success replaced the belief in principles, and for that reason society lost its direction.

For him a big challenge to capitalism is today's breakdown of religious culture and a radical transformation of the culture brought about by the development of technology, science and economics. He appeals to the authority of Adam Smith and Von Mises to defend the thesis that an intense cultural and religious life is the 'indispensable complement of the free market for achieving civilization'.²⁰ The appeal to culture, particularly to religious culture, by ardent sponsors of neoliberalism

¹⁷ George Soros, 'The capitalist threat', *The Atlantic Monthly*, Feb. 1997, Boston, pp. 45–58. Quoted from p. 45.

¹⁸ Reprinted in the *Exame* magazine, no 633 (9 April 1997), p. 99.

¹⁹ M. Vargas Llosa, 'O diabo pregador', *O Estado de S. Paulo*, 2 March 1997, São Paulo, p. A-2.

²⁰ Vargas Llosa, 'O diabo pregador'.

is a sign of the times which shows that its victory is not so final and is far less definitive than they would like it to be and used to preach. Incidentally there is a perceptible tendency among liberal economists to re-read Adam Smith, by way of complementing the classic *The Wealth of the Nations* with his other major work, *A Theory of Moral Sentiments*.

This new appreciation of the cultural dimension and even of ethical and religious questions was already noticeable in the field of business administration. The competition of Japanese businesses forced Western businesses to embark on programmes of reorganization such as quality control and re-engineering. In this process they had to deal with ethical, cultural and religious questions. Beside this external influence, there was also an internal cause. With the upsurge of big business and corporations of the incorporated company type capitalism found itself facing a new problem. The growth led to the build-up of a bureaucracy in private businesses, and to the distinction between the owners or stockholders and business managers. These two factors generated the serious problem of corruption in the heart of the businesses. If a high ranking staff person takes individual liberalism – the defense of self-interest – to an extreme inside these businesses, he or she can bankrupt or cause big economic problems for the business, as has been often reported in the media.

These external and internal challenges led to a new appreciation of ethics in business and its transactions,²¹ to the extent that today it is obligatory for all major administrative staff of business institutions to take classes on ethics as well as on cultural and religious questions.²² It is important to highlight that this appreciation of ethics, culture and religion in business administration is instrumental in character, namely, its aim is not ethics or religion, but rather greater productive efficiency.

This change of focus that previously was restricted to the field of business administration is also arriving at the field of economics. The

²¹ See, for instance, Barbara L. Toffler, *Etica no trabalho*, São Paulo, Makron Books, 1993. [English language edn: *Managers Talk Ethics: Making Tough Choices in a Competitive World*, Indianapolis, John Wiley & Son, 1991.] Nash, Laura, *Etica nas empresas*, São Paulo, Makron Books, 1993. [English language edn: *Good Intentions Aside: A Manager's Guide to Resolving Ethical Problems*, Cambridge, Mass., Harvard Business School Press, 1990.]

²² See, for instance, Tom Chappell, *A alma do negócio*, Rio de Janeiro, Campus, 1994. [English language edn: *The Soul of a Business: Managing for Profit and the Common Good*, New York, Bantam Books, 1993.] Stephen R. Covey, *Os sete hábitos das pessoas muito eficazes*, 13th edn, São Paulo, Best seller, n.d.

controversy about George Soros and the article by Vargas Llosa are just the tip of the iceberg. For a better understanding of this question let's consider some internal contradictions of the capitalist system which are behind this new appreciation of the culture and religious values in the economy.

The contradictions of the system

Before dealing with the internal contradictions of capitalism, it is important for us to highlight another more concrete sign of the crisis of the capitalist system: the slowing of the rhythm of economic growth.

In the decade of the 1960s the world economy grew at a rate of 5.0 percent per year after correcting for inflation. In the 1970s growth dropped to 3.6 per cent per year. In the 1980s there was a further deceleration to 2.8 per cent per year, and in the first half of the 1990s the world could manage a growth rate of just 2.0 per cent per year. In two decades capitalism lost 60 per cent of its momentum.²³

This diagnostic of the crisis is not based on extra-capitalist criteria, such as the exclusion of the poor, but rather in the capitalist criterion *par excellence*, that is, economic growth. This is the main reason why some unconditional defenders of capitalism are proposing a new reading of the economic theory and agreeing to discuss its internal contradictions.

That said, the first contradiction we want to deal with is the one that happens between democracy and the market in the Western capitalist countries. This specification of Western capitalist countries is needed because in the East, particularly in the so-called Asian tiger countries, modernization in the capitalist field was followed neither by political democratization nor by the Western liberal individualism. However, with the strengthening of the market culture 'the Asian societies of Confucian tradition centred in the family are rapidly changing to a self-centred individualism. The restless quest for material success becomes the instrument to measure one's value and position in society.'²⁴

In the West the victory over the communist bloc was celebrated as the victory of democratic capitalism. Liberal democracy is based on the notion of 'one person, one vote', namely, on the formal equality

of all citizens. The market system, on the other hand, is based on the capacity for competition of individuals in the market, on the survival of the strongest or fittest. As such it tends toward social inequality and concentration of wealth, ending up, as in our days, with the social exclusion of an important portion of the population.

In past decades this contradiction was avoided thanks to the welfare state. It was up to the government to shrink the social differences and provide to all citizens, at least in principle, the conditions for a worthy life as well as for the capacity to compete for the available opportunities in the labour market. It is good for us to remember that this model, the welfare state, became a reality in the heart of capitalism, as a result of social pressure and the threat of the socialist alternative. Ruling elites preferred 'to deliver the rings so as not to lose their finger'. With the defeat of the socialist bloc and the hegemony of the neoliberalism, the dismantling of the welfare programme came to be seen as something necessary and useful.

The ideological counterpart of this dismantling was the resurgence of 'social Darwinism' with new 'scientific'²⁵ clothes and what Galbraith called 'the culture of contentment',²⁶ where personal wealth is seen as rightfully deserved, and therefore, poverty also as rightful and deserved punishment in view of the inefficiency of the poor, and with that the return of the idea that, if individuals are forced to go hungry, they will do their best to survive in the market. Thus, the end of public assistance to the poor would lead those marginalized by the market to be reintegrated in the market by their own efforts. According to this logic social programmes not only are inefficient and generating of public deficit, but also personally harmful to the poor for not leading them to assume their own responsibility and develop their whole potential.

The problem is that no society can live for long with this cynical culture. A cynical individualism taken to its extreme ends up by destroying the very notion of society. Furthermore, structural unemployment, social exclusion, the dismantling of social programmes and the cynical culture add up to a boiling pot which can result in social rebellion or rupture of the social fabric.

The second contradiction is one that happens between consumption and investment. This tension is implicit in every type of capitalism. As we saw above, it is fundamental in capitalism that individuals believe that they have not only the right but also the duty to make

²³ Thurow, *Future of Capitalism*, p. 1.

²⁴ Bernardo Teo, 'As religiões orientais e o mercado', *Concilium*, no 270, 1997, Petrópolis, pp. 83-91. Quoted on p. 88.

²⁵ A typical example of this tendency is the book of R. J. Herrnstein and C. Murray, *The Bell Curve*, New York, Free Press, 1994.

²⁶ John Kenneth Galbraith, *The Culture of Contentment*, Wilmington, Houghton Mifflin, 1992.

the maximum of money so as to enjoy better and better consumption patterns. The problem is that in order to be able to offer better and better patterns, capitalism has to see that these same individuals restrain their desire for consumption and leisure and invest money and time in new factories, equipment, infra-structure and research and development of new technologies as well as in workers' training.

In the past this contradiction was in part solved by the secular puritanical ascetism that was 'powerfully against the spontaneous enjoyment of possessions; it restricted consumption, especially of luxuries. On the other hand, it had the psychological effect of freeing the acquisition of goods from the inhibitions of traditionalist ethics,'²⁷ thus bursting the shackles of anxiety. This work ethic was being slowly replaced by the consumption ethic. However, during the Cold War, government had an important function of investment in new technologies, especially in the military area, which worked as the lever of economic development in capitalist countries.

Today, in this era of business based on intellectual capacity, the investment in the human abilities of the population in general, in technology and in the infrastructure, is a key requirement of sustainable economic growth. The problem is that individuals and capitalist businesses, due to their own internal logic cannot by themselves be responsible for this type of investment in the long run. This task of representing the atomized interests of businesses and individuals and to make the needed investments for the future of capitalism is up to government. However, with the end of the Cold War, the hegemony of neoliberalism, with its minimal government programme and the individualist culture with its consumer ethic, are taking the states into reverse, that is the immediate consumption of funds on behalf of today's citizen voters, and, in the case of the Latin American countries, to use them to pay the interest on the internal and external debts and to finance the fascination with imported consumer goods.

In the particular case of the Latin American countries, one needs to be reminded that the problem of the external debt, in spite of media silence on the topic, continues to be a big obstacle for the development of the region. As Bresser Pereira says, 'currently, the main restriction to growth comes from the characteristic imbalances that persist for the long run, induced by the crisis of the external debt, which did not reverse itself, even after ten years.'²⁸ For him,

²⁷ Max Weber, *The Protestant Ethic*, p. 171.

²⁸ Luiz Carlos Bresser Pereira, *Crise econômica reforma do Estado no Brasil. Para uma nova interpretação da América Latina*, São Paulo, Ed. 34, 1996, p. 46.

growth will be retaken only if the stabilization and the market oriented reforms were complemented by the recovering of the state's capacity for saving and by the development of policies that define a new strategic role for the state. In other words, provided that the state be rebuilt, recovering its capacity for intervention.²⁹

Irrespective of his thesis regarding market orientation and possible identification of economic growth and social development, the record shows the fundamental importance of rebuilding the capacity for intervention by the state in the economic and social fields. Without that neither the economic crisis in most Latin American countries nor the contradictions of capitalism (regarding consumption and investment), and much less the grave problem of social exclusion, will be solved.

At this point it is worth including a long quote from Lester Thurow:

Technology and ideology are shaking the foundations of twenty-first-century capitalism. Technology is making skills and knowledge the only sources of sustainable strategic advantage. Abetted by the electronic media, ideology is moving toward a radical form of short-run individual consumption at precisely a time when economic success will depend upon the willingness and ability to make long-run social investments in skills, education, knowledge and infrastructure. When technology and ideology start moving apart, the only question is when will the 'big one' (the earthquake that rocks the system) occur. Paradoxically, at precisely the time when capitalism finds itself with no social competitors – its former competitors, socialism or communism, having died – it will have to undergo a profound metamorphosis.³⁰

'In the era ahead capitalism will have to create new values and new institutions.'³¹

It is good to keep in mind that the author of this affirmation is no socialist or Marxist who insists on foreseeing the imminent end of capitalism, but rather a respected MIT professor of economics; and that this crisis of capitalism is neither 'about to arrive', as many would like to see it, nor is it a 'final crisis'. However, I believe that this is something the defenders of capitalism are concerned about. It is in this sense that we can interpret the affirmation of Vargas Llosa that 'this is

²⁹ Bresser Pereira, *Crise econômica*, p. 52.

³⁰ Thurow, *Spirit of Capitalism*, p. 326

³¹ Thurow, *Spirit of Capitalism*, p. 309.

a challenge that the open societies will have to deal with and for which none of them has found yet a creative response'.

Religion and economics

In the face of these problems we find two types of attitude. One of them denies their seriousness or importance and maintains an unshakable faith in the market's capacity to solve by unconscious automatism all social and economic problems. Paul Ormerod says that, in the face of the world economy which is in crisis – with the number of unemployed nearing 20 million in Western Europe, and the United States facing the grave problem of budget deficits and trade balance, with the Japanese companies about to break with the tradition of employment for life due to the deepest recession since the war, and with big portions of the former Soviet Union nearing economic collapse – 'orthodox economic theory, trapped in an idealized and mechanistic view of the world, is powerless to assist'. He also points out that the economists of the International Monetary Fund and the World Bank, protected and secure by their bureaucracies, 'preach salvation through the market to the Third World'.³²

'The believers in the redeeming virtues of globalized capitalism'³³ for their own faith in the market, end up caught in a trap. Faith in the capacity of the market's 'invisible hand' to transform unintentionally the sum total of self-interest into common good leaves no room for the search for a solution of the crisis outside the market logic. To search for extra-market solutions, such as intervention by government or civil society would be a denial of faith in the market. From the perspective of this faith, all social problems are seen as 'necessary sacrifices' demanded by the market. This transcendentalizing of the market and the resulting sacrificialism are criticized by the Liberation Theologians as the market's idolatry.³⁴ The Western notion of 'necessary sacrifices' is strongly influenced by Christianity's interpretation of the death of Jesus. By interpreting the death of Jesus as a definitive and full sacrificial death demanded by God the Father for the salvation of human-

³² Ormerod, *Death of Economics*, p. 3.

³³ Luiz Gonzaga Bellyzzo, 'A globalização da estupidez', *Caarta Capital*, 18 Sept. 1996, year 3, no 32, São Paulo, p. 59. This expression is interesting because it comes not from a liberation theologian, but from an economist.

³⁴ H. Assmann and F. Hinkelammert, *Idolatria do Mercado*, Petrópolis, Vozes, 1989; H. Assmann, *Crítica à lógica da exclusão*, São Paulo, Paulus, 1995; J. M. Sung, *Deus numa economia sem coração*, 2nd edn, São Paulo, Paulus, 1994; *Teologia e economia*, 2nd edn, Petrópolis, Vozes, 1995.

kind, Christianity ended up by consolidating the idea that there is no salvation without sacrifice.

This theology implies a transfiguration of evil. When suffering imposed on human beings is considered as a way of salvation demanded by God, it ceases to be an evil and becomes a 'good' from which we could not and should not want to flee. This inversion, typical of idolatry, has the power of generating consciences unconcerned with the problem of human suffering.³⁵ That is what we previously called the 'culture of cynicism'. This type of sacrificial theology was useful, for instance, in justifying the sacrifice of millions of indigenous people in the Americas. It is useful as well to theologians like M. Novak who criticize theologies and communities in the struggle to lessen the suffering of the poor, saying: 'If God so willed his beloved Son to suffer, why would He spare us?'³⁶

In the market's logic human sacrifices are no longer demanded in the name of a transcendental God, but in the name of an institution that was transcendentalized, namely, the market. The sacrifices, the social costs, are imposed on human beings in the name of economic redemption. When these sacrifices do not generate the promised results, their sponsors are left with two options: to accept that the sacrifices were in vain and acknowledge responsibility for mass murder or to defend themselves by saying that the sacrifices have not been effective because there are still many people and groups who persist in not accepting the inevitability of the market laws and demand intervention in the market through social movements, labour unions, political parties and other institutions as well as intervention in the market aiming at social goals.

In practice this group aims at solving the above mentioned contradictions by relativizing and even despising democracy, united with the culture of cynicism and social exclusion and with a time vision restricted to the present, that is, to current consumption, believing in the magic capacity of the market and in the infinite capacity of technology.

George Gilder, a famous American consultant, is a typical example of the mix of religious mysticism, irrationalism and belief in the market and technology that tries to deny the reality of the social contradictions and crisis. Commenting on the contradiction between

³⁵ On sacrificial logic and circuit in the West, see Franz Hinkelammert, *Sacrificios humanos y sociedad occidental: Lucifer y la Bestia*, San José (Costa Rica), DEI, 1991 (Brazilian translation by Ed. Paulus).

³⁶ Michael Novak, *The Spirit of Democratic Capitalism*, New York, Simon & Schuster, 1982, p. 1982.

desire and limitless accumulation and consumption and the limitation of nature he asks: 'Why is it that while human possibilities expand almost boundlessly, many intellectuals feel only new pangs of claustrophobia?' He responds:

The contemporary intellectual denying God, is in a trap, and he projects his entrapment onto the world. But the world is not entrapped; man is not finite; the human mind is not bound in material brain. Like most of the hype and hysterics of modern intellectuals, the energy crisis is most essentially a religious disorder, a failure of faith. It can be overcome chiefly by worship: by a recognition that beyond the darkness and opacity of our material entrapment is a realm of redemptive spirit, reachable through that interplay of faith and fact which some call science, others poetry, but which is most luminously comprehended as forms of prayer.³⁷

This long quote may enrapture religious people who naively believe that any reference to religion, especially in such a mystical language, is, in itself, good. This religious speech which sounds like so many others that flood the so much heralded revalorization of spirituality today is nothing but a speech that tries to deny the real contradiction between the desire of limitless consumption and the limitations of both the human being and nature as a whole. This negation implies the real possibility of destruction of the human *habitat* and condemnation of a great part of the human population to the condition of sub-human life.³⁸

A second position assumes the gravity of the contradictions and of the economic crisis and looks for an exit not exclusively from the inner logic of the market but subordinated to it. Francis Fukuyama, the famous author of the thesis of the 'end of history', takes this position with his book, *Trust – The Social Virtues and the Creation of Prosperity*. In it he affirms that greater economic efficiency is not obtained by self-interested rational individuals but rather by groups of individuals who are capable of working efficiently together, due to a pre-existing moral community. For him 'one of the most important lessons we can learn from an examination of economic life is that a nation's well-

37 G. Gilder, *The Spirit of Enterprise*, New York, Simon & Schuster, 1984, pp. 69–70.

38 On the problem of ecology and its relation with the poor, see L. Boff, *Ecologia: grito da Terra, grito dos pobres*, São Paulo, Ática, 1995. [English language edn: *Cry of the Earth, Cry of the Poor*, Maryknoll, NY, Orbis Books, 1997.]

being, and its ability to compete, are conditioned by a single, pervasive cultural characteristic: the *level* of trust inherent in the society.³⁹

According to Kenneth J. Arrow, Nobel Prize winner in Economics, 'trust has a very important pragmatic value, if nothing else. . . . It is extremely efficient; it saves a lot of trouble to have a fair degree of reliance on other people's word. Unfortunately this is not a commodity which can be bought very easily.'⁴⁰ If, 'unfortunately', confidence is not yet a commodity available in the market, where else may one obtain such a fundamental component for economic efficiency? Fukuyama answers: 'trust is not a consequence of rational calculation; it arises from sources like religion or ethical habits, that have nothing to do with modernity'.⁴¹ Thus he sponsors the view that 'if the institutions of democracy and capitalism are to work properly, they must coexist with certain pre-modern cultural habits that ensure their proper functioning'. And these 'are not anachronisms in a modern society but rather the *sine qua non* of the latter's success'.⁴²

This recovering of premodern values, particularly religious values, is not a dismissal of the thesis that capitalism is the apex of history, but rather a retaking of a North American tradition. As Michael Albert says,

since its beginnings, no doubt, America has been devoted to the dollar, but kept one hand on the Bible and another on the constitution. It remained a deeply religious society . . . And the traditional moral implied restrictions, inspired commandments which were not simply formal . . . And as for the 'associative fabric' so full of life, it has already been said how important its role as social softener was. To summarize, by administering its basic contradictions the American Society used to find its balance. It is precisely this balance that is disrupted today. Money was king but, as in the case of all majesties, its power was contained; it was limited. Today, its power tends to invade all social activities.⁴³

This rupture, or in the words of Robert Reich, former Secretary of

39 F. Fukuyama, *Trust – The Social Virtues and the Creation of Prosperity*, New York, The Free Press, 1995, p. 7.

40 Kenneth J. Arrow, *The Limits of Organization*, quoted in Fukuyama, *Trust*, pp. 151–2.

41 Fukuyama, *Trust*, p. 352.

42 Fukuyama, *Trust*, p. 11.

43 Michel Albert, *Capitalismo vs. capitalismo*, São Paulo, Fundação Fides-Loyola, 1992, p. 102. [English edn: *Capitalism against Capitalism*, London, Whurr, 1993.]

Labor in the Clinton Administration, the disintegration of the social contract, threatens the stability and moral authority of the nation,⁴⁴ and that shakes confidence and, in the end, efficiency.

This attempt to revalue religion (its rituals, moral values, myths) as a means for increasing efficiency and competitiveness is easily observable in the literature of business administration and begins to be even more visible in the area of the economy. The previously implicit relation between economics and religion that became visible only after the work to unmask its 'endogenous theology' (Hugo Assmann), is now explicitly sponsored by the very sponsors of the capitalist system.⁴⁵

Both neoliberals and those who acknowledge the need for some type of correction for the maintenance of the current economic system make use of religion: the first group, with its sacrificial and dogmatic discourse; and the second with their pursuit of religion as a way to increase efficiency and to overcome or bypass the internal contradictions of capitalism. Religion is in fashion and will remain so for a long time, not only in the personal and subjective but also in the managerial and macroeconomic spheres.

Transcendence and the market

The religious experience is the experience of a mystery that transcends the human being, whether understood as an experience of the sacred that provokes fascination and fear, as scholars of religion have characterized it,⁴⁶ or as an absolutely unique experience that founds a radical meaning for all existence, what mystics call the experience of God.⁴⁷ It does not matter here which sense is given to the term

44 Robert B. Reich, 'Um programa inacabado', *O Estado de S. Paulo*, 23 Feb. 1997, São Paulo, p. A-2.

45 It is worth quoting as another meaningful example the two lectures by M. Camdessus, managing director of the IMF about the relationship of the Kingdom of God and the market, 'Marché-Royaume. La double appartenance', *Documents Episcopat. Bulletin du Secrétariat de la Conférence des Evêques de France*, no 12, Jul.-Aug. 1992; *Mercado e o Reino frente à globalização da economia mundial*, São Paulo, Newswork, n.d. (presented in Mexico, on 29 October 1993), as shown in Chapter I.

46 Rudolf Otto, *The Idea of the Holy. An Inquiry into the Non-rational Factor in the Idea of the Divine and its Relation to the Rational*, London, New York, Toronto, Oxford University Press, 1950; Mircea Eliade, *O sagrado e o profano*, Lisboa, ed. Livros do Brasil, n.d. [English language edn: *The Sacred and the Profane: The Nature of Religion*, New York, Harvest Books, 1959.]

47 For a differentiation between the religious experience and the experience of God, see Henrique C. de Lima Vaz, 'A experiência de Deus', in (various authors), *Experimentar Deus hoje*, Petrópolis, Vozes, 1974, pp. 74-89.

'religious experience', nor does the veracity of this experience or of the religions, which are necessary institutionalizations realized by social groups that are formed around this type of experience.

In this sense religion is, above all, a human attempt to act out inside history a mystery which is beyond history, which is transcendent. Even a religious discourse with the explicit intention of manipulation must necessarily make mention of a mystery or of beings that transcend the human being. What concerns us here is that the mention of religion necessarily implies, by its own internal logic, a reference to something that is beyond our human reality or our human institutions.

The pretence of revaluing religion as a way to generate confidence or other objectives aiming at increasing efficiency, and in the last resort, at increasing wealth, deprives religion of what is most germane to it: its recourse to transcendence and, therefore, its relativization of all human institutions. The use of religion, or the reduction of religion as an instrument of economic accumulation is only possible and understandable with the absolutization of something that is external to the religious experience and wholly human: the market. The logic of the market, with its law of competition and the survival of the most effective, is then elevated to the condition of an absolute that supports the whole system. Even religion would have to abdicate its recourse to transcendence, of that which is beyond the market and all human institutions to serve this absolute. The market is then transcendentalized, that is, raised to the condition of absolute super-human. It is the idol. This instrumental use of religion reveals, by the very contradiction of its speech, its falsehood and perversity.

Over against the idolatry of the market we must reaffirm our mission: to be witnesses of the resurrection of Jesus; to be announcers of the God of Jesus. The best way of denying the transcendentalization of the market that sacrifices the poor is to witness that God, even while present in the world, is not identified with the world or with any other institution, because God is wholly transcendent. In this sense it is very important for us to make it clear that the Church's mission is a religious mission.

To say that the mission of the Church is religious does not mean to say that the Church and the Christians should not interact with economic, social and political questions. If that were the case, we would be witnesses of a God totally insensitive to the suffering of human beings: the contrary of the God who is love and mercy. This means that the actions and proclamations of the Christian churches must maintain their religious specificity, namely, to act and speak from the standpoint of our faith experience.

Even in a modern society, believed to be a secularized one, and even inside the parameters of modern critical reason, there is a fundamental task for the religions: to announce God's transcendence so that human beings will not forget their human condition and thus to prevent the absolutizing of any social institution. Horkheimer reminds us very well that 'any limited being – and humankind is limited – that considers itself as the ultimate, the highest and the unique, converts itself into an idol which hungers for blood sacrifices, besides having the demonic capacity of changing its identity and assigning different meaning to things'.⁴⁸ It happens that, with this sense of danger, we cannot counterpose a corroboration of the existence of God, since the 'conscious knowledge of destitution, of our finitude, cannot be considered as the proof of God's existence, but only produce the *hope* that a positive absolute does exist'. This does not mean that we should not talk about the absolute, for if we cannot represent the absolute with our human language, we can, when talking about the absolute, affirm that 'the world in which we live is something relative'.⁴⁹ In this sense, for Horkheimer theology is not a speech about God as God in Godself, but

the consciousness that the world is a phenomenon, that it is neither the absolute nor the ultimate truth. Theology is – I express myself consciously and with prudence – the hope that the injustice that characterizes the world cannot remain as such; that what is unrighteous cannot consider itself as the last word.⁵⁰

To be witnesses of God's transcendence is not an easy task. The very structure of the religious experience is marked by the possibility of idolatry. Since due to our condition we can have experience with the sacred only through something human, be it an object or the moral law, we always run the risk of mistaking this human 'support' for the very transcendent mystery. This is what often happens when we forget that the sacraments, religious rituals and the Church are never pure and full manifestations of God, when we forget that the Church or our social project for the poor are not the Kingdom of God, and therefore cannot be absolutized, but rather always criticized and 'reformed'. Idolatry is not something that happens only in the market, but rather a permanent temptation in all human groups.

⁴⁸ Max Horkheimer, 'La añoranza de lo completamente otro', in H. Marcuse, K. Popper and M. Horkheimer, *A la búsqueda del sentido*, Salamanca, Sígueme, 1976, pp. 67–124. Quoted on p. 68.

⁴⁹ Horkheimer, 'La añoranza', p. 103.

⁵⁰ Horkheimer, 'La añoranza', p. 106.

One way to overcome the temptation of idolatry is always to affirm the absolute transcendence of God, but, as Jon Sobrino says, 'if on the one hand the transcendent nature of the experience of God and the eschatological reserve prohibits declaring only one exclusive place for the experience of God, on the other hand they do not demand the relativizing of any historical place in relation to such experience'.⁵¹ The place *par excellence* where we can have the experience with God in history and at the same time the place to criticize radically the idolatry of the market is in the midst of the poor, the excluded from the system that absolutizes itself. The market system in its attempt of self-absolutizing has to deny other forms of thinking, namely, it has to impose a 'single thinking', denying any social alternative other than capitalism and denying the existence of persons outside the system. For the existence of a different thinking, a social or personal alternative that is not part of this system, exposes its relativity and limits. With its hegemony in the ideological field and the media, it is not difficult to deny the existence and vitality of alternative thinking and projects. But it is difficult to deny the existence of groups of people who are out of the market, that is, more than one billion people in the world.

There are basically two ways of denying the limitations exposed by the excluded. The first is to say as indeed the priests of the market do, that unfortunately the market still has not become really total, but that the necessary and beneficent expansion of the market in all aspects of life and all over the world will solve this problem. In the end it is the thesis that the market has not yet resolved all the problems because it has not yet become all in all. The second is to deny the human dignity of those who were excluded from the market. Since they are individuals without human dignity, due to their inefficiency and 'laziness', there is no one outside the market able to reveal the market's limitations and relativity. Usually we come across a combination of these two arguments.

To affirm the existence of the excluded, the fundamental dignity of them all, and to hear their clamour⁵² and to witness – with the visible presence of the Church in the midst of the poor and in concrete struggles on their behalf – that God is among them, is the best way of deny-

⁵¹ Jon Sobrino, *A resurreição da verdadeira Igreja*, São Paulo, Loyola, 1982, p. 138.

⁵² On the revelation, the clamour of the poor and the market see J. M. Sung, *Deus numa economia sem coração*; and H. Assmann, *Clamor dos pobres e racionalidade econômica*, São Paulo, Paulus, 1991. In the philosophical perspective, the theme of the excluded as the 'other' of the market system was extensively dealt with by E. Dussel.

ing the absolutizing of the market, of unveiling concretely and practically its limits. However to deny the idolatry of the market and to show its limits is not to deny the market in an absolute way – that would be reverse idolatry. What we need is an adjustment of the market in line with the objective of a dignified and enjoyable life for all human beings. And, for that, the option for the poor, with all that it means, continues to be a privileged way for Church and Christians in their mission of witnessing their faith in the God who wishes ‘that they may have life, and have it abundantly’ (John 10.10).

Another important point of our mission is the problem of sacrifice. The idol is the God who demands human sacrifices, who does not forgive or hear the clamours of the poor. God, on the contrary, is the One that does hear the clamours, and instead of demanding sacrifices, offers mercy as a gift.

We know that the market ‘absorbed’ its sacrificial theology from a determined historical configuration of Christianity. It is obvious that sacrificialism was and is present in many other religions and societies. The influence of the Christian sacrificial theology in the mentality of the West is also undeniable. In the struggle against the culture of insensitivity that marks our time, it is fundamental that we show that human suffering, particularly the suffering of the poor and excluded by an oppressive and unjust economic system is not a part of God’s demand for salvation. We need, with our living practices and witness to show that what God wants ‘is mercy, not sacrifices’ (Matt. 9.13).

As Juan Luis Segundo always insisted, there cannot be a Liberation Theology without a liberation of theology. We will not be able effectively to contribute to the struggle against the social exclusion caused by the current system of market without being able at the same time to free ourselves from the sacrificial logic that prevails in many of our theologies of salvation.

Finally, I want to highlight that these theological-political principles, that is, the transcendence of God that denies the absolutizing of the market and the critique of sacrificialism in the name of mercy, belong in the field of ideological debate. It is an important debate, but it should not make us forget that there is another pole: the one of the technology and institutions. Our spirituality must not only unmask the neoliberal ideology that cements the prevailing excluding system, but also must contribute to the formulation of new guidelines for the creation of new institutions and techniques. In the tension between these two poles it is fundamental for us to remember that God, the plenitude, the absolute, is always beyond our human and historical possibilities. In other words, our experience of the mystery of God and our desire to see

the problems of our brothers and sisters fully and definitely resolved, should not let us forget that it is in the midst of the historical limitations and possibilities that we can build not the Kingdom of God, but societies and institutions that, in spite of all ambiguities and limitations, in being more just and brotherly and sisterly ones, may also be anticipatory signs of the definitive Kingdom.