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DEMOCRATIC CAPITALISM: A North American Liberation Theology

Michael Novak

Experiments in Political Economy

My task is to prompt reflection about questions of political economy in a theological manner: to go down more deeply into some issues of political economy, particularly a political economy like that of the United States, and perhaps twenty or thirty other nations on this planet of 160 nations.¹ The argument, though complicated, is particularly worth doing when in Central America, Latin America, Asia, and so many other parts of the world the very ideas of political economy, and the very ideals which people are trying to pursue, are bitterly contested.

The question is not, what causes poverty, the question is how do you create wealth?

In 1949 there were only 49 nations on this planet. Today there are 160. This means there have been well over 110 experiments in political economy in thirty-five years. Almost everyone says they want a society in which human rights are respected, in which there is development (which is the new name for peace, according to one of our Popes), in which poverty has been eliminated. The question of political economy is a very live one. The gate to institutions of human rights and to economic development is narrow, and the way is strait. Not more than thirty nations on this planet have institutions of human rights under which one would want to live, or that one could admire very much. And not many more show such steady progress economically that they have very good hopes of eliminating what used to be called poverty and of redefining poverty at ever higher (relative) levels.

The world since 1800

In the year 1800 there were only 800 million people on this planet. Recently, Pope John Paul II commented that today there are 800 million hungry people in the world. What he did not say is that in the year 1800 there were also about 800 million people upon this planet, most of whom were hungry. Almost all of them lived without knowledge of elementary hygiene, under tyranny and in poverty. Hobbes, writing a little bit earlier, described both the state of nature and, by suggestion, life as being 'solitary, poor, nasty, brutish, and short'. (That always sounds to me like the name of a Washington law firm). Victor Hugo described the citizens, in one of the most developed countries of the time, France, as *Les Miserables*. Once every 15 years on average famine or plague swept London and Paris and killed as many as 10,000-15,000 persons in a season. On such occasions bodies would litter the streets. The average age of death of the oppressed sex in France, in the year 1800, was 27, and of the oppressor sex was 23. The average age of death around the world universally, is estimated to have been about 18 or 19.

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We have moved in 184 years from a world of 800 million persons under tyranny and poor, to a world of 4.7 billion persons, with an average life expectancy of at least 55 in almost all the poorest countries. Bangladesh, for example, one of the very poorest, has had population growth from 39 million to 99 million since World War II. You can call that a population explosion, but the Bengalis think it is terrific. Their children live. It is not that people are having more babies; almost everyone is having fewer babies. The difference is that they live and their parents live into their forties and fifties. They do not die early in the numbers that they used to.

There has been a tremendous transformation of the earth in these last one hundred and eighty-four years. When this transformation was only forty-eight years old, Marx called attention to it as the greatest transformation of the productive forces of humanity in the history of the world. This transformation did not just happen. It took place because of ideas. It is a fruit of the human spirit. It is extraordinarily important in countries which shared a Jewish and Christian heritage. It did not happen where you would think Capitalism might have started, among the Chinese, or the Lebanese, the traders of the Middle East, who had been buying and selling since biblical times. It took place in specific parts of the world. This prompted Max Weber to ask in 1904, what were the connections between Jewish and Christian belief and the emergence of political economy?

Adam Smith's Wealth of Nations

First of all, the very concept of political economy did not even occur until 1615. Medieval and ancient texts contain much about politics, the prince, and the regime. The notion that human beings could do something about the economy arose very late. It was invented. The first man who put all these ideas together was Adam Smith in 1776. He was the first man in human history to speak about an interdependent world. He called his book, *An Inquiry into the Nature and Causes of the Wealth of Nations*, not individuals, nations. Most of the book is about what we would call the 'third world'. It is revolutionary. He was the first to speak about interdependence, about development, and the first to ask the right question.

The beauty of the system is that nobody likes anybody. It is meant to be that way.

Most sociologists write articles about 'the causes of poverty'. They are asking the wrong question. Suppose they ever figured out the causes of poverty? Then they would know how to make poverty. To study the causes of poverty is the most useless endeavour human beings could imagine. Poverty is the natural condition of human beings. Poverty is what you have when you do not know causes. The question is not, what causes poverty, the question is how do you create wealth?

Adam Smith was the first to imagine that wealth could be systematically increased in a sustained way. He saw for the first time that economic development could occur, that the world was not trapped in an eternal cycle where you must forever have seven fat years followed by seven lean years. One reason he wrote the book was to persuade Great Britain to abandon its state-directed economy, in which a corporation was essentially a monopoly grant from the Crown, as if the Crown owned all the economic rights. Just as in most nations of Latin America today, one finds a state-controlled economy. There is not one capitalist economy in Latin America, except perhaps Costa Rica. They are all in the position Great Britain was before Smith—mercantilist, pre-capitalist economies. In Britain the Crown imagined itself as the possessor of economic rights and the corporation as a monopoly grant. Examples are the Virginia Company and the East-India Company.

The United States in 1800 was a nation of only 4 million persons mostly strung out along the eastern seaboard. Yet it had more business and other kinds of corporations, universities and missionary organizations than the rest of

The only way to protect human beings from tyranny is to divide powers and systems.

the world combined. There were so many fewer lawyers, nobody knew what you could not do. If you wanted to start a business, you just started it. There was a tremendous flowering of free economic activity. The point is, from the time Smith's ideas began to be followed in Great Britain in 1790, Great Britain began to show a sustained growth rate of 1.5% a year for over 150 years, until the 1930s. This became the referent for language about progress. People had imagined progress before, but not until Great Britain was it actually achieved. From the beginning of the century to the end of the century, real wages for working people jumped 1600 per cent. At the beginning of the century almost no poor people had knitted or silk stockings, tea or coffee. By the end of the century these had become common. The notion that progress is attainable was no longer a hypothesis.

Adam Smith's reflections on the Americas

What were the ideas which Smith discerned as an answer to his questions? He grasped that what is at stake is the arrangement of society and the institutions in society. His was a social vision. He got his first hints from the Americas, far away from where he was writing in Glasgow. Smith observed that there were two experiments going on in the Americas. One in Central and South America and one in North America. He observed that Latin America was richer in natural resources than North America. The people of Latin America were on the whole of a higher cut. There were many more conquistadores, aristocrats, and learned clergy, as compared with the relatively poor dissidents, in some cases, criminals, and very few aristocrats in North America. Latin America was then known to have gold, silver and lead and North America then known to have only cotton, fur, tobacco, and corn. It would provide a decent but hard living on the scrabble of the East Coast.

Smith nonetheless predicted, as Jefferson did too, that the North American experiment would follow a different path from the Latin American experiment. The South American experiment would end in poverty and tyranny, exactly as the liberation theologians of today describe. The

reason he ascribed was that the Latin American experiment essentially repeated the idea of the Holy Roman Empire, which had great landed estates and a landed aristocracy who ruled, as all traditional societies have been ruled, in conjunction with the military and the clergy, and many, many peasants. And what had Christian Europe done for the poor in 1700 years? How were the conditions of the poor different from the time of Christ?

The North American experiment, Smith predicted, would end in unparalleled liberty and unprecedented prosperity. Smith identified the primary cause as the intellect. It was Marx who called the system *capitalism*; no one had used that word, and Marx used it for a negative reason. He wanted to divide capital from labour, which is absurd. No capital, no labour; no labour, no capital. Nonetheless, there is a stroke of genius in the name *capitalism*, because the word capitalism comes from the word 'caput' meaning 'head', and that is exactly Smith's point. The first place in which 'head' is terribly important is in the organization of society, in forming its *ordo* or order. Smith attaches such importance to political economy, because if you get the order right, you are far ahead.

Take for example a virtuous people, like the people of Chile, and put them in a system in which they cannot know whether inflation will be 40, 50, 60, 100 per cent and in which they do not know what the form of government will be in ten years time. Say to one family which has maybe \$8,000 to invest for the education of their children, 'you have a moral obligation to invest it in Chile because unless we have investment we will not have growth'. And yet this family will say 'facing this inflation and uncertainty, how can we?' What is the moral thing for such a family to do? Invest in Chile, or invest somewhere where the money is safer for the children's education? Clearly even a virtuous people can be frustrated by an unstable, unpredictable and unfavourable system. On the other hand, you can put mediocre people, who are just run-of-the-mill virtuous, in a system which rewards creativity, invention, saving and investment, and see spectacular economic breakthrough. Smith is the first to grasp the importance of system. He articulated what came to be called the 'liberal vision', liberal from the word liberate. His was the first liberation theology. It had two enemies: tyranny and poverty. (Poverty is itself a form of tyranny; human beings so oppressed in want and need have no time for the life of the spirit, the life of arts, or religion.) The aim of liberalism was to attack these two hereditary enemies of humankind, tyranny and poverty, in all nations. The United States' revolution was conducted as a 'shot heard round the world'. Our ancestors knew that the first important task was to get the order right. They placed on the seal of the United States, and on the back of the dollar bill, 'the new order of the ages'.

There is more intelligence in a million individuals than in any twelve of the smartest planners.

Getting the order right

I want to mention three characteristics of this word order. The first assumption behind it is the most empirical of all the deliverances of Jewish-Christian revelation, about human sinfulness. You do not have to be Jewish or Christian to know that every human being sometimes sins. All you have to do is to be a human being, with a modicum of self-reflection. You have betrayed yourself and your ideals more than you would like to think about. The fundamental

theological principle is that if you are going to build an order of political economy, you must build a political economy for sinners, because that is all there are. This fundamental principle has two sides to it. Every human being sometimes sins. The other side of that principle comes from an old Calvinist saying: 'The fellow that said humanity is totally depraved cannot be all bad'. The second side of the principle is that most human beings, most of the time, are decent, generous, and responsible. The first side of the principle makes a certain form of political economy necessary, the second side of the principle makes it possible.

The role of the political system is to empower people, to set in place the conditions—and then not to manage them. That is the difference between democratic capitalism and democratic socialism.

All the ancient philosophers said that pure democracy could not work. They said a capitalism where everybody was interested only in himself or herself would end in anarchy. And they said pluralism would not work because if people were allowed to follow their consciences, there would be moral chaos. How will we achieve the common good? The principle of sin makes democracy, capitalism, and pluralism necessary. The fact that most human beings most of the time are decent, generous, responsible and creative makes them possible.

Separation of powers

Here is how Smith saw this new order work. He knew that even if you dropped ten human beings on a desert island they would soon have to form a kind of organization. The human being is a political animal.

So there will always be a political system. But since every human being sometimes sins, we must not trust anybody with too much power. No political leader must be entrusted with power over conscience, ideas, or information. Therefore, you must separate the church, the press and the universities and institutions of ideas from the state. Political leaders may not make all decisions of conscience, information or ideas. So you will have two systems—a political system and a moral-cultural system. Each will have different types of people, and different sets of institutions.

There has to be a further separation. You cannot trust political leaders to make economic decisions, and therefore you must free economic institutions from the state. And in this way you create a trinitarian political economy of three separate systems, political, economic and moral-cultural. Each is interdependent because together they form one system. But each of them is remarkably separate from the others.

From the same family, children of a different personality type will go into one of the three institutions. It has been my fortune to go into these different worlds at different times. And I cannot help noticing that almost all the intellectuals and theologians do not like businessmen or politicians. Politicians do not like intellectuals, though they pretend they do, because they have to have them. Nor do they like businessmen. Now in my later years I have met businessmen. They do not like intellectuals, and they do not like politicians either. The beauty of the system is that nobody likes anybody. It is meant to be that way. The

founders understood the importance of sin. They wanted everybody watching everybody a bit. They understood this so clearly that they embossed it on all our coins, so that even if you are blind you could feel it. It says 'In God We Trust', and by implication, in nobody else. That is to say, every human being sometimes sins. The only way to protect human beings from tyranny is to divide powers and systems. That turns out also to be a way of liberating the creative capacities of human beings. There is more intelligence in a million individuals if you allow each to be active in the territory he knows best, than in any twelve of the smartest planners. Therefore, anybody who thinks that economic planning is the way to bring about economic growth, will have to face the fact that you will be trying to move a dinosaur with a small brain.

Creative activity

This creative activity is most important. John Locke was the first to observe that though an acre of cultivated land in England has an intrinsic value equal to an acre of uncultivated land in the New World, it will produce one thousand times as much as the most fertile of uncultivated fields. He argued that the earth comes from the Creator, rich without limits, but that human beings must use their intellects to unlock the secrets hidden in creation by the Creator. Men must become, with God, co-creators of the earth and bring forth from this world its wealth.

The Congress of the United States saw the importance of this insight almost immediately. For example the Homestead Act established that in every new territory there would be a land grant college. Why? The cause of the wealth of nations is intellect. If we want to develop the West, it has got to be through intellect. So what was an underdeveloped country a hundred years ago developed around the land grant colleges and the extension services which carried knowledge to every village and farm. Smith's idea, and that of the United States, was never 'laissez-faire'; it has always been a political economy, in which the political and economic systems play important roles. The role of the political system is to empower people, to set in place the conditions—and then not to manage them. That is the difference between democratic capitalism and democratic socialism. In socialism, the problem is to organize an agency and then run it. The democratic capitalist says the state must be active.

Adam Smith and the founders of this country did not stand for 'laissez-faire'. They believed in unleashing the human creativity locked in each of us.

In passing the Homestead Act, the government of the United States decided not to develop in the way Argentina and El Salvador were developed. It did not want great landed estates and many peasants. It wanted as many owners as possible. It was a political decision to allow homesteaders to stake out claims and multiply ownership. It was a political decision to put in the universities, to bring rural electrification and to pass the Highway Act and the Farm Credit Act. What we call free agriculture is a creation of political economy. Adam Smith and the founders of this country did not stand for 'laissez-faire'. They believed in unleashing the human creativity locked in each of us.

I have heard our assistant pastor say: 'Six per cent of the world's people are using forty per cent of the world's unrenewable energy'. Who is supposed to be this six per

cent of the world's population? It must be we North Americans. What were the world's sources of energy before the invention of the United States of America?—the human back, oxen, horses, running water, wind, sun. But we are not using forty per cent of those. My point is that 100 per cent of what we call energy, in the modern world, was invented by this six per cent of the world's population. And we have already, by the testimony of my own assistant pastor, distributed sixty per cent of it, and we should do better. Appealing to guilt, is not, in my experience, a very creative theological principle. People know their guilt. What people desperately need is a sense of some possibility they have to be creative and do better. And if you can show the way to that, it is so much more like the Gospel and you can actually accomplish things for the poor everywhere in the world.

The human mind—the inventor

There is no such thing as a resource until the human mind has invented it. The only one, basic, natural resource is the human mind. Virtually everything we call a resource was invented by the human mind. Consider oil. If you had once wanted an example of poverty, you would say 'poor as a Bedouin'. The poor fellows did not even have water. Oil was so close to the surface of Arabia that camels sometimes stepped in it. There are references to it in the Old Testament. They made ink and perfume out of it, but that was all. There was no use for the miserable stuff—until the human mind invented the piston engine and discovered how to process and refine crude. We no longer say, 'poor as a Bedouin', we say 'oil-rich Arab nations'. The primary impact of the intellect in a free system is to confer wealth on all sorts of sections of the Third World, which long sat on materials of wealth not known as wealth until a use was found for them.

Compare Brazil to Japan. Each has 118 million people. But the 118 million of Japan occupy a space the size of Idaho, which is mostly mountainous, but has nothing in those mountains. Japan is 100 per cent energy dependent. They are blessed with a good climate so that there is enough food, but almost no other natural resources. And because the mountains are not habitable those 118 million people are squeezed into 20 per cent of the land. Yet tiny Japan produces 10 per cent of the gross world product. It is a splendid example of the fact that it is not nature but system and intellect that makes people wealthy.

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Brazil is larger than the United States (without Alaska) and in natural resources, it may be among the wealthiest three nations on this planet, with diamonds, oil and magnificent farming land. But Brazil does not even produce one per cent of the gross world product. Brazil is \$90 billion in debt.

A Belgian anthropologist named Leo Moulin argues that it took the Jewish-Christian view that the God of creation is good, to encourage people to go down into mines, to experiment with chemicals, to make microscopes and to analyze, on the assumption that we are made in the image of God. God is good, and therefore, to explore the secrets of God is not violating a taboo nor

tempting the evil spirits. It is fulfilling the vocation of both Jews and Christians, not merely to reflect the world but to change it. This also helps explain why it is out of Jewish and Christian cultures there comes the great dynamism of history, for good and for ill. Christian civilization has not been peaceable, but it has been full of energy. The whole world argues over ideas which had their birth in Christian civilization: development, human rights, liberty and justice.

Community

We often hear that one of the faults of democratic capitalist

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society is the breakdown of community. That is true in a sense. When my family was out in Iowa, I remember Jimmy Carter saying he wanted to have a government 'as good as the American people'. My father-in-law had just died and people showed up with pies and roasts, and somebody went down to the church to set up the chairs for evening prayer for those who wanted to come to the wake. People just materialized. We did not ask them. And so when Carter said he wanted a government as good as the people of the United States, I thought that was terrific. When I got back to New York it scared me half to death.

Democratic capitalist societies have created a new form of community. This is little noticed, especially by those who had their theological training in Europe, because this concept does not occur in European theology. In 1832 Tocqueville noticed that the things which in Europe a European would find being done by the state, in the United States were done by associations. North Americans associate together to build a school, to create missionary societies, to put on entertainments, to found universities. In the state of Ohio, not much after the pioneer days in 1873 there were 23 universities built by private associations, which was more than in all Ireland, Scotland, Wales and England. Universities and colleges were established by people who wanted to start them. The principle of association, Tocqueville wrote, will henceforth be the first law of public policy. This is not a breakdown of community, this is a new form of community. We do not feel coerced into it. We are doing it because there are things we want to learn, to share, and to do together. Most of the things of human life you want to do are too big for one person alone.

I want to point out three different aspects of this idea of community. First, Smith did not call his book *The Wealth of Individuals*, but *The Wealth of Nations*. His fundamental vision is a universal, social vision for the entire world. It will not be fulfilled until poverty is taken away from every single person, until a firm material base is put under every human being, until every one is free from the state, the usual source of tyranny, and free from want. It is a social vision. Second, its distinctive inventions are both social. Democratic capitalism did not invent the individual; the individual was invented by the aristocracy. There is no point in being an aristocrat if you are not eccentric. The invention of democratic capitalism is the corporation; not just the business corporation, but the missionaries are a corporation, the university is a corporation, the political party is a corporation. Economic tasks are too complex for just one human being. You need a form which is social, voluntary, flexible, and inventive. Thus we have the corporation.

The idea came out of the monasteries. They were the first multinational corporations, selling their bread, cheese, and wine across national boundaries. The monks were the first Europeans to learn scientific agriculture. They led Northern Europeans away from subsistence agriculture and hunting. They taught them that by using their heads they could farm well enough to have leisure, to build lovely buildings, and to create libraries. The monks themselves took their profits out in prayer. They worked so well in seven hours that they had five hours free to pray. They built the buildings which became the beginnings of what we call civilization, not living for subsistence alone, but creating beautiful things to express the human spirit and to praise God. Out of the body of law developed for the monasteries, which recognized the new reality, a corporate person which continues after individuals within it die, came corporation law. You need a form of life which allows many to associate voluntarily, not as part of the state, and secondly which continues, even after individuals die.

The invention of democratic capitalism is the corporation.

The market

Third, there is the invention of the market. It is wrong to think that the market is individualistic. The market is a social device. It forces individuals to pay attention to what others need and want. Marxism forces attention on the individual, 'from each according to his ability, to each according to his need'. That is a radically individualistic doctrine. And it can never be fulfilled because what individuals count as their needs keeps changing. Whereas the invention of capitalism, which is thought to be an individualistic system, is the market. The market obliges anybody who wants to be successful in the market to pay attention to others, in courtesy, to what they want and need, not to what you want to give them.

The type of personality favoured in democratic societies, of which there are about thirty on earth, is the most communitarian that the human race has ever seen. By that I mean, persons who have the largest range of social skills. They are not rugged individuals. We do not bring up our children to be rugged individuals. We bring them up to be co-operative, associative, to be joiners and organizers, to work with others. When my youngest daughter was seven, she belonged to more organizations than my wife and I could drive her to. We want our children to be good with people, but to be able to work alone too.

Countries full of political activism tend to stagnate.

When we think about the problems in Latin America, it is important not to forget that we have our own vision of liberation theology. Like them we were a colony, like them we were an underdeveloped land; unlike them we were pursuing a different idea and a different set of institutions. I want to concentrate attention on institutions. El Salvador has doubled its population in the last eighteen years. However much land reform they have, all Salvadorans are not going to make their living in agriculture. El Salvador has to have commerce and industry. They have got to start

making for themselves the tablecloths, glass, china, silver, chairs, tables, lights, and all the other things they need and use.

How is it possible to start institutions of economic activism? The problem is that most of us speak about political activism, even in the churches. But politics does not grow wheat or put bread on the table. Economics does that. Countries full of political activism tend to stagnate. There is hardly a country in Africa growing as much food per capita as it did twenty-five years ago. God is not poor, the land of Africa is not poor, nor has the weather been bad. It is because of politics. If prices are set so that farmers lose money no farmer in the world is going to do heavy work to lose money. Ten years ago it was predicted that India would be in a state of famine by 1984. But ten years later India has become a net exporter of food because they changed tax and pricing policies.

Practical praxis

The problem with liberation theology of the southern style is that it claims to be a doctrine of praxis. But it has two difficulties. First, it is difficult to know which country any author is writing about because the prose is seldom concrete. You would never get a picture of the different agricultural possibilities of Peru, as opposed to those of Argentina or El Salvador. You would never grasp the fact that each of these three countries had a different ethnic history. They would not tell you that 97 per cent of the

There have been two places in the world where we have really meddled: Germany and Japan.

population of Chile is European, and culture makes a tremendous difference. So, even though liberation theology claims to be about praxis, it is very abstract. Secondly, all praxis goes into creating a revolution. But what do you do the day after the revolution? What kind of institutions do you put into place that will defend human rights, create economic development, guarantee religious freedom and pluralism? Without facing such questions, you are proclaiming ideology, not practical theology. A vision of peace and justice that ends in revolution is not humane. Humane life demands thought about what comes next in a routine, normal, peaceful life. This means dealing with humanity as it is, composed of sinners. You cannot have peace and justice among sinners, except through institutions, which give checks and balances to the evil which is in the human heart, and bring out of the human heart the creativity which is always there.

The struggle for the future therefore is primarily a war of ideas. I am not arguing that Latin America and others should imitate only the ideas that have worked in North America. The Japanese have shown that it is not necessary to be Jewish or Christian in order to imitate these ideas. You do not have to act quite like North Americans to do it. You can have your own type of democracy, of capitalism, and of pluralism. There are magnificent variations possible in this form of political economy. But certain institutional laws affect economic development and protect human rights. I cannot stress enough the importance of attention to institutions. Humans are, after all, institutional animals.

There are institutional habits affected by laws, which induce differential behaviour, and which have enormous

creative potential. It is an accident of history, that these ideas of political economy grew up in Jewish and Christian civilization, and were not invented by the Japanese. The Japanese had the good fortune to go to war with us and lose. In their case, we did not come in and merely establish a national guard, as we are accused of doing in Nicaragua. The Japanese had the 'misfortune' of having us establish everything: a constitution, a democracy, a form of capitalism and pluralism, unleashing capacities in the Japanese that had never been unleashed before.

Even though liberation theology claims to be about praxis, it is very abstract.

Do you remember products from Japan before World War II? How did they get from there to making cars better than ours—and cheaper—in forty years? They were the same people, but something was released. Now those who accuse us of meddling in Latin America and elsewhere do not know the half of it. There have been two places in the world where we have really meddled: Germany and Japan. In 1945, we were producing about half of the gross world product; today we only produce 25 per cent. We are producing four or five times more than we did then, but we helped them get on their feet so that they could produce so much more. We did not expect them to make so good so fast. But that is really what we wanted, because we would like to see a world where human rights are protected and development is multiplied. The richer Latin America gets, the better for us. That has always been our dream. It is the only kind of world we can live in.

A capitalist economy is not injured by the success of others. The success of each new nation increases the success of all the others. Wealth is not increased by taking.

On the contrary, wealth is increased by being created. The invention of computers is creating new wealth never seen before. The mother of wealth is invention. When humans imitate the Creator, in whose image they have been made, they draw forth from creation the secrets He has hidden within it; they follow clues he has strewn everywhere.

We await the awakening of economic activism in Latin America. We await the awakening of the image of the Creator in the minds of millions of economic activists. We await the unlocking of the secrets hidden in its immense endowments of natural resources. We await the birth in Latin America of 'creation theology'—and of the liberal revolution; the only revolution which has a theory about institutions designed for sinful human beings during the long days after the revolution.

There is an old proverb, 'If you socialized the Sahara, in twenty years there would be a shortage of sand'. Socialism, Marx said, is not a system for removing poverty. Socialism is a system for removing capitalism. In his view, the only thing that can remove poverty is capitalism, after

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which comes socialism. Socialism is not an economic theory for removing poverty, nor even for removing tyranny.

Which institutions actually do raise up the poor? Which institutions actually do protect human rights? Let people try as many experiments as they wish, but only under one condition: that they be honest about what works and what does not work, and change accordingly.

1. This paper has been taken from a transcript of an oral presentation.

FROM OBEDIENCE TO PROCLAMATION: The Declaration of Jarabacoa The Latin American Theological Fraternity

Since its drafting in May 1983, the 'Declaration of Jarabacoa' has been the basis for evangelical participation in politics, in places as far apart as Nicaragua and Peru. The Declaration came out of a consultation between evangelical theologians and evangelical laymen who are active in politics in countries like Peru, Venezuela, Dominican Republic, Brazil and Nicaragua. The meeting was sponsored by the Latin American Theological Fraternity as a typical effort of doing theology in context.

Power and theology were the key subjects of the dialogue, Bible study, prayer, the discussion of papers and the final process of drafting the Declaration. Traditional Protestant approaches to the issue of the political use of power, a historical overview of ideology and power in Latin America, and a testimonial analysis of political participation from evangelical politicians was the context for the hermeneutical exercise pursued communally under the leadership of New Testament scholars.

The rapid growth of Protestantism in Latin America is

constantly posing new sets of questions in this area to preachers, pastors and leaders. The Latin American Theological Fraternity would like to pursue the study of this matter in fellowship with evangelicals around the world. It is hoped that publication of this Statement in TRANSFORMATION will help to foster dialogue on an international basis.

Samuel Escobar

Under God's leadership, convened by the Latin American Theological Fraternity, we met as a group of evangelical Christians among whom were theologians and politicians of Latin America, in Jarabacoa, Dominican Republic, on May 24, 1983, to reflect on the subject 'Theology and the Practice of Power'. We enjoyed the Christian fellowship and the blessings derived from sharing our widely diverse experiences.