

CAPITALISM: THE GOOD, THE BAD, AND THE UGLY

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OPENING WORDS

Welcome everyone!

If you come here today looking for the warmth of community, may you be touched by love.

If you come looking for truth, may you find new learning here.

If you come looking for spiritual healing, may healing be yours.

Come, let us worship together.

I was invited out to dinner one evening by a congregant. This is not an unusual event—congregants invite me to lunches and dinners from time to time. Sometimes they just want to get to know me better. Sometimes they want to tell me just how wonderful they think I am. And sometimes they want to tell me that I am not quite as wonderful as I could be. This dinner fell into this last category

The man who invited me, of whom I'm very fond, is a stockbroker by trade. And a successful one. (Just in case you're wondering, I've asked him for permission to use this story). Anyway, he picks me up in his Jaguar, and we go to a really nice) really expensive restaurant. We look over the extensive menu, and he orders our really nice, really expensive meal) and also chooses a really expensive bottle of wine. I'm liking this. Really. I'm wondering, though, why he has asked me here.

"Marilyn," he begins, after wine is poured, "Marilyn, you know I think you are the greatest. And I love your sermons. They are just the best, really the best," and he pauses, and I know that the "but" is coming. "But," he says, "but, you know, you are not trained in economics, business is really not your field. Your fields are literature and theology, and I wish you would really just stick to that." The waiter, impeccable in black and white formal wear, brings our appetizer. "Sir," he says as he places the silver dish on the table. My dinner partner is restless, and he continues: "What have you got against the American system? It works, it really works!"

This is no time to become self-righteous. I like his car, I like his dinner, I like him. I am a part of the system that produced all this largess. I am a part of it, and I enjoy its

benefits: the high standard of living, the ease with which I find a large variety of goods, the wide tree-lined streets of my neighborhood. I do not want to give up any of this, and our economic system has produced it for me. But there's another piece to consider, for both him and for me. I say to him, "Larry, this system works for you. But it doesn't work for everyone. I may not know much about economics, but there are people on the street who have no place to sleep at night, and there are children right here in this city who go to bed hungry each night. Now that's prima facie evidence that the system is broken. Why don't you and I work together to find solutions, so that the system can work for all of us?"

I have no need this morning to demonize wealthy people (certainly not in the middle of our canvass!), to demonize CEO's, to demonize corporations. I am here to say that we have a system that has brought a multitude of benefits to many of us-it is an alive, vital, dynamic system-but capitalism as it is practiced now has become degraded and abusive. It serves the few at the expense of the many. In the last two decades, the wealthiest one percent have doubled their share of wealth, from 20 percent to 40 percent. Right now Congress is considering an economic stimulus bill with more tax breaks for the rich, for lobbyists, for corporations - and virtually nothing for the working class Americans we're sending to fight this war in Aghanistan. Our economic system as it is now practiced has taken hope from our children: a recent poll showed that 41% of young people under 30 believe that it isn't possible for most people to live the American dream. This morning I want to make a case for reform, not just for tweaking a little here, a little there, but for systemic change, for examining our unquestioned assumptions, and for trying to see with different eyes. I do not come to blame, but to imagine a way in which the benefits of our system could be extended.

Let's travel for a moment back in the 18th century when Adam Smith put forth the idea that the "hidden hand" of the free market would bring harmony, as persons freely pursued their own self-interest. This is the dominant theory that guides us still today, and Smith is surely the patron saint of Wall Street. The University of Chicago is known as the bastion of "free market" capitalism, and an old joke in the B-school goes like this: "How many Chicago School economists does it take to change a light bulb?" And the answer is' "None-if the bulb needed changing, the market would have already done it." Does the free market bring social harmony? Was Adam Smith right?

Well, first of all, will the real Adam Smith stand up? What we hear is a caricature of Smith, and his words are carefully selected as a kind of "proof text," the way the Fundamentalists use the Bible. What is conveniently forgotten are his assumptions about the conditions necessary to make free markets work. Smith assumed that we would operate on a small scale that would allow us to know the character of the people we trade with. He did not anticipate our investments becoming abstractions on a monthly statement. He assumed-and this is the most important point-he assumed that our financial dealings would exist in the context of our values. In the words of the late Willis Harman, an economist from Stanford, Adam Smith's philosophy "depended upon a consensus of overarching meanings and values which is no longer present. So business has to adopt a new tradition which it has never had throughout the entire history of capitalism. That is <it must> take responsibility for the whole."

Smith's writing is used to justify~ the mad pursuit of shareholder profit, which is held to be holy and untouchable. This rabid emphasis on profit has led us to become a society that frightens me in a number of ways. It has led to the despoiling of the earth that is our home and our only home; it has led to workplace demands that keep us from our children, and those children are being lost to drugs and violence; it has led to huge transfers of public wealth into private coffers, so that public schools and other public amenities are supported inadequately; it has kept prices of health care and drugs high, so that many of our citizens do not have access to them; it has contributed to the formation of an underclass with no hope, so that now we have more of our citizens in jail than any other country in the world. It is an oversimplification to say that an economic system gone awry has alone caused these social ills-but when we think about what all these problems have in common, they are rooted in economic inequity, rooted in a system that rewards short-term gain for a few to the detriment of the well-being of the whole.

We question this system too little, because we do not know another way. We believe the myths that we have grown up with, and if we personally fail in this system, we believe we and we alone are to blame. I remember my conversation with a banker a few years back. Both he and his wife lost their jobs after years of faithful service when their bank was sold to a larger bank and they were "downsized." I was saying how unfair that was, but he just said, "Well, that's the way things are now." I say that's unjust, and I say things don't have to be that way.

Let's look now at three myths that control our thinking and keep us from imagining a different way of being together economically.

--First of all, there is the myth that capitalism and democracy are linked. Actually, some countries which are more socialistic than ours cherish their democratic freedoms, countries such as Sweden and Denmark, and of course our northern neighbor, Canada. And there is a real question as to whether or not we could be considered a democracy, or more properly an oligarchy of the very rich. All countries are, of course, a mixture of capitalism and socialism-including ours, including China, even including Cuba, as I discovered during my visit there-all countries are an imperfect mixture: no one has arrived at the perfect formula. John Kenneth Galbraith has made the wry comment, "In capitalism man exploits man; in communism, it is the other way around."

--A second myth is that poverty is a moral issue, rather than an economic issue. Poverty is shamefully high in a country as rich as our own-we know, for example, that almost 1 out of 5 children live in poverty. When the economy was booming, the poverty level was inching downward, but believe me, you will see it move right on up again as we go into this decline. If poverty is a moral issue, it is the moral issue of greed-- it is the issue of the have's who disregard the needs of the have-not's. I believe virtually all people want to work, if their work is dignified, if they are respected, and if they are paid fair wages for their labor.

--A third myth is that shareholder returns must be maximized, at all costs. After all, aren't the shareholders the owners? When we say that a corporation did well, we mean that its shareholders did well. The local community might be devastated by job losses, employees may

be consistently working overtime. The river might be collecting more and more pollutants. Still we say, "The corporation did well." But we must begin to ask ourselves what "well" means, ask ourselves why the other stakeholders are not being considered here. The workers are stakeholders-they create the wealth. The community is a stakeholder-for when plants are closed and the environment is damaged, we all pay. What if the financial statements, the annual reports, of corporations spoke to these concerns, as well. Are the employees' wages rising? Has the company moved toward practices that protect the environment?

Marjorie Kelly, in her new book *The Divine Right of Capital* (she spoke at our church last week, incidentally) makes the convincing argument that this inordinate focus on profits for stockholders is a form of discrimination based on property and wealth. Kelly frames her ideas in the history of discrimination, saying that our institutions once held biases against blacks and women, and similarly, now we need to build an economic democracy, in which principles of fairness and equity are built into the system. She asks what some would find to be a shocking question: is this system of stockholder primacy really necessary for a free market economy? Our new country was created when we daringly revolted against the divine right of kings. We are now operating under the divine right of corporations, says Kelly, and we must, in her words, "dethrone the corporate aristocracy."

I said earlier that I did not wish to demonize corporations, and I wish to restate that position. Corporations themselves are amoral. They are man-made constructs, and they operate by their own rules. A little history here. Corporations originally were not private but public institutions, created by the government and obliged to serve the public interest, else their charter could be revoked. Then came the age of the robber barons in the late 19th century. Using their vast economic and political clout, they privatized the corporation, and laissez-faire private enterprise took root. In 1886 the Supreme Court declared that the corporation was to be considered a person, with all of the constitutional rights guaranteed by the Fourteenth Amendment. The role of the government came to be chiefly to protect corporate rights against other government interference.

CEO's are caught as we say, between a rock and a hard place. They are required by their boards to maximize profit, to the exclusion of any other value. If they do not give deference to the bottom line, for whatever reason, they are fired. If, on the other hand, they do bring great profit to the stockholders, they stand to make millions upon millions of dollars themselves. Why are the top CEO's salaries so insanely high? Because they can bring home the bacon. Lots of it.

But wait a minute, you might say. MI corporations are not alike. True. They all are tempted in the same direction by the system, but all are not alike. Take the Fannie Mae Corporation, a home mortgage company, for example. Frank Raines is the Chairman. He grew up here in the Northwest, in the Seattle area. When he was a young boy, his mother worked hard cleaning offices for Boeing. As a matter of fact, she cleaned the offices of the top management. She labored for years on end, in the hope that life would be kinder to her children. Young Frank was inspired by the example of both his parents, by their deep roots in the community, their sense of connection to others. He ended up going to Harvard, working on Wall Street, and eventually becoming Chairman of the Board of Fannie Mae. When he

held his first meeting in the Boardroom, he brought his mother in so that the other Board members could meet her. He told them about her life and how he believed that working people should have access to home ownership so they could put down roots in the community and care for their children. The mission of Fannie Mae includes honesty, integrity, and mutual respect; rewarding employees and supporting their career development; being a good corporate citizen in the community; and breaking down all barriers to affordable housing and home ownership.

I believe Oregon is becoming a leader in responsible corporate behavior. Just to point out several important and relatively new movements in the state: Dick and Jeanne Roy head up the local chapter of Natural Step. This international organization was started 8 or 9 years ago by a research oncologist. This doctor kept noticing cancer turning up in children at younger and younger ages, and he believed this increase came from environmental hazards. He got together a group of 50 scientists and tried to find the fundamental laws for sustainability, and then formed the Natural Step, which supports businesses in adopting sustainability practices.

Our own Jim Zehren, former Board moderator, is on the Board of the Oregon Business Association, a group of around 200-250 businesses which encourage Oregon companies to work collaboratively, in a non-partisan fashion, to retain the two main strengths that Oregon has the quality of life and the exceptional environment.

Here at the church we have a very active social justice program, and one of our most active and exciting groups is our economic justice task force. We will continue to bring thinkers and writers here to help us look at economic matters in a new light. Here are some directions I hope we can move in.

--We must strengthen our connections to the local economy. Markets work best on a scale where all participants have a say. Compare, for example, your experience at the Farmer's Market and at Wal-Mart.

--Corporations should pay for the full cost of creating their products. We must begin to hold corporations accountable through our legal system for their offenses. States can prohibit their licensing and legal status. Punishments could be rendered for price-fixing, for pollution, for exploiting of workers.

--We should patronize those businesses and corporations that are acting in the public good, and boycott the worst offenders.

--We must continue to work for campaign finance reform, for government officials will only very reluctantly regulate those who put them in power.

These problems we are facing have been around for a while, you know. Maybe they are a part of our national character. In the spring of 1877, the famous Lakota Sioux chief Sitting Bull addressed a council of his people. He gave thanks for the change of seasons and the bounty that the earth had provided. But he warned his people about the pale-faced men

and women who came to till the earth and who carried with them the words of a man who preached brotherhood, peace, goodwill to all, and a preference for the poor. Something must have gotten lost in the translation, because as Sitting Bull observed: "These people have many rules which the rich may break but the poor may not. They take tithes from the poor and weak to support the rich who rule. They claim this mother of ours, the earth, for their own and fence their neighbors away; they deface her with their buildings and their refuse. Their nation is like a spring. . . that overruns its banks and destroys all who are in its path."

Why am I, a student of theology, speaking about economics? I have to speak, because our theology means nothing if it circles around our own perceived goodness and back again. Do we fast, do we pray, do we go on retreats? Very well and good - but until we see and enter the suffering of the world, our own spiritual wounds will never heal.

Do I know enough to speak about economics? Am I a citizen? Are you a citizen? We cannot leave this crucial concern to the "experts," who have all too often overlooked the poor among us, saying "that's just the price we have to pay for our prosperity"; have called the bleeding earth an "externality"; have been enamored of formulas in books instead of the haunted faces of children. No, my friends, we can't leave this to the experts. The view is surely different from wherever you stand, and as people of faith, we need to stand with those who are suffering, those who are disenfranchised.

Sometimes in this world we are faced with terrible, seemingly insurmountable problems. We wonder what we can do in the face of such immovable forces as these that rule our economic lives. Well, we can say no, and no, and no. We can say no, until they hear us. And we can say yes, here is a new way. It's time now. Let's join hands, and move there together.

So be it. Amen.

PRAYER

Spirit of Life, we don't know enough, and yet we know enough. We know about greed, that in our own hearts and that which is played out so often in the larger world. Help us to awaken to the needs of those who suffer in this country and throughout the earth. We pray for their healing and the healing of the planet. We pray for peace. We pray for justice, without which there is no peace.

Amen.

BENEDICTION

May you live in plenty, may you share freely, and may you seek justice all your days. Go in love and go in peace. Amen.