

# The anti-Christian economic doctrine of Michael Novak

by Kathleen Klenetsky

“No intelligent human order . . . can be run according to the counsels of Christianity. . . . An economy based upon the consciences of some would offend the consciences of others. A free economy cannot . . . be a Christian economy. To try to run an economy by the highest Christian principles is certain to destroy both the economy and the reputation of Christianity.”—Michael Novak, *The Spirit of Democratic Capitalism*, 1982

“*Agapē* as a quality of human interaction is possible only among persons or very small groups. The character of larger group relations can be described only rarely by mutuality but is more likely a balance of power.”—Robert Benne, member of the board of Novak’s Institute on Religion and Democracy, *The Ethic of Democratic Capitalism*

For more than a decade, Michael Novak has been peddling the lie that what he calls “democratic capitalism” is the economic and political system most compatible with Christianity in general, and with Catholicism in particular. In Ibero-America, where he has traveled extensively, and systematically built up a network of up-and-coming yuppy bureaucrats who subscribe to his “neo-liberal” or “Catholic Whig” version of political economy, Novak’s influence has come to be increasingly felt through such figures as Peru’s champion of the underground economy, Hernando de Soto, and the Argentine Gustavo Béliz.

Presenting himself as an ardent opponent of liberation theology and of doctrinal orthodoxy, Novak has managed to sell himself to some Catholic circles as a spokesman for what he claims to be a shift in Catholic social teachings toward “market capitalism.”

He has tried to portray Pope John Paul II as a “Catholic Whig,” by which he means a free-trade fanatic, carefully ignoring the pope’s repeated attack on the North’s looting of the South through usurious debt payments, and has held up the encyclical *Centesimus Annus* as proof that the Vatican has embraced “market capitalism.” In an essay evaluating the importance of *Centesimus Annus*, which was published by fellow Adam Smith-admirer William Buckley’s *National Review*, Novak wrote, “If in Vatican II, Rome accepts American ideas of religious liberty, in *Centesimus Annus* Rome

has assimilated the American ideas of economic liberty.”

## Anglo-American frontman

The truth is that what Novak preaches has virtually nothing to do with either Catholicism or capitalism. Novak is a bought-and-paid-for apologist for the looting policies of the Anglo-American financial oligarchy, a latter-day Adam Smith who, through cynical manipulation of religious ideas, knowingly fronts for an international oligarchy which is out to destroy not only the nationalist institutions of Ibero-America, but also the social, cultural, and religious influence of traditional Catholicism, precisely because they interfere with the totally anti-Christian policies of unbridled exploitation carried out by the international banks, the International Monetary Fund (IMF), and the World Bank.

“Bought-and-paid-for” is no exaggeration. Since the mid-1970s, when he aligned himself with the emerging “neo-conservative” movement—which later gave birth to the Project Democracy apparatus responsible for destabilizations throughout the Third World—Novak has been patronized by some of the leading moneybags in the financial elite.

Novak’s major base of operations since 1978 has been the American Enterprise Institute (AEI), a Washington think-tank that is one of the premier sources of free-trade and privatization propaganda in the United States.

AEI’s board of trustees, Novak’s employers, reads like a “who’s who” of the U.S. and international banking establishments: Willard Butcher, former chairman of Chase Manhattan Bank; Robert Greenhill, president of Morgan Stanley & Co., Inc.; Walter B. Wriston, former chairman of Citicorp; and George R. Roberts of Kohlberg Kravis Roberts & Co., are just some of its members.

Novak’s colleagues at AEI include some of the best-known free-enterprise nuts, “neo-con” activists, and Zionist lobby operatives, including Reagan administration U.N. Ambassador Jeane Kirkpatrick; Richard Perle; Irving Kristol, the father of neo-conservatism; and Samuel Huntington, a leading Project Democracy ideologue who also authored the Trilateral Commission’s controversial 1975 tract, *The Crisis of Democracy*, which called for restricting democracy on the grounds that its expansion would interfere with the imposition of economic austerity.

Novak's other main institutional affiliation, the Institute on Religion and Democracy, receives its funding from many of the same foundations which finance AEI, including Smith-Richardson and Mellon Scaife.

Novak also enjoys the patronage of such stars in the U.S. conservative firmament as former Treasury Secretary and Mont Pelerin Society muckety-muck William Simon and J. Peter Grace, who, in 1982, founded the American Catholic Committee, ostensibly as an alternative to the left-wing drift in the U.S. Conference of Catholic Bishops. The group, which set up Novak as its chief spokesman and became known as the "Novak Club," also included former Secretary of State Alexander Haig and Frank Shakespeare, then vice chairman of RKO and later U.S. ambassador to the Vatican.

These thugs assigned Novak the job of designing a "religious" argument on behalf of Anglo-American financial imperialism that could be sold in Catholic Ibero-America.

As part of that effort, Novak convened a series of private seminars at AEI in 1984. The "problem" he presented to those seminars, was how to sell the "free market" to two areas of the world, Ibero-America and eastern Europe, whose Catholic culture and philosophy were intrinsically opposed to the usury and human exploitation that characterize free-market economics.

And how has he performed? In an interview published in 1989, J. Peter Grace called Novak "one of the smartest people in America." "Keep it in mind that Michael Novak is somebody who converted from socialism. There's nothing better than a converted socialist. He was active in the party, worked on all sorts of things, and suddenly said, 'Hey, baby, this ain't the way to go.' He has written one of the best articles on liberation theology. . . . And he's the guy that was there in the middle of all this liberation and liberal stuff. And he left it."

### Defending the 'structures of sin'

What Novak has done is to combine Aristotle with Adam Smith—whom he professes to be the major sources of his philosophical and economic inspiration—and then to dress up this nasty mixture in some Catholic-sounding rhetoric.

The result is about as far from Catholic doctrine as one could possibly get. Like Aristotle and Smith, Novak explicitly denies the possibility of creating a political-economic system based on the Good. According to Novak, there can be no Christian economy, and, therefore, no Christian society. "No intelligent human order . . . can be run according to the counsels of Christianity," he declared in his 1982 opus, *The Spirit of Democratic Capitalism*.

In making this assertion, Novak is guilty of a blatant distortion of the Catholic concept of man's imperfect nature, the heritage of original sin. The Christian acceptance of man's imperfect nature does not in any way imply that man is incapable of change, of atonement, of coming closer to God. To the contrary, the great good news that Christ brings



Michael Novak, apologist for the evil Adam Smith. His brand of "market capitalism" has nothing to do with Catholicism or capitalism, but is aimed to destroy national sovereignty.

to man is the possibility of salvation, the hope of shedding his sinfulness, of perfecting himself, of becoming the living image of God.

If it is true, as Novak claims, that Christianity has no real place in the world—and that *is* the import of Novak's theories—then how does man, who lives in the world, perfect himself? Taking Novak's view to its logical end, the answer must be that man's "religious" nature is entirely separate from his "temporal" nature; and, therefore, man can act like a greedy, exploitative animal when he operates on an "economic" basis, and still remain a "Christian."

With this outlook, can one seriously believe Novak's claims that he is an orthodox Catholic, one who, no less, is carrying on the spirit of such great examples of the Church's social teachings as the 1891 encyclical *Rerum Novarum*?

The purpose of Novak's "political theology" is to renounce the central message of Christianity. No matter how much Novak may insist that religion has a role to play in society, in reality he considers religion (specifically, Catholicism) useful only to the extent that it can be perverted into a defense of *pagan* forms of social and economic organization.

### A Calvinist in Catholic clothing

Novak's "democratic capitalism" differs from "American System" economics as much as his depressingly Calvinistic view of man does from Catholicism. He worships the virulently anti-Catholic Adam Smith: "Smith may properly be called the father of the idea of international economic

development,” and developing countries should adopt his views as a model for their own economic policies, Novak told the U.N. Human Rights Commission in March 1981, while serving as the Reagan administration’s emissary to that body.

Novak has offered similar praise to Smith in virtually every major work he’s written since then, holding him up as the inspiration for the United States’ Founding Fathers and the cause of U.S. economic prosperity.

This is just another one of Novak’s lies. As any honest student of U.S. history knows, Adam Smith was a paid agent of the British East India Company, and it was precisely the free-trade system of British imperialism which he extolled, which the American Revolution was fought against. Furthermore, contrary to Novak’s lying account, the United States developed into an economic powerhouse through exactly the kinds of dirigist policies, typified by Alexander Hamilton’s National Bank, which Novak now insists Third World countries must reject as inimical to economic development.

Trained for the priesthood, Novak began his career as a vocal participant in the schismatic circles around Hans Küng who wished to exploit Vatican II to destroy the Catholic Church. As a seminarian in Rome during the early 1960s, Novak wrote about the council for the liberal American Catholic press.

A protégé of theologian Bernard Lonergan, Novak favored the most extreme forms of church “democratization,” (the book he published on Vatican II was titled *The Open Church*), denounced the Vatican’s opposition to artificial contraception—a position he holds to this day—and endorsed the Senate hearings convened by population control fanatic Sen. Ernest Gruening in the mid-1960s, which set the stage for the U.S. government to get into the business of pushing contraceptives and abortion as part of its foreign policy.

At one point during this period, Novak published an article entitled “Dual Sex Eucharist,” in which he advocated that women be permitted to co-celebrate the Eucharist with a male priest to establish sexual symbolism for Christ’s union with the Church. Novak motivated this gnostic proposal on the grounds that “woman is a better image of the Creator than is the male.” Novak maintained that the life of Christ represented “the humbling of the male. . . . The Christian man was expected to become, as it were, androgynous—to make his own the virtue of the feminine ideal.”

Novak has traveled very little distance from his days as a firebreathing radical who advocated dual sex Eucharist and government distribution of contraceptives. In *The Spirit of Democratic Capitalism*, in which he trumpeted his embrace of the “neo-conservative” cause, Novak reaffirmed his neo-malthusian beliefs, claiming that Ibero-America’s poverty, relative to the United States, stems in part from its high birth-rate.

“In computing average per capita income,” he wrote,

“population is important in three ways. First, every newborn child lowers the average per capita income. Second, as the cohorts of those under age 18 increase in proportion, the relative number of productive workers decreases. Third, rapidly increasing populations indicate that many parents have decided in favor of larger families, through whatever combination of motives. This is an admirable preference. But it has, in some but not all respects, economic costs. *Those who make that choice cannot properly blame others for its consequences.* Since 1940, the population of the United States had grown by 90 million, that of Latin America by 210 million” (emphasis added).

At heart, Novak was, and remains, a Calvinist libertarian, who believes, as he wrote in his 1990 book, *This Hemisphere of Liberty: A Philosophy of the Americas*: “Building an economy for saints anywhere on earth is useless. There are too few of them. The only realistic possibility is to build an economy for sinners—the only moral majority.”

### **Building an ‘economy for sinners’**

The type of economic system Novak is trying to foist on Ibero-America, eastern Europe, and elsewhere, is indeed an economy for sinners—the sinners being the Walter Wristons and Peter Graces of this world.

Given this outlook, it is hardly surprising that Novak never questions the lethal role which the IMF has played in the developing sector. After all, in his view, the IMF is merely doing its God-given job of building an economy for sinners.

One of the most revealing features of Novak’s economic writings is his approach to the foreign debt which is strangling the life out of Ibero-America and the rest of the developing sector. Despite the fact that the Vatican, and especially Pope John Paul II, have spoken out in the strongest terms against the debt burden the Third World has been forced to bear, Novak rarely touches on the the issue. And no wonder! In those rare locations where he has been forced to address the debt crisis, Novak has proffered precisely those “solutions” cooked up by the creditor financial institutions in order to maintain the debt structure.

In one of his infrequent references to the matter, a 1989 presentation to an Ibero-American conference, Novak went to great lengths to minimize the problem, claiming that “even worse than the ‘debt crisis’ is the massive ‘capital flight’ of economic gains reaped by Latin Americans but invested abroad.” He then recommended a series of unmistakably neo-colonial measures, such as debt-for-equity swaps, and the “restructuring of Latin American economic systems,” through “opening of Latin American economies to the economic activism of the ‘informals.’ ”

In his various writings, Novak calls for Ibero-America to rid itself of every remnant of “mercantilism” and “statism,” i.e., dirigism, and to replace it with a free-wheeling, unregulated “underground economy” which, he claims, can “em-

power people from below,” but which actually undermines any possibility for the kind of large-scale projects required for successful and enduring nation-building. In fact, what Novak prescribes is intended to destroy the power of the nation-state, leaving the countries of Ibero-America completely vulnerable to foreign exploitation.

In a presentation he made to a conference held in Bogotá, Colombia in 1989, Novak ruled out “large manufacturing establishments” for Ibero-America, on the grounds that “the key to the future of Latin America lies . . . in one place only: the most rapid possible growth in the small business sector. . . . Enterprise works best from the bottom up.” The conference was sponsored by the Latin American Bishops Conference (CELAM) in collaboration with the Anti-Defamation League (ADL)—the nominally Jewish organization run by organized crime and the dope lobby, which spearheaded the crusade in the United States to force religion out of public life and which has recently thrown its legal and other considerable resources into defending abortion and “gay” rights.

Novak’s Institute on Religion and Democracy churns out similar economic advice for Ibero-America. According to IRD official Larry Adams, the institute is promoting “sustainable development”—the latest euphemism for zero growth—and “micro-enterprises” as models for Ibero-America and eastern Europe. In a 1991 interview, Adams revealed that the IRD had begun an aggressive campaign the year before to get various church organizations which raise money for eastern Europe and the Third World to orient away from funding “large infrastructure projects, and instead to direct this money into what we call micro-enterprises.” Micro-enterprises, he explained, involved small-scale entrepreneurship, such as individually owned flower shops or taxis. He did not explain how micro-enterprises could construct irrigation systems, railroads, water and sewage treatment systems, and other infrastructure basic to economic progress.

Novak protégé Hernando de Soto is an IRD favorite, Adams reported. “We believe that De Soto’s ideas, what we call neo-liberalism, can be extremely useful in Latin America and eastern Europe,” he said, adding that the IRD is planning to publish De Soto’s *The Other Path* in eastern European languages, as part of its efforts to promote Adam Smith and the free market.

Discussing the IRD’s support for “sustainable development,” Adams said that the institute is studying the work of Herman Daly, a World Bank environmental adviser and zero-growth fanatic. “Sustainable development doesn’t have to mean zero growth,” Adams claimed, “although you do get into something of a dilemma when you come to the question of population growth. Daly’s proposal is that people are entitled to have a certain number of children, and that they can sell their right to have children to each other, as long as the total number of children born in any given period isn’t surpassed.” What a perfect merging of Adam Smith and Thomas Malthus!

## The Protestant crusade in Ibero-America

Novak’s association with the IRD brings us to another key aspect of his mission to “marry” Adam Smith and Catholicism: the “protestantization” of Ibero-America. Recognizing that the free market could not be sold there unless the influence of Catholic social doctrine were undermined, Novak’s patrons deployed him to carry out a subtle campaign for Calvinist ideology within the Ibero-American Catholic Church, which would parallel the more direct Protestant fundamentalist conversion crusade.

Novak was well suited for this job. During the early 1970s, toward the end of his “left-wing” phase, Novak worked for one of the foundations funded by the Rockefeller family, which has been in the forefront of the drive to extirpate Catholic influence from Ibero-America, in part by encouraging the spread of Protestant sects throughout the continent.

After his “conversion” to the neo-liberal cause, Novak intensified his efforts.

The IRD has functioned as a primary vehicle for this “protestantization” campaign. Since he helped found it in 1981, the institute has been dominated by Protestant groups committed to encouraging Protestant missionary efforts in Ibero-America specifically in order to spread the dogmas of Adam Smith, efforts denounced by John Paul II in his October 1991 visit to Brazil.

IRD’s board members include well-known Protestant evangelical theologian Carl Henry, Methodist evangelist Ed Robb of Ed Robb Ministries, Dean Curry of Messiah College, John Leith of the Union Theological Seminary, Ira Gallaway of the Mission Society for United Methodists, Kathy Kersten of Lutherans for Religious and Political Freedom, and erstwhile Lutheran minister Richard Neuhaus, who wrote the IRD’s initial statement of principle. Novak, Neuhaus, and Peter Berger, another member of the IRD board, have long functioned as the “religious” triumvirate within the neo-conservative movement.

From its inception, the IRD functioned as a de facto adjunct of Reagan administration policy, especially in Ibero-America. One of its first tasks was to build support for the Nicaraguan Contras, hardly surprising given that another of the institute’s founders was Penn Kemble, a pivotal figure in Oliver North’s networks and the head of the Project Democracy-affiliated Prodemca.

In an IRD Briefing Paper promoting the “neo-liberal” model for Ibero-America, IRD fellow Amy Sherman gloated that “the so-called ‘evangelical explosion’ in Latin America may provide a potential source of energy for the capitalist revolution. For many Latins, their conversion . . . from folk Catholicism . . . will bring significant attitudinal and behavioral changes. These may complement the liberal economic reforms being imposed from above, if Max Weber’s old argument linking the Protestant work ethic to the ‘spirit of capitalism’ holds water in the Latin context.”