

FOGEL'S CALL TO CATCH UP WITH THE ECONOMY AS AN OPENING FOR CHRISTIAN ECONOMISTS

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Robert Fogel, who won the Nobel Prize in economics for his research in economic history, particularly that assessing well-being in the past, has recently turned his skills to examining the future. Concluding that the past few centuries, especially the twentieth, provided unprecedented material gains in both well-being and in equality, he argues that future gains to utility will occur more from spiritual enrichment than from increases in material prosperity and that inequality will increasingly depend upon differences in spiritual resources. These changes call for new ways of thinking about and even measuring well-being. Despite his more secular definition of spiritual, his call indicates new openings for Christians to participate in such debates with economists specifically, and with all people concerned about equality and justice.

I. Introduction

Believe it or not, forty percent of those attending a recent American Economics Association annual meeting were ordained ministers concerned with the general physical and spiritual well-being of people in the United States.¹ Of course, "recent" is relative. That was actually the *first* meeting of the AEA in 1885, organized by Richard Ely. Today there are typically more ministers of government than of denominations. But the story is true. It appears surprising because since that time the field has moved in ways that often make it seem to be one of the foremost proponents of materialism and unconcerned about spiritual matters.²

Nonetheless, a similar story in fact did happen recently, in 1999, when Robert Fogel, the 1993 Nobel Prize winner in economics, whose specialization is in measuring well-being of people historically, gave the presidential address.³ In it, Fogel argued that spiritual well-being was rapidly becoming more important than material. Consequently, failure to account for spiritual resources of people was increasingly problematic for assessing well-being overall, for reflecting on how to understand equality today, and for programs to support those in poverty tomorrow. He argued that the economy was changing toward

these non-material elements, and that economists had to catch up to it. As if that were not stunning enough, he followed it up the next year with a book arguing that devout Christians, because they placed more value on the spiritual life, were closer to the correct direction in how to continue the egalitarian tradition in the US, and that they had been so historically.

It is hard to know which is more shocking: that the first gathering was 40% ministers or that a president of the AEA in the past 6 years used his presidential address to speak of the need to explore spiritual values. Given the secularizing trend of all disciplines, including economics, the more recent might have that distinction. While it is true that his definition of “spiritual” is in a secular, non-material, or “self-realization” sense, he is not opposed to traditional, more sacred notions of spirituality. He clearly acknowledges the importance of religions in imparting even those aspects that he discusses, and appears quite supportive of many Christian positions, material and spiritual, in both sacred and secular senses. Thus, the occasion of an economist of his position arguing for consideration of spirituality retains its surprising character.

Paradoxes and puzzles are hardly unusual occurrences in the study of progress in well-being over recent centuries. An early one, which remained unresolved until recently, was when and whether the Industrial Revolution shed gains to the average American or European.⁴ In fact, absolute gains took years to achieve, and even relative gains for the poor were uncertain at the dawn of the 20th century. Moreover, even to the extent gains occurred in typically measured variables such as income and wages, in fact physical measures of well-being, such as stature, body mass, life expectancy, and morbidity showed *declines* in the early years of the Industrial Revolution. Surprisingly, not until approximately World War II did the height of the average American male surpass that of the average American male *during Washington’s presidency*! Productivity clearly grew, but how could the payoff from it have taken so long to occur? Another paradox concerns the distribution of income more recently. Since the 1970s, education and consumption levels have increased across the board, but income levels of the bottom 60-80% have apparently stagnated while that of the top 20-40% of the population has risen.⁵ Finally, as Gregg Easterbrook observes in *The Progress Paradox* despite these substantial increases in consumption in the past half century, national surveys for this time period find little change in reported levels of happiness.⁶ For economists, these have been substantial puzzles, though perhaps critics of the market system have not found such difficulty accepting them.

Nonetheless, with all these paradoxes to consider, I'd like to examine a fourth: that a Nobel-Prize-winning, secular economist at the end of the 20th century would encourage economists to consider spiritual values when examining well-being and questions of justice and equality. It turns out that the answers to these other paradoxes are linked, so along the way, I'll examine the answers to the puzzles above as well.

His argument was straightforward. Despite the questions raised by the paradoxes above, the twentieth century was one of unparalleled material progress in the United States and Europe. While much remains to be made, even the poor in those countries have gained tremendously. The twenty-first century promises more of the same: broad material gains for all, at a rate unequaled in human history, and with benefits extending all the way down the income scale. Consequently, the marginal gains to human welfare from additional material progress will get smaller and smaller. If economics is generally utilitarian, this leads to further questions. What will provide the gains in the future? How should that understanding shape our reflections on principles of justice and equality?

His response is that greater gains to utility will occur from spiritual enrichment, not increases in material prosperity, and that differences in utility will increasingly depend upon these differences in spiritual, not just material, well-being. These changes call for new ways of thinking about and even measuring well-being. Despite his more secular definition of spiritual, I argue that his call indicates new openings for Christians to participate in such debates with economists specifically, and with all people concerned about equality. Since his address represents a summary of his recent work, I will follow the structure of it, while including references from that research.

II. Fogel's Presidential Address: "Catching up with the Economy"

To be chosen as president confirms the recipient's talents as a researcher and impact on the field. The talk is usually before several thousand economists, perhaps the largest gathering of economists in one room in the world each year. Consequently, AEA presidential addresses can be an intellectual treat as an acknowledged leader provides what is likely the best review of major questions in their sub-field, recent progress, its implications for public policy, future directions for work, etc. This past year, Martin Feldstein, a public economist from Harvard and a senior economist for Ronald Reagan, discussed recent work on social insurance programs (Medicare, Unemployment Insurance, Social Security), and how such programs can be reformed to reduce the negative incentives they have for behavior.⁷

Thus it isn't surprising that Fogel would discuss gains in well-being when he spoke. He won his Nobel for studies making economic historical analysis more rigorous, particular for that examining slavery. He has turned these skills to assessing gains in well-being of people across recent centuries. This has included such technical analyses as adjusting for how caloric needs differ by body mass and size, disease pressure, and living conditions, as well as accounting for when benefits of public health measures accrue to the population. It is this kind of work in such difficult areas of analysis that Fogel has made his specialty. As Partha Dasgupta wrote: "for more than four decades, Professor Fogel has painstakingly unearthed evidence on the various conditions of human suffering, and on the pathways by which people have been able to emerge out of their suffering."⁸

Thus it wasn't unusual that Fogel discussed gains in well-being over recent centuries, difficulties in measuring such progress, and directions for the future, though examination of spiritual well-being might have been unexpected. However, in retrospect perhaps it isn't surprising that work on topics as abstruse as estimating historical well-being down to the level of calories consumed, adjusted for disease pressure and consumption time, should cause one to consider other difficulties in determining welfare more broadly and what those answers imply for how to improve it in the future and for our principles of egalitarianism.

In fact, his address follows that path of his own research. He began, as his research did, with reflection on problems in measurement. He then examined four aspects of this: measurement must account for how technological change has affected both the economy and people themselves, the need for life-cycle data, the need to account for the decrease in formal work time and the rise in opportunities for non-market activity, and how the value of this time is shaped by people's spiritual resources. He concluded with the argument that since the marginal gains from material benefit will be low, and non-market work will (continue to) rise substantially in relative importance, the historical focus on material inequality (resulting from market earnings) and failure to account for the rise in spiritual inequality, skews perception of well-being and possibilities people have for raising it. As he wrote "Spiritual or immaterial commodities make up most of consumption in the United States and other rich countries today."⁹ He titled his address "Catching up with the Economy" because the economists had not yet effectively caught up to these changes.

III. The Technophysio Evolution and the Need for Biomedical and Economic Measures of Well-Being

To the uninitiated, his first point must seem more like a technical digression than lead-in to the main idea. The vast changes in productivity in the past 200-300 years have not only changed what is available to people, they are changing people themselves. These changes have allowed people to live longer, grow larger, and work more efficiently than before. While this sounds like a form of evolution, as in a gradual strengthening of a species over time, the changes have been too large for too short a time span. Instead, they have occurred due to synergistic changes in both people themselves and the economy as a whole. Fogel (and Massachusetts Institute of Technology economist Dora Costa) have labeled this change *technophysio evolution* because the physiological changes have resulted from technological changes in the economy (e.g. greater productivity providing a better environment in which to grow), which in turn have allowed people to work harder (thus inducing yet more technical change). Understanding these changes is necessary to help us better interpret the past, (how we have progressed) as well as where we are headed (e.g. for output, health care, longevity), since our needs and abilities will be changing. This also implies that we need to be more careful about what we measure and how we do it when assessing well-being. These ideas are described at length in his cheerfully titled book, *The Escape from Hunger and Premature Death, 1700–2100*.

Assessing well-being historically (and changes in it over time) is difficult since it requires the ability to find out what people had, what they needed, and what they valued. People have traditionally used such economic factors as real wages, per capita income, income distribution (e.g. Gini ratios), productivity, and even rates of homelessness and caloric intake. However, these may be inappropriate if people's physical needs have changed over time, whether because of unusual conditions (e.g. diseases) or general changes (the technophysio evolution). Thus a more complete picture can be obtained if one also includes biomedical measures such as height, body mass, longevity, and morbidity (chronic disease).¹⁰

Understanding how people's needs vary with circumstances sheds great light on the progress of the United States and European countries immediately following the Industrial Revolution. This has been the subject of tremendous debate, but the conclusion of more recent research using economic measures is that gains, even down the income scale, were slow to spread, but did increasingly occur,

particularly in the late 1800s, and extremely rapidly in the 1900s. Wages and income across the board eventually grew. Caloric intake, always high in the US from the 1700s on, remained high, while that in Europe grew, as did quality of housing and clothing.¹¹ Thus, the economic measures present a picture of the 1800s in which well-being remained at least constant, if it did not increase slightly, particularly starting in the late 1800s. During the 1900s, however, per capita income and real wages skyrocketed, Gini coefficients plummeted (i.e. income became more equally distributed), homelessness almost disappeared (from about 10-20% in the 1800s, to less than 0.4% today), output and nutritional value of food rose, as did output of all other goods.¹²

Oddly, however, the biomedical measures show a different picture: all four measures declined or stagnated, and inequality in these measures actually grew, for people in the United States and many European countries in the first half of the 19th century. This was gradually reversed in the latter half of that century, but full recovery did not occur for some factors until the 1940s. For example, average height of American males did not return to its 1790 level until after World War II. These biomedical measures indicate vastly larger gains in well-being in the 20th century. Heights have risen extensively (for instance, average height of Dutch males has risen by 8 inches since 1850) and longevity has been extended tremendously, from the 40s in the 1800s to high 70s today.¹³

What happened? Rapid urbanization in the early 1800s, combined with greater mobility (both internal and across countries) resulted in higher rates of disease. Higher rates of disease raised caloric needs (people use calories and nutrients less efficiently when sick, both because they do not process them as effectively, and because some of the calories are used in fighting off the disease), resulted in people being shorter (they reduced calories and nutrients when young which could be devoted to growth) and resulted in people having fewer calories with which to exert themselves in doing work. The decreases in stature, body mass, longevity, and increases in morbidity indicate that increases in economic factors (e.g. calories from increased output) were swamped by greater biological demands on people.¹⁴ On the other hand, investments in public health measures in the late 19th and early 20th centuries, such as improvements in water supply and purification of milk, and in medical technology and education, reduced disease pressure,¹⁵ which combined with improvements in agricultural technology to vastly augment people's health and ability to work.¹⁶

These changes have been particularly important for the poor. As Fogel writes, "the record of the 20th century contrasts sharply with

that of the two preceding centuries. In every measure that we have bearing on the standard of living, such as real income, homelessness, life expectancy, and height, the gains of the lower classes have been far greater than those experienced by the population as a whole, whose overall standard of living has also improved.” The income of the average family *below the poverty line*, would put them in the top 10% of the income bracket 100 years ago.¹⁷ Two thirds of the fall in the Gini ratio (from about 0.6-0.7 for US and European countries in 1700 to about 0.3-0.4 today) occurred in the 20th century. Since income at all levels was increasing, this means that the income of the poor was rising faster than income for the rest of the population. The rich may have been getting richer, but the poor were gaining even faster.¹⁸ In Britain, for example, the gap in stature between rich and poor has fallen from 5 inches in the early 1800s to one inch today.¹⁹ Life expectancy of the poor has risen absolutely from 41 to 75 today, and the gap between that of rich and poor has fallen from 17 years in 1875 to 2-4 years today.²⁰ This 34 year gain, in one century, exceeds all cumulative gains in life expectancy in human history. Again, Fogel notes, “if anything sets our century apart from the past, it is this huge increase in the longevity of the lower classes.”²¹

The combination of economic and biomedical measures of well-being thus provides a better understanding of changes in recent centuries. The economic factors appear to *overestimate* gains to well-being in the 19th century, but *underestimate* gains in the 20th. On the other hand, the biomedical measures provide evidence that the absolute position of the poor improved little (if at all) and that the relative position *fell* for much of the early 19th century, but that gains in the 20th century, especially to the poor, were substantial and unprecedented in human history.²² Thus the combination of the two different types of information helps make sense of what was previously a paradoxical pattern of growth. By implication, the project of assessing well-being of people now, or ever, requires understanding how people’s needs are changing and effective and accurate measures to capture those ways.

Economists are not, nor have they ever been, naive about this need. Simon Kuznets, who won the Nobel prize in economics for his development of national income accounting, pointed out many of these inadequacies in his own research. For years people have proposed different methods to adjust for particular elements such as leisure or non-market production. The country of Bhutan, for example, has just moved to measure progress by Gross National Happiness.²³ Fogel’s research demonstrates how important some adjustments may be for interpreting progress in light of how people are changing.

To understand the past three centuries (to catch up with a correct understanding of the economy of the past), we have to adjust for physical and disease pressure people faced, for which biomedical measures are crucial supplements to traditional economic measures. This naturally raises the question of how we will be changing in the near future and what measures will be needed to help us understand progress in light of those changes: well-being, distribution of resources, equality in society, etc.²⁴

An additional conclusion from the findings above, is that biomedical gains occurred long after the investments for public health expenditures made.²⁵ Providing benefits when people were young allowed them to live longer and reach larger sizes later.²⁶ This last point makes clear that changes in well-being may be set in place years before one observes a given population, and thus need to be accounted for earlier. For this reason, Fogel argues for the development of life-cycle data sets.

IV. Shifting to Life-Cycle Data

Economists have long held that longitudinal data sets provide better information on individual behavior than cross-sectional data since people make decisions across time. For example, 2004 Nobel Prize winner Ed Prescott's recent research using such data on a number of developed countries indicates that lifetime labor supply response to tax rates may in fact be quite large, though cross-sectional data sets generally find that labor supply, especially for men, is fairly inelastic.²⁷

These are also crucial for assessing changes in well-being. For example, although decreases in Gini coefficients indicate huge gains in income equality in the mid-20th century, these reversed in the last three decades (across most developed countries, not just the United States). A simple (and technically correct) explanation was that income of the top 20-40% of the population has risen, while that of the bottom 60-80% has barely changed at all.²⁸ Surprisingly, this has occurred as more people have gone to college, more women have moved into the workforce, spending has risen, and relative spending has remained fairly equal across groups. In fact, the average poor household has many of the same goods as upper-income individuals.²⁹

Longitudinal data sets have helped answer this paradox and helped economists catch up with a more accurate understanding of the economy. By following the same households over many years, we now know that this is not the same group of people who are always in the bottom 20%. The bottom 20% is changing because there is a constant

influx of new immigrants into the bottom income deciles³⁰ and because people move across income levels as they progress across their life cycle.³¹ Spending levels have increased because most people at the bottom deciles are at the beginning or end of their life-cycle of earnings or have experienced temporary income declines but who consume (or continue to consume) based on the expectation of earnings increases. For the young, they are technically poor at 25, but will not be at 45. This has helped shift the focus to address those who are chronically poor, a group which is substantially less than the 11-13% below the poverty line in each year, and which is probably more in the neighborhood of 3-6% of the population.³²

Fogel acknowledges these new findings as vital for correctly understanding the condition of the poor and demonstrating how much they have gained materially. As he writes, “some proponents of egalitarianism insist on characterizing the *material* level of the lives of the poor today as being as harsh as it was a century ago. Failure to recognize the enormous *material* gains over the last century, even for the poor, impedes, rather than advances the chronic poverty in rich nations, the principle characteristic of which is *spiritual estrangement* from the mainstream society.”³³ However, he adds an additional dimension: the need for lifetime information. The studies assessing material progress in the 19th and 20th centuries also find that many aspects of people’s needs (e.g. health, stature) are determined by conditions experienced when young (from the womb through childhood), and thus gains from public health and medical advances may not occur until later in life. Data sets without lifetime information may miss how critical aspects of people studied were determined far earlier. Again, we must catch up with the economy in how we measure it, or we will only poorly measure how people change in health care needs, longevity, retirement, etc.

V. Expansion in Leisure and Voluntary Work Raise the Value of Non-Work Time

But improved data sets are insufficient without an understanding of what should be measured in them. More important is improved understanding of how people’s lives are changing and what these changes means for what we should measure. In the 1800s it was slowly increasing material basics, offset by increasing disease demands. In the 1900s it was rapid increases in consumption combined with massive decreases in formal work and huge increases in leisure time, across the income spectrum.

These changes are documented in research that has focused on consumption, i.e. not what income people report, but what they actually consume.³⁴ Cox and Alm, in particular, using extensive data on what people own, demonstrate how consumption has risen across all goods, across all income levels, even among the poor. By any measure, what the poor have available to them has increased: cars, electronics, home quality, etc. Thus if our concern is not just income, but what it can buy, their analysis demonstrates that for US residents even the poor have what were once only luxuries for the wealthy. Spending on basics (food, clothing, and shelter) has plummeted as a percentage of income from 85-90% of income in 1875 to about 30-38% today.³⁵ This has freed people to spend substantial amounts on other goods and services: health care, education, as well as on other consumption. If one converts prices in currency to time cost (the amount of time an average worker would have had to work to earn enough to purchase the good), people have to work less and less time to afford this ever expanding array of products.³⁶

Less well understood is the related and very important change: that those price decreases have allowed people to purchase massive increases in leisure time, a trend only likely to continue. Despite the popular impression created by early research such as Juliet Schor's *The Overworked American*, more recent and complete studies of time-use find that people have vastly decreased their number of work hours, both while working (e.g. dropping from 60-plus hour weeks to 40 hour weeks), as well as by retiring earlier, and these trends are likely to continue.³⁷ Between 1875 and today, as a portion of (leisure adjusted) total consumption, leisure has grown from 18% to nearly 70%, while food, clothing, and shelter have fallen from about 74% to 12%.³⁸

Given the massive increases in leisure, measures of income, wages, and material consumption increasingly apply to what is a smaller and smaller portion of what people actually want and consume and are thus increasingly inaccurate measures of well-being. This has important implications. Failure to account for this shift vastly underestimates gains at all income levels in the past, produces an erroneous picture of equality in the present, and, if continued, will give an inaccurate sense of what to do in the future. Again, his argument that economists catch up with the economy highlights the importance of finding out what people value, how much, and what other measures we need to assess that.

Part of his response is that even leisure itself is inaccurately thought of as “non-work” time. Instead, he argues that people are using reduced formal/market work hours to engage in other work that they enjoy, paid or not, which he calls voluntary work, or “volwork” since they are doing what they want. He argues that just as typical economic

measures were poor indicators of the true levels of equality and conditions in society in the past two centuries, they are poor indicators today because consumption of (or, better stated, the resources which affect the ability to participate in/engagement in) volwork is unequally distributed. Failure to account for this will result in an increasingly inaccurate sense of actual well-being.

How serious is this measurement error? Since people start work older, retire earlier, and live longer, lifetime volwork has quadrupled in the past 100 years. Fogel expects that formal work time will continue to decline, while volwork time will continue to increase. He estimates that lifetime formal work (“earnwork”) time has dropped from 182,100 hours in 1880, to 122,400 today, and will further drop to 75,600 by 2040. On the other hand, volwork has increased from 43,800 to 176,100 today and will rise to 246,000 hours in 2040.³⁹ If typical, paid employment is dropping from four times voluntary work in 1880, to approximately two-thirds of it today, to less than a third of it in a few decades, then the income people earn from their earnwork is already a poor indicator of well-being, and will be an even worse one in the future.⁴⁰ What, then should we measure? What will people be doing? What will they value?

VI. The Measured Happiness Paradox

Surprisingly, on the way to devising an answer to this question, Fogel did not address a related paradox: how much increased utility people actually seem to have gained from all that consumption increase in the 20th century. If the basic economic model of human behavior is correct, increased consumption ought to have produced increased utility. Interestingly, as Gregg Easterbrook demonstrates in his book *The Progress Paradox*, studies do not find this effect. Surveys of happiness carried out since the 1940s, across many countries, find that while people with more money are slightly happier in any one time, happiness has not increased over time as people have (across all cohorts) risen in consumption. This research has been more explicitly examined in Tibor Scitovsky’s *The Joyless Economy*, which examines the psychology of human consumption, and popularized in Juliet Schor’s *The Overworked American*.⁴¹ A more recent academic summary is provided by Bruno Frey and Alois Stutzer in “What Economists Can Learn from Happiness Research.”⁴² Despite massive income and consumption expansion across every income category, people report little additional happiness. Thus a general trend in commentary on happiness research is that this exposes a fatal flaw in the economic assumption that having more results in greater happiness.⁴³

There are many difficulties with this research. First, measuring happiness is surprisingly difficult in a survey. Second, many other factors have changed over the period, so ascribing ineffectiveness solely to material consumption is inappropriate. It may be that increased mobility or family dissolution has negated material gains. Still, the lack of effect during a time period of massive social change and material gains is startling.⁴⁴ Richard Easterlin states that this evidence points to a need to search more deeply into what provides happiness besides income gains.⁴⁵

The general findings of such research do not necessarily negate Fogel's argument. Perhaps the huge gains he documents provided their utility increases early in the century, while the consumption since then has not. Perhaps a social change to decrease welfare somewhere else in society is countering the force for utility increases from natural/material (non-spiritual) gains. Nonetheless, the lack of impact on happiness surely argues for taking a look at other sources of well-being. This fits both Fogel's case and a Christian vision of a human person who is made for God alone. As Augustine said, "our hearts are restless until they rest in thee."

VII. Spiritual Goods and Resources

If consumption will be a smaller portion of total contribution to well-being, and people will be working less, what will be the greatest sources of well-being? What is or will be of value? What will determine what people can do for earn and volwork? Fogel's surprising answer is spiritual resources, though by this he generally means the more secular sense of ability for self-realization. The huge gains in material welfare and decreases in formal market work time are leaving people with more freedom to engage in greater self-realization, an opportunity that in the past would have been limited to only a small portion of the population. Just as health and leisure gains were among the most important in recent centuries, differences in this will be most important in the years to come. As he writes: "In the era that is unfolding, fair access to spiritual resources will be as much a touchstone of egalitarianism as access to material resources was in the past."⁴⁶

What does he count as spiritual resources? Here he wanders farthest from his expertise, relying on such work as John Dewey and Richard Rorty: "sense of purpose," "vision of opportunity," "sense of the mainstream of work and life," "strong family ethic," "sense of community," "capacity to engage with diverse groups," "ethic of benevolence, "a sense of discipline," "a capacity to focus and

concentrate one's efforts," "capacity to resist the lure of hedonism," "capacity for self-education," "a thirst for knowledge," "an appreciation for quality," and self-esteem.⁴⁷ These factors affect both people's effectiveness in formal work as well as their ability to engage in self-realization. For example, lack of discipline hurts a person both in their ability to get an education, at work, and to pursue other activities of value spiritually (in both a secular and sacred sense). If we measure well-being as a function of consumption, health, and self-realization, then differences in these resources are substantial, if not the largest, sources of effective inequality today and will result in greater differences in the future.⁴⁸

True, the resources and spiritual goals he lists are secular rather than spiritual in the sacred sense. He does not say the Eucharist, Mass, the Holy Spirit, or a relationship with God. Similarly, one could say that "why spend your wages for what fails to satisfy" is as old as Isaiah, so perhaps it is Robert Fogel and other secular economists who need to catch up with the economy, not Christians.⁴⁹ Nonetheless, these should not be reasons for Christians to discount his work.

First, while Fogel is (as he admits) a "secular child of the Third Great Awakening," he is clearly not closed to traditional, sacred interpretations of spiritual well-being and may even support some of them.⁵⁰ As he writes in the second paragraph of the book "... the future of egalitarianism in America turns on the nation's ability to combine continued economic growth with an entirely new set of egalitarian reforms that address the urgent spiritual needs of our age, secular as well as sacred."⁵¹ Moreover, *Fourth* provides unusually positive assessments of and support for both traditional religious institutions and religious values and outcomes.

He acknowledges the strong, if not irreplaceable, role of religious institutions (e.g. strong families, churches, church affiliated schools, faith-based programs, and religious groups such as Promise-keepers) in supplying those spiritual resources which sustain egalitarian progress.⁵² These provide important contributions to even secular principles because many of the resources and spiritual values he discusses are best taught through these institutions rather than by government. Further, a main premise of *Fourth* is how "enthusiastic" Christians have more properly managed to respond correctly politically and pastorally to the genuine needs, material and spiritual, of people in US history (even across the technophysio and economic changes discussed in *Fourth* and *Escape*). In an academic world often hostile to Christianity and loath to praise it, this may be a relatively strong statement. That he feared his argument would be so interpreted is clear

from his stated worry that some of his opponents would reject his case as one which would come from the “religious right.”⁵³

His framework also supports many outcomes and issues central to Christians. His list of important spiritual values includes many (particularly sense of purpose, sense of the mainstream of work and life, strong family ethic, sense of community, ethic of benevolence, a sense of discipline, capacity to resist the lure of hedonism, an appreciation for quality, and self-esteem) which arise from religious teaching or point strongly to it. And nothing in his writings precludes incorporating the value of spiritual resources as traditionally understood (such as the sacraments). In fact, as he notes, his suggested areas of spiritual resources were not intended to be exclusive and are not yet fixed.⁵⁴

That the emphasis of his framework is open to traditional religious ideals is clearest in his discussions of poverty and equality, the main theme of *Fourth*.⁵⁵ For example, he states “the Social Gospelers’ effort to reform human nature, to crush evil, and to create God’s Kingdom on earth through income redistribution has failed.”⁵⁶ While government programs have helped many avoid poverty, failures to achieve any additional gains in addressing poverty arise more from factors associated with morals than from lack of funding. As he writes “The theory projected by the Social Gospelers, and embraced by modernism generally, held that cultural crises could be resolved by raising incomes. That theory has been given a long trial and has turned out to be incorrect. Despite the sharp rise in incomes, especially at the low end of the income distribution, the moral crisis of the cities remains unresolved Oddly, the sharpest increases in indicators of moral decay came after, not before, the “war against poverty” of the 1960s and 1970s.”⁵⁷ Similarly, “disciples of the Third Great Awakening dismissed the relevance of personal responsibility as a key element in the struggle against corruption.”⁵⁸

Surely one of the main areas of disagreement between liberals and conservatives in addressing poverty is the role of morality and the breakdown of important social institutions in the poverty which exists today. His arguments (unprecedented progress has happened for the poor materially in the last century thus leading us to consider other areas for gains; the decrease of the role of material resources in the well-being of people; that the main causes of poverty and/or inequality have changed over time—low productivity in 1700s, disease pressure in early 1800s, changing institutions in the late 1800s, failure to grasp opportunity today) provide strong evidence supporting the importance of traditional religious values, and do so both from frequently argued grounds (e.g. family breakdown) as well as new ones (the importance of the non-

material to questions of equality). As he writes, “The most serious threats to egalitarian progress—the most intractable forms of poverty—are related to the unequal distribution of spiritual (immaterial) resources.”⁵⁹ These both support traditional moral arguments in addressing poverty at the institutional level (e.g. role of the family), while highlighting a new justice-based call to assess the value of spiritual resources and values, both secular and sacred. These should appeal to Christians both out of concern for the best way to help the poor and because the best way more clearly involves a return to Christian principles regarding the importance of the family.

Secular research has increasingly confirmed what the Church has taught: the early years of development are crucial, and a married couple provides the best environment for that development.⁶⁰ In reviewing the extensive research of recent decades on attempts to raise people’s human capital, Nobel Prize winner James Heckman and Economist Pedro Carneiro conclude it is extraordinarily difficult to make up later for deficiencies which occur in early childhood.⁶¹ Fogel cites the work of William Julius Wilson in establishing that some of the most important factors in material poverty are the lack of spiritual resources.⁶² Beyond human capital, however, (though these factors are related to market earnings too) the family is the primary place in which people learn the most important aspects of life that underlie the kinds of spiritual resources Fogel mentions: love, meaning, truth, goodness, sense of dignity, and purpose. As John Paul writes in *Centesimus Annus* (39):

The first and fundamental structure for “human ecology” is the family, in which man receives his first formative ideas about truth and goodness, and learns what it means to love and to be loved, and thus what it actually means to be a person. Here we mean the family founded on marriage, in which the mutual gift of self by husband and wife creates an environment in which children can be born and develop their potentialities, become aware of their dignity, and prepare to face their unique and individual destiny.

The apostolic exhortation *Familiaris Consortio* develops these points in much greater detail and reiterates the call for the Church to assist in making the importance of the family known:

At a moment of history in which the family is the object of numerous forces that seek to destroy it or in some way to deform it, and aware that the well-being of society and her own

good are intimately tied to the good of the family, the Church perceives in a more urgent and compelling way her mission of proclaiming to all people the plan of God for marriage and the family, ensuring their full vitality and human and Christian development, and thus contributing to the renewal of society and of the People of God (FC3).

Fogel's argument not only to consider spiritual resources in our evaluation of poverty, but that the negative impact of the lack of spiritual resources outweighs the lack of material resources, helps make the case that poverty today (at least in the developed countries) differs from that of 200 or even 100 years ago. Thus we need a different approach to address it than in the past. His argument that strengthening families is the most effective means of redressing these inequities in spiritual resources (with its implications for both material and non-material well-being) adds weight to the Church's own (unchanged) teaching to support the family as the basic building block of society, as the best for people themselves.

This argument that poor distribution of spiritual resources contributes to poverty raises the question of how well-being and inequality is measured in the first place. The importance of the biomedical measures and the rise of opportunities for volwork, make clear the difficulties that "the economist's traditional measures of income inequality are inadequate measures of both egalitarian gains and egalitarian failures [since] they focus on a variable—money income—that currently accounts for less than half of real consumption and which in a generation may slip to just a quarter of real consumption."⁶³ This is part of his call for economists to "catch up with the economy," that simple measures of wages, income, or output only poorly capture what matters to people. However, this represents an opening up of discussion of non-material resources and what matters in life to members of other disciplines: from the sciences to sociology to theology. Such a call from so prominent, and secular, an economist surely carries more weight than a similar statement by a member of the clergy, or even an economist in the Society of Catholic Social Scientists.

VIII. Implications for Christian Economists

What does this imply for Catholic social scientists? Surely, his work contains weak points, the weakest from a Christian standpoint being his secular notion of spiritual resources and value. In addition, he surprisingly does not reference the research on happiness and

consumption. Nonetheless, Fogel's case is a strong one (perhaps an old one strengthened by recent secular research) and Catholic social scientists ought to be capable of using it when engaging secular researchers.

First, his address was to urge economists to "catch up with the economy." This applies to Catholic social scientists as well. As a start this includes familiarity with recent research on progress in the past few centuries (e.g. that reviewed in *Escape*). Similarly, if there is a move to account for non-material resources or values, surely Catholics ought to be part of this discussion. Perhaps the reason he did little to address spiritual gains or resources in the sacred sense is that Christians have not sufficiently developed this in a framework connected to secular researchers. This ranges from places in which traditional battles still rage (e.g. the importance of the family, traditional sexual mores, impact of divorce, etc.) to the more ethereal aspects of measuring the value of spiritual resources. The Metanexus Institute's project to assess spiritual capital (led by a number of prominent Christian economists) would be a move in this direction. Perhaps connecting some of the spiritual resources Fogel enumerates to traditional Christian principles such as temperance, meaning, or sense of dignity would provide a framework by which those principles are examined.

Knowing the richness of our own teachings is important as well. In many of these areas, such as explaining the "progress paradox" above, the concept of a human person matters tremendously, and in that the Church has much to offer. To not engage in this discussion is to leave the field open to be defined by others and to deny others the insights of that Christian vision of a human person. This is clear in, for example, the writings of John Paul II in *Centesimus Annus*: "It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed towards "having" rather than "being," and which wants to have more, not in order to be more but in order to spend life in enjoyment as an end in itself."⁶⁴

As Fogel observes, this is an area in which positions have not yet been fixed, so early participation is crucial. As he writes

In the future, the main struggle for egalitarian reform will revolve around a set of issues that have just begun to emerge and that have not yet been adequately defined. It is still not clear how these issues of spiritual or immaterial equity may best be advanced or how responsibility for implementation might best be apportioned among federal, state, and local governments, private businesses, and compassionate voluntary

organizations. Because of the novelty of the issues of spiritual equity, positions on them have not yet hardened along partisan or ideological lines, so opportunities to forge broad coalitions for egalitarian solutions are promising.⁶⁵

Such hardening of positions may well have happened in other fields, such as psychology or even business, where more secular viewpoints have acquired ascendancy.⁶⁶ Because such a bias has yet to set in for economics, perhaps there are yet opportunities for Catholic social scientists to make important contributions.

Notes

1. Robert Fogel, *The Fourth Great Awakening and the Future of Egalitarianism* (Chicago: University of Chicago Press, 2000).

2. This is not to say that there are neither economists nor journals in the area. Also, it is not purely material, as work at the intersection of psychology and economics, and the basis of market value in subjective valuation makes clear, but rather non-spiritual in the sacred, traditional interpretation of the term, and clearly the vast majority of the work is non-religious.

3. Robert Fogel, "Catching up with the Economy" *American Economic Review* 89 (1999), 1-21.

4. The phenomenal success of the Asian Tigers, however, implies that such uncertainties seem not to apply to countries modernizing today.

5. Gary Walton and Hugh Rockoff, *History of the American Economy*, 9th edition (Canada: Southwestern, Thomson Learning, 2002), 9.

6. Gregg Easterbrook, *The Progress Paradox: How Life Gets Better While People Feel Worse* (New York: Random House, 2003).

7. Martin Feldstein, "Rethinking Social Insurance" *American Economic Review* 95 (2005), 1-24.

8. Cover review for Robert Fogel's *The Escape from Hunger and Premature Death, 1700-2000* (Cambridge: Cambridge University Press, 2004).

9. Fogel “Catching,” 1. At the beginning, he states that he uses “...the word spiritual not in its religious sense but as a reference to commodities that lack material form.” However, by this he means that he is not limiting his definition to the strictly religious sense. As his later statements and book attest, this does not exclude spiritual in its sacred, religious sense.

10. Fogel *Fourth*, 138.

11. Ibid., 160.

12. Ibid., 144.

13. Ibid., 144; Fogel *Escape*, 41.

14. Fogel *Fourth* 149; Fogel *Escape*, 35.

15. Fogel *Escape* 37.

16. Ibid., 42.

17. Fogel, *Fourth*, 170; “Catching,” 6.

18. Fogel *Fourth*, 143.

19. Ibid., 144.

20. Fogel *Escape*, 40.

21. Fogel *Fourth*, 143.

22. Ibid 161. The relative fall occurred because the gap in life expectancy and stature between rich and poor rose in the early 1800s.

23. Karen Mazurkewich, “In Bhutan, Happiness Is King; Society Values Well-Being Over GDP—and Economists Take Note” *The Wall Street Journal* October 13, 2004, A14.

24. These last points also help flesh out what has helped raise well-being of people generally, especially the poor. Although direct transfer programs are not the major sources of gains, this doesn’t mean government has had a minor role. The major gain has been the shift

toward higher amounts of human capital needed in production, which resulted in higher gains going to labor. Thus the major form of assistance was from the establishment of public education (*Fourth* 157). However, this also raises the role of public health measures starting in the late 1800s.

25. The fact that life expectancy and stature rose during the Great Depression, makes clear that this was a return from earlier investments.

26. Fogel, *Fourth*, 160.

27. Edward Prescott, "Why Do Americans Work More Than Europeans?" *The Wall Street Journal* October 21, 2004, A18.

28. Walton and Rockoff, 9.

29. Michael Cox and Richard Alm, *By Our Own Bootstraps: Economic Opportunity and the Dynamics of Income Distribution* (Dallas: Federal Reserve Bank of Dallas, 1995), 22. Cox and Alm 1995; Lee 282; Walton and Rockoff, 8-10.

30. Easterbrook 12. Also Steven Camarota, *Importing Poverty* (Washington, D.C.: Center for Immigration Studies, 2000).

31. Cox and Alm 1995, 8. Chulhee Lee, "The Relation of the Growth in Income Inequality to the Organization of Work and the Structure of Consumption, in *The Fourth Great Awakening and the Future of Egalitarianism*, by Robert Fogel. Chicago: University of Chicago Press. 272-283. Walton and Rockoff 8-10. Note that progression across the life cycle is different from social mobility as commonly understood (i.e. moving from one class to another).

32. Cox and Alm, 1995; Lee 282; Walton and Rockoff 8-10. Their work has been part of a move in the last 15 years to determine inequality in lifetime earnings, not just inequality in a given year. While the exact degree to which this affects our picture of poverty is still unclear, Fogel argues that it reduces the percentage of the chronic poor to about 4% (*Fourth* 220).

33. Ibid 202-3. Emphasis in the original. Jonas Haralz (World Bank Nordic Countries) makes a similar point: "Those who feel strongly about poverty always emphasize how deep and widespread it is. But they seldom mention the great amount of people who have been lifted out of

poverty over the last few hundred years or especially, over the last few decades” (*Preface to The Skeptical Environmentalist* by Bjorn Lomborg (Cambridge: Cambridge University Press, 2001), i)

34. Michael Cox and Richard Alm, *Time Well Spent: the Declining Real Cost of Living in America* (Dallas: Federal Reserve Bank of Dallas, 1997); Lee; Easterbrook 2003.

35. Cox and Alm 1997; Fogel *Fourth* 266.

36. Cox and Alm 1997.

37. Frank Juster and Thomas Stafford, *Time, Goods, and Well-Being* (Ann Arbor: University of Michigan Press, 1985). John Robinson and Geoffrey Godbey, *Time for Life: The Surprising Ways Americans Use Their Time* (State College, Pennsylvania: University of Pennsylvania Press, 1997).

38. Fogel, *Fourth* 265)

39. Fogel, *Catching 6; Fourth* 189.

40. His optimistic predictions that, for example, people will focus more on family, self-realization, volunteer work, etc. seem questionable. While opportunities have increased for productive non-formal work, Robert Putnam’s *Bowling Alone* and general trends on the family call into question whether people have seized those opportunities. Why should we suppose that people will work toward developing spiritually, even in the sense he means, in the future when they have walked away from them in recent decades?

41. Juliet Schor, *The Overworked American: the Unexpected Decline of Leisure* (New York: BasicBooks, 1993). Tibor Skitovsky, *The Joyless Economy: the Psychology of Human Satisfaction* (New York: Oxford University Press, 1992).

42. Bruno Frey and Alois Stutzer, “What Economists Can Learn from Happiness Research” *Journal of Economic Literature* XV (2002) 402-435.

43. Happiness surveys seek to assess subjective utility: the individual’s perception of his or her well-being. Econometric analyses of the results then assume that people have some underlying latent utility index, which

may vary with consumption, personal factors, or events, which then determine the individual's responses to these questions. This avoids the problems of cardinal ranking or interpersonal utility comparisons and instead relies upon the internal consistency of the respondent. For recent discussion of these, see L. Arthaud-Day Marne and Janet Near, "The Wealth of Nations and the Happiness of Nations: Why 'Accounting' Matters" *Social Indicators Research* 74:3 (2005), 511; Richard Easterlin, "Feeding the Illusion of Growth and Happiness: A Reply to Hagerty and Veenhoven" *Social Indicators Research* 74:3 (2005), 429; Richard Easterlin, "Income and Happiness: Towards a Unified Theory" *Economic Journal* 11:1 (2001), 465-84; and Richard Easterlin, "The Worldwide Standard of Living since 1800" *Journal of Economic Perspectives* 14:1 (2000), 7-26.

Surveys differ on point scales for response and number of questions associated with the concept, but all seek the person's own view of their happiness. For example, the General Social Survey asks "Taken all together, how would you say things are these days—would you say that you are very happy, pretty happy, or not too happy?" (James Davis, Tom Smith, and Peter Marsden, *General Social Survey, 1972-2000: Cumulative Codebook* (Storrs, CT: Roper Center for Public Opinion Research, 2001)) The World Values Survey asks "All things considered, how satisfied are you with your life these days?" (Ronald Inglehart et al., *World Values Surveys and European Values Surveys, 1981-84, 1990-93, 1995-95*, (Ann Arbor, MI: *Institute for Social Research*, 1999)) While such personal assessments can vary, even over short periods, in general, numerous studies find that responses to these questions correlate well with other psychological and sociological indicators of happiness (e.g. heart rate, brain wave patterns, frequency of smiling, perception of the individual by others) of the person. Thus Bruno Frey and Alois Stutzer argue these reasonably capture subjective utility at the time (418).

44. Since these studies ask only about happiness overall, they depend on whatever the individual respondent finds fulfilling, without being limited to any particular factor (e.g. consumption or leisure) for utility. This enables researchers to partly capture any element of life which may raise the person's perceived well-being. Thus a poor person with a rich spiritual life may score very highly on such a survey.

On the other hand, even if Frey & Stutzer are correct that these subjective measures are correlated with other indicators of happiness, it is not clear how these correlate with spiritual well-being. As John Paul notes in *Centissimus Annus* (36), "A given culture reveals its overall

understanding of life through the choices it makes in production and consumption.” If personal preferences, distorted by sin, ignorance, or poor formation, result in people deriving utility from actions which are not spiritually beneficial, they may well report higher happiness. It is not clear how the restlessness our hearts have until they rest in God (St. Augustine) shows up in such surveys.

45. Easterlin 2005, 429.

46. Fogel, *Fourth*, 178. Fogel also observes that considering spiritual resources changes the picture of inequality: some materially rich are spiritually poor, while some materially poor are spiritually rich (*Fourth*, 205). This argument implies that spiritual resources are independent of (and may be prior to) material resources and parallels Viktor Frankl’s observations regarding spiritual practices in Nazi concentration camps: i.e. spiritual resources provided strong support for many during conditions of extreme material deprivation. (Frankl, *Man’s Search for Meaning* (New York: Simon & Schuster, Inc., 1985), especially pp. 54-64.) As Frankl argues later in the book, “Man’s search for meaning is the primary motivation in his life and not a secondary rationalization of instinctual drives,” p. 12. Fogel echoes this: “I believe that the desire to understand ourselves and our environment is one of the fundamental driving forces of humanity, on a par with the most basic material needs” (*Fourth*, 204). The same could be said of the extensive experience of saints who endured austere material conditions yet nonetheless enjoyed unimaginably rich spiritual lives (e.g. Peter of Alcantara, Catherine of Siena). These all raise questions regarding how satisfied people must be in basic biological needs (e.g. food, clothing, shelter) before spiritual goods and resources make substantial contributions to well-being, with implications for our notions of justice and equality. Fogel’s observation that the income of the average household below the poverty line would place them in the top 10% of households a century ago (*Fourth*, 170) and Cox and Alm’s documentation of the material possessions across the income spectrum thus prompt Fogel to argue that, regardless of the measurement difficulties in exactly specifying utility of spiritual goods and returns to spiritual resources, this point has been reached (*Fourth*, 202).

47. *Ibid.*, 209.

48. *Ibid.*, 206-8.

49. Isaiah 55:2.

50. Fogel Fourth, 14.

51. Ibid., 1.

52. Ibid., 208-213.

53. Ibid., 180.

54. Ibid., 38.

55. As often noted by psychologists and sociologists, poverty involves more than deficiency in absolute material well-being. The differences in material resources often translate into feelings of inadequacy and estrangement from society. Research into happiness from consumption provides some support for this: happiness is affected by relative income and consumption levels, expectations of future opportunity and well-being, as well as a host of non-monetary factors. (Frey and Stutzer, 408-18; also Richard Easterlin, "Income and Happiness: Towards a Unified Theory" *Economic Journal* 11:1 (2001), 465-84.) While the first two have been well explored, the latter category has not received as much attention.

Frey and Stutzer briefly consider the implications of these findings for anti-poverty policy (p. 427). Traditionally these policies have focused upon income measures and the extent to which people held sufficient resources for what was considered a basic level of living. However, the happiness research findings imply that simple increases in income via transfers may not substantially raise measured happiness if they do little to overcome relative differences in income. In light of this, some researchers, (e.g. Robert Frank, *Luxury Fever. Why Money Fails to Satisfy in an Era of Excess* (New York: Free Press, 1999).) go so far as to argue in favor of taxes and redistribution which may reduce the extent to which keeping-up-with-the-Jones keeps the Murphy's less happy. However, rather than chaining some back (which merely retains emphasis on material welfare), perhaps the better approach would be to help people appreciate the non-material. Research into the impact of non-monetary or even non-material elements on well-being may indicate greater effectiveness in building up spiritual resources, which would benefit rich and poor alike.

56. Ibid., 171.

57. Ibid., 172.

58. Ibid., 175.

59. Fogel, "Catching" 13.

60. The National Marriage Project center at Rutgers University provides excellent research and reviews other studies. See, for example, 2005 *The State of Our Unions: The Social Health of Marriage in America* (Rutgers University: New Jersey, 2006).

61. James Heckman and Pedro Carneiro, "Human Capital Policy: National Bureau of Economic Research Working Paper 9495" (Cambridge, MA: National Bureau of Economic Research, 2003).

62. William Julius Wilson, *When Work Disappears: The World of the New Urban Poor*, (New York: Knopf, 1996).

63. Ibid., 13. Here he is also referencing Amartya Sen, *Inequality Reexamined* (New York: Russell Sage Foundation, 1996).

64. Fogel, *Fourth* 36.

65. Ibid., 38-9.

66. Robert Giacalone and Carole Jurkiewicz, *Handbook of Workplace Spirituality and Organizational Performance* (Armonk, New York: M. E. Sharpe, 2003). They argue that they will use a definition of spirituality which is divorced from religious belief, a position clearly contrary to Christian spirituality.