

# A review of God's Economy

reviewed by [Ron Sider](#) in the [November 30, 2010](#) issue

## In Review

# God's Economy

Faith-Based Initiatives  
& the Caring State

Lew Daly

FOREWORD BY E. J. DIONNE JR.



## God's Economy

By Lew Daly

University of Chicago Press

*God's Economy* is a bold, wide-ranging book that will challenge both liberals and conservatives. A senior fellow at Demos, a nonpartisan public policy research and

advocacy organization, Lew Daly sets President Bush's faith-based initiative and the intense debates that swirled around it in the much broader context of American judicial, social and economic history and of European Christian Democracy in the previous 100-plus years. His brilliant synthesis has the potential to transcend the debates and mistakes of the Bush years.

Daly maintains that President Obama's endorsement of much of Bush's faith-based initiative during his presidential campaign and his subsequent actions as president have cemented that initiative as a bipartisan consensus in American politics. But he also argues that the liberal-conservative battles over Bush's initiative and the inherent weaknesses of Bush's vision produced an approach that was fundamentally inadequate for overcoming poverty.

Daly contends that Bush's faith-based initiative transcended earlier debates between liberals and conservatives about antipoverty programs. In those debates, conservatives wanted to end government responsibility by privatizing welfare programs while liberals wanted to expand government-run programs.

Building on ideas that originated in European Christian Democratic circles, Bush (unlike Reagan libertarians) retained a major role for government in combating poverty, but greatly elevated the role of faith-based organizations as a delivery system and insisted that their religious identity be protected. Unfortunately, Bush's uncritical embrace of a largely unrestrained market economy prevented him from understanding another key issue that European Christian Democrats recognized—that an unrestrained market can and does destroy families and communities.

In the 19th century, strong national governments in Europe, often operating with a vigorous antireligious bias, threatened to take over many of the traditional roles of the church in the education of and care for the poor. In response, Dutch Calvinists led by Abraham Kuyper developed the theory of "sphere sovereignty"—the idea that God has established a number of societal institutions (especially family and church) as independent realms that should largely control their own spheres. Government, Kuyper taught, should not become all-powerful and ever-present but should be limited and should support these other institutions. But Kuyper also realized that an unrestricted market economy was just as great a danger to family, church and other community institutions as an all-powerful state.

The practical application of this political philosophy led to the position that government rightly places limits on market capitalism and funds universal education and economic programs to empower the poor. Furthermore, a great deal of the government funding for these programs should flow through a variety of nongovernmental organizations. Churches and other religious organizations should be as free as other groups to run schools and social service agencies using government funds. Using the principle of subsidiarity, Catholics developed similar ideas. Especially in Holland and Germany, these concepts, promoted by Christian Democratic political parties, profoundly shaped public policy, especially in education and social welfare. As a result, Daly maintains, these countries have substantially less poverty than the U.S.

Daly shows how these ideas—mediated especially by James Skillen and Stanley Carlson-Thies of the Center for Public Justice—influenced Bush. Contrary to liberal critics who argue that Bush wanted to abandon all governmental responsibility to alleviate poverty, Bush contended that government had an important role, insisting that social service delivery through nongovernmental organizations using government funds should be greatly expanded. He insisted on a level playing field in which faith-based organizations would no longer be discriminated against in the distribution of government funds. That, Daly argues, produced a historic, positive shift in American antipoverty programs.

Tragically, because Bush embraced the view that there should be very few restrictions on the market economy, the vast majority of his tax cuts went to the richest 20 percent instead of empowering the poorer segments of society, and he largely failed to expand programs that effectively empower the poor. In spite of his faith-based initiative, the number of Americans in poverty steadily increased during his presidency.

Daly believes that this history is important because understanding what Bush got right and wrong helps us see how to do better. Bush was right in rejecting the dominant Reagan-Republican push to abandon governmental responsibility to alleviate poverty. (Liberal critics who said that government abdication of responsibility was the real goal were wrong.) Bush was also right to embrace a much wider role for nongovernmental, including religious, organizations in the delivery of government-funded antipoverty programs. (Liberal critics who charged that it was discriminatory to protect the freedom of religious organizations, especially their freedom to hire staff who share their faith commitments, were wrong.) Tragically,

Bush failed to provide enough funding to combat poverty and failed to see how an unrestrained market economy threatens families and communities just as much as an all-powerful government does. (Liberal critics were on target here.)

So what is the way forward? According to Daly, we must strengthen, not weaken, the role of a wide variety of nongovernmental agencies in the delivery of government-funded antipoverty programs. This includes adequately protecting the religious identity of faith-based organizations—including their right to hire employees who share their religious and ethical convictions. But that is not enough. The government must also restrain markets in order to reduce their negative impact on families and communities. The common good trumps unrestrained private economic self-interest.

The government must also expand funding for effective programs that reduce poverty. To embrace that whole agenda, both liberals and conservatives will have to abandon one-sided views and partisan bickering. Daly hopes that large numbers of Christians and others of good will in both parties will insist that Democrats and Republicans adopt this more holistic agenda for the common good.

There is room for criticism of Daly's book. He sometimes gets bogged down in unnecessary historical detail—for example, in a long section on the history of the corporation. He too easily objects to sending jobs overseas without carefully wrestling with the way that exportation of jobs has resulted in a dramatic drop in global poverty. I am inclined to think that Daly is essentially correct in attributing a major role to the Center for Public Justice in bringing key ideas from European Christian Democracy into the American mainstream, but we need more detailed historical evidence before we understand with clarity the full nature and scope of CPJ's significant work.

On balance, however, I consider Daly's book brilliant and largely correct. If liberals could more strongly embrace what was good in Bush's faith-based initiative and conservatives could agree to correct its weaknesses, we would probably make significant strides toward reducing poverty.