
Is Distributism a Viable ‘Third Way’?

Interview between Kishore Jayabalan and Joseph E. Gorra

An economic theory of ‘distributism’ is often presented as a Christian ‘third way’ between capitalism and socialism. But is it? Does it have an adequate view of economics? How does its anthropology inform his vision? In this interview, Kishore Jayabalan offers an overview and critique of distributist assumptions.

What are some of the basic questions that distributism surfaces?

The most basic question, in my opinion, is whether there is a specifically “Christian” model of economics, or whether there is a certain autonomy to economics as a human endeavor or subject of study. As a 2,000+ year-old religion, Christianity has survived and will continue to outlast many kinds of political and economic arrangements; it is therefore “transpolitical” in Fr. Ernest Fortin’s phrasing.

This would also seem to speak to Christianity’s uniqueness, even as a vision of the ‘political.’

While there is no doubt that there is such a thing as Christian anthropology and a Christian way of looking at and interpreting the world, Christianity is quite different than Judaism and Islam. For example, it does not rely on extremely detailed prescriptions about how Christians are to live in the world. I’d say that Christianity is more concerned with how we live materially and spiritually in systems such as capitalism and socialism than with the systems themselves, with how one should rule rather than who should rule.

Indeed, this would seem to be widely recognized in Catholic social teaching

Yes. I am reminded of what John Paul II says: “The Church's social doctrine is not a ‘third way’ between liberal capitalism and Marxist collectivism, nor even a possible alternative to other solutions less radically opposed to one another: rather, it constitutes a category of its own.” (*Sollicitudo Rei Socialis*, n. 41) and “The Church has no models to present; models that are real and truly effective can only arise within the framework of different historical situations, through the efforts of all those who responsibly confront concrete problems in all their social, economic, political and cultural aspects, as these interact with one another.” (Pope John Paul II, *Centesimus Annus*, n. 43)

Distributists seem to also be surfacing questions about what is the best way to protect individual liberty and private property.

Distributists tend to argue that mass industrial capitalism eventually gives way to socialism, and that only a properly “distributist” model can prevent monopolies and concentrations of power. They must, however, rely on state power to keep economies from becoming too “large”, to keep things “small” or “local.” Whether this prevents, rather than encourages, the growth of State power is the big question.

So, with this in mind, who are some of the historical and contemporary representatives of a Christian distributism, and what do you find to be unique about their contributions?

Distributism is generally thought to have begun with the writings of G.K. Chesterton and Hillaire Belloc at the beginning of the 20th century; E.F. Schumacher, author of *Small Is Beautiful*, is another early representative. More recently, the theologian John C. Médaille has taken up the cause of “neo-distributism,” which is more of a critique of the current state of capitalism from a free-market perspective in the name of distributism. What is unique about

their contributions is that they tend to come from serious Catholics and offer moral criticisms of modern industrialism and what it does to agrarian, religious life. This is opposed to the socialist and communist critiques, which sought to argue that capitalism does not ensure equality. Distributists do not often complain about the gap between rich and poor, but rather the concentrations of power that tend to benefit the rich at the expense of the poor, however. The old distributists also blamed nearly all of the ills of modern society on the Protestant Reformation and Jewish financiers, something which the neo-distributists have discarded for quite obvious, political reasons.

Why do you think distributist premises are so appealing to some?

Distributism is appealing because it recognizes that there is more to life than economics and especially the production and consumption of material goods. Liberal commercial societies have produced all kinds of wealth and opportunity, but from a Catholic perspective, we know that these are not the ends of life, but rather the means to ensure a just society and eventually to help us lead holier lives. It's also true that large corporate interests and big government collude to reduce competition and that there is something wrong with our current economic system. It's always tempting for humans to think that the past was better, that progress is delusional, that we've lost our way. But the question is whether the past was as noble as we think it was, and whether some kind of return to a pre-modern way of life is possible or even desirable.

I suppose one might agree with some aspect of distributism that economics is more than a social science but is a 'moral science.' But even here, are there differences to be noted?

Because economics studies how human beings invest and save, produce and consume, and all kinds of human choices in the marketplace, it has to be a “moral science” – Christian and Catholic supporters of free-market economics all agree on this. Economics is also a social science that doesn’t try to dictate *a priori* what is a good or bad use of material goods. Economists are famous or infamous for saying that they cannot determine “values” that are given in any particular marketplace. They do not deny that such “values” exist but that these “values” come from non-economic sources. Catholics should, however, try to integrate the moral and the technical aspects of economics. The former Cardinal Ratzinger once noted,

“A morality that believes itself able to dispense with the technical knowledge of economic laws is not morality but moralism. As such it is the antithesis of morality. A scientific approach that believes itself capable of managing without an ethos misunderstands the reality of man. Therefore it is not scientific. Today we need a maximum of specialized economic understanding, but also a maximum of ethos so that specialized economic understanding may enter the service of the right goals. Only in this way will its knowledge be both politically practicable and socially tolerable.” ([1985 speech](#) on *Church and Economy in Dialogue*).

Concerning the ‘mechanism’ of distribution in this theory, what’s the role of political power enacted by the State and the role of intermediary institutions?

The role of the State in distributism is central because only the State has the power to keep industrialists from colluding and concentrating power. The State’s ability to break up monopolies and trusts is considered all-important in order to protect smaller, more local intermediary institutions.

How is this problematic?

Distributists cannot explain, however why the State should prefer smaller to larger corporate interests. Why shouldn't the State prefer monopolies and rent-seeking behavior that encourages industrialists to ask the State for protectionist and anti-competitive measures, all in the name of the "common good" but in reality to do nothing more than to lock in their advantageous market positions? Politicians should be disinterested and concerned for the common good, but history shows that they often use rhetoric to mask their motives and power grabs. Businesspeople tend to be more sincere in their desire to make a profit.

The problem of a 'concentration of power,' whether economically or politically, seems to be a major concern for the distributism argument. But does their critique succeed in showing that capitalism fosters a concentration of economic power among elites?

A certain kind of capitalism, what we today call "state capitalism" (as in China) or "crony capitalism" (as in virtually the entire West), does indeed result in the concentration of power, where big government, big business and big labor get to decide who works for whom, for how much, and for how long. Distributists seem to have no problem with this state of affairs other than its size – collusion among local government, local business and guilds is ok in their book. But neither system allows for the entrepreneurial "creative destruction" that comes with truly competitive and free markets. And it must be added that sometimes bigger may indeed be better in economics – who really knows that the "right" size or scale of an economy is?

What do you find to be the biggest mistake about distributist economics?

I think the biggest mistake distributism tends to make is in assuming that smaller is necessarily better or more “beautiful,” and that the State can guide the economy towards such “smallness.” It may well be in some cases, it may well not be in others – we simply don’t know in the abstract.

Can you offer an example?

The sub-prime mortgage bubble that blew up in 2008 is a prime example of how good policy intentions, in this case widespread home ownership, can go awry by dictating that capital be put to “socially useful” or political desirable ends. I often wish that distributists devoted themselves to improving the moral and ethical tenor of the broader culture that informs market choices rather than inveighing against capitalism; it would be much more beneficial to the workings of the marketplace and help us all realize the proper end of our human existence.

Kishore Jayabalan is director of Istituto Acton in Rome. He organizes the institute’s educational and outreach efforts in Europe. He has worked as an international economist for the Bureau of Labor Statistics, was appointed to the Permanent Observer Mission of the Holy See to the United Nations, and worked for the Pontifical Council for Justice and Peace.