

Capitalism

by: Rabbi Jeremy Rosen

The popular narrative of the moment is that Capitalism has failed. Capitalism, it is argued, is not providing for the needs of a fair and just society. Instead, it is allowing a small section of the population to amass vast sums at the expense of others. And this may be true. But the question is, what's better?

Originally, "capitalism" simply referred to the use of capital to trade and expand commerce. Anti-Semites have always claimed the Jews started it and were therefore to blame for all the evils of wealth. But of course the Fuggers and Medicis, the giants of Medieval European banking were not Jewish. Besides it is important to distinguish between money that has intrinsic value or not and the theories of how we relate to property and private wealth.

In the nineteenth century, thanks to Marx's *Das Kapital*, Capitalism came to be associated with rich industrialists squeezing the poor to make greater profits. Marxism gave primacy to the working classes as the creators of wealth. This became the basis of modern political conflict of class warfare. In fact, both sides won. Capital provided the wealth for Socialism to bring about the various forms of welfare states that are now the norm of modern societies. What we might call *capisolism*.

The Economist recently featured an article about Capitalism based on the work of Branko Milanovic of the Stone Center CUNY. He posits different stages of modern Capitalism. From Classical Capitalism (before 1914) and associated with the USA. To Social-democratic Capitalism and the Welfare State that emerged in Europe to Liberal Meritocratic Liberalism that is the prevailing model. He contrasts these western expressions with what he calls Political Capitalism (of the sort represented by China) which pursues wealth but controls freedom of thought and expression. It provides welfare but on its own terms.

A recent essay in the New York Review of Books discusses the views of economist Robert Skidelsky and argues that the current economic theories of money, are not what we assume them to be. And make no sense. The system is dysfunctional. So what can we ordinary mortals do?

Religions tend to require those who have wealth to help those who have not,

as a moral obligation. But what if as happens a great deal, wealthy people do not care to help society. Who then is responsible for taking care of the community? Governments? Sometimes they might, but too often dictatorships of the left or the right are corrupt, incompetent or dishonest. So who should we trust with creating a fair society?

Here is a Jewish take. Long before Jewish Law was established as an ethical system for running human society, the idea of giving tithes (a percentage of one's wealth or income to others) was an established custom. For example, in Genesis 14, Abraham gave a tithe to Malchizedek. It is not clear whether the tithe was given as an offering to a priest or as a donation to help others. Both found their way into Jewish law.

As mercantile societies proliferated, so too did the sophistication of business practices and the uses of capital. New laws, or modifications of the old ones, were added. Charity extended from agricultural donations to financial ones. From lending as a religious charitable obligation to lending as a means of helping people become self-supporting.

The Torah asserted that there would always be poverty: "the poor shall never cease from the land." But it reiterated (more than any other law) the obligation to help the poor, the widow, the orphan, and the stranger. It disapproves of sloth or dependency. Hebrew Slaves, more than two thousand years ago, working to pay off debts or who were unable to support their families, could work or enter a state of servitude. But it was not regarded as ideal. Time limits were imposed. A Hebrew Slave who wanted to stay on beyond the statutory period had an ear pierced to express Divine disapproval. "The children of Israel are My servants, not servants to other servants." And provision had to be made to ensure that someone leaving slavery could be self-sufficient.

Competition between merchant classes in the Greek, Roman and Persian worlds became fierce as they expanded their empires. Simultaneously the reactions against the excessive accumulation of material wealth raised the issue of morality. Was money "the root of all evil"? Or was it human cupidity? Greek philosophers argued about materialism and whether wealth or poverty was superior. So did eastern religions. The Torah was worried about accumulating too much wealth in both the priesthood and the monarchy. Solomon already warned in Ecclesiastes that wealth in itself brought neither wisdom nor satisfaction and was certainly not the solution to the challenge of life.

The debate about the accumulation of material things entered the Talmud in Mishna Avot 4.13:

“What is mine is mine and what is yours is yours is a balanced attitude. But some say that was what the attitude of the men of Sodom.

What is mine is yours and what is yours is mine is a simpleton

What is mine is yours and what is yours is yours is a saint.

What is mine is mine and what is yours is mine is a bad person.”

The first line asserts the freedom of individual choice to accumulate wealth. But this could also imply selfishness and disregard for the others. When used that way it was regarded as morally corrupt, like the world of Sodom.

The third one illustrates stupidity. If we are going to approve of material possessions, and the right to accumulate, then it stands to reason that each person should be able to choose how, and how much they want to accumulate. To have people decide for each other is just silly. That is what gangsters, dictators, and ideologues do.

The fourth proposition says that a rejection of materialism is saintly. But it does not necessarily disapprove of those who cannot adopt such a selfless attitude. And finally, accumulating for oneself by taking what belongs to others, is obviously the worse ethical position.

One might argue that Socialist Dictatorships do this as much as Capitalist governments. They decide how much you can keep. And then they decide what to do with the money they collect – even if it wastes it, makes matters worse or bankrupts a state.

This is another example where the Torah implies that there is no perfect political solution. In the Bible, there are different models of leadership, governance and economic systems. Each state – each community – needs to adapt to survive and thrive. A solution that works at one moment in time, or in one situation, may not be the right one forever. Flexibility is essential. Otherwise, systems atrophy. The beauty of democracy, despite its limitations, is that it allows for change.

Judaism requires us to continuously struggle to find a better or more appropriate resolution to this challenge. Capitalism of whichever sort and socialism in its varieties can both be harnessed for good and for evil. And if States fail, it is up to us, as individuals, to fulfill our moral obligations regardless of the system.

We seem preoccupied with the pursuit of happiness. But happiness is not necessarily good. Without wealth, we cannot provide for our bodies and those of the weak and disadvantaged. But without moral obligation, we cannot provide for our souls. It is not enough to "do no harm." We must strive to "do good."