

BUYING CIVILIZATION By David Herndon

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One enduring image from the American frontier is an image of neighbors gathering for a barn-raising. A barn-raising would bring together all the people of a community for two or three days. Everyone participated—women, men, and children, people of all ages. You wanted to participate because you were personally acquainted with everyone in the community: these were your neighbors, your friends, your family members. Moreover, it was rewarding to work together in common cause.

Here at the First Unitarian Church of Pittsburgh, we seek a similar sense of community. We work together in many ways: learning to sing our part in the choir, helping organize a birthday celebration, bringing food to a reception following a memorial service, contributing to a capital campaign, making a pledge to the operating budget, sharing a quest for religious insight as part of our ministry with children and youth, offering reassurance to someone who is struggling with a medical challenge, being a cooperative member of a covenant group, helping with a community service project or social justice project, or simply attending church of Sunday morning. Because we are more or less personally acquainted with one another, and because we feel a sense of affection and common cause and spiritual unity with one another, we are generally quite willing to offer help, or to provide leadership, or to share our financial resources, as we are able.

This coming Friday is April 15, the day when federal income taxes are due. You could say that on April 15 all citizens of the United States engage in a collective barn-building event. This is the day we all make a tangible contribution toward the well-being of our country. Yet many citizens don't view April 15 with the same nostalgic fondness we might have for an old-fashioned barn-raising. Many citizens don't think of April 15 as a community-building event or a day of celebration. Instead, we often hear people saying "death and taxes," associating a rather unpleasant eventuality with income taxes.

Of all the barn-raising activities we do here at First Unitarian Church, our annual pledge canvass for the operating budget is the one that most closely resembles payment of federal income taxes on April 15. Yet in all my years of ministry I never once heard of anyone hiring a pledge attorney to find ways of making the lowest possible pledge to the church, although people commonly hire a tax attorney to minimize their income taxes.

To summarize, we typically contribute toward the life of a religious community with a sense of generosity, sometimes even seeking out a way to make a contribution, yet we typically pay our taxes with the intent of making the smallest contribution possible. How shall we account for this difference in attitude?

Adam Smith, widely regarded as the founder of modern economic theory, had something worthwhile to say about this. A major figure in that period of intellectual history known as the Enlightenment, Smith was born in Kircaldy, a port on the

east coast of Scotland, in 1723. His father had been Comptroller of Customs there. His maternal grandfather had been a member of the Scottish Parliament. Smith was educated at the University of Glasgow and at Oxford University. In 1751, he was appointed to a faculty position at the University of Glasgow, first as professor of logic and rhetoric and later as professor of moral philosophy. His first book, The Theory of Moral Sentiments, was published in 1759. In 1763, Charles Townshend offered Smith a lifetime pension in exchange for tutoring his stepson, an offer which Smith accepted. Smith published his second major work, An Inquiry into the Nature and Causes of the Wealth of Nations, in 1776. Smith concluded his career serving as Commissioner of Customs for Scotland. He died in 1790.

In The Wealth of Nations, a book which was addressed principally to the members of the English Parliament, Smith encouraged the development of the market system based on the rational pursuit of individual self-interest. Nowadays we know this economic arrangement as capitalism, and we may think of Adam Smith as someone who encouraged personal greed without regard for the well-being of others, or as someone who encouraged exploitation of the poor by the wealthy. In fact, Smith was very much concerned to improve the economic lot of the working classes, and he believed that the best measure of the wealth of a nation was not the accumulated financial resources of the government, nor the fortunes amassed by the economic elite, but rather the purchasing power of the ordinary citizens. Moreover, Smith believed it was the duty of those who govern to find ways to strengthen this purchasing power.

As a moral philosopher, Smith had deep appreciation for the sentiment known as benevolence. He did not understand individuals purely or even primarily as economic beings, but believed that people engage in economic activity for non-economic reasons. Yet Smith also was enough of a realist about human nature to know that benevolence is a limited sentiment. We may feel benevolence for members of our family, for our friends, for our neighbors, and for others who are personally known to us, but we may find it more difficult to feel that same degree of warmth, generosity, and care for people we do not know.

Why would we enjoy a taking part in a barn-raising or contributing to the life of a religious community more than we would enjoy paying federal income taxes? Smith would remind us that benevolence is a sentiment of limited range, and he would point out that while those who take part in a barn-raising or contribute to the life of a religious community are personally well-acquainted with one another, those who inhabit the same country are unlikely to be personally well-acquainted with one another. Some other motivation beyond the sentiment of benevolence is required to get people to pay their federal income taxes.

The Age of Enlightenment was also called the Age of Reason, and we might expect that Smith would identify a sense of duty, set forth by reason, as the proper source of motivation for paying taxes and for behaving in socially acceptable ways toward people we do not know. But Smith also was enough of a realist about human nature to know that reason alone is not a sufficient source of motivation. Reason may impartially instruct us about our moral duties, but our actual conduct is in fact governed by our passions, most notably our sense of self-interest. Along with other moral philosophers of the Enlightenment, Smith looked to social institutions for channeling our passions in ways that would contribute to the well-being of society.

Smith had been impressed by the efficiencies to be gained by the division of labor in manufacturing. In The Wealth of Nations, he presented the example of a pin factory, where the division of labor among individuals who would specialize in just one small part of the manufacturing process would result in an increase in productivity that might be as much as two hundred and forty times what one person working alone could produce. Smith saw that gains in productivity resulting from the division of labor could vastly improve the standard of living of all citizens, particularly the working classes. But the division of labor would call on many individuals to do beneficial things for others with whom they were not personally well-acquainted. With the division of labor, the manufacture of a woolen jacket, for example, would require the efforts of perhaps hundreds of people. But if you wanted a woolen jacket, would benevolence be a sufficiently strong motivation for all those hundreds of strangers to create that jacket for you? Probably not. Would duty be a sufficiently strong motivation for all those hundreds of strangers to create that jacket for you? Again, probably not.

Skeptical of the strength of benevolence and duty to coordinate the efforts of many people and reap the benefits of the division of labor, Smith therefore introduced the counterintuitive notion that self-interest could actually serve a socially beneficial purpose if properly channeled through the market. In words that have been quoted many times, Smith wrote:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his [or her] fellow-citizens.

“I like to pay taxes,” wrote Supreme Court Justice Oliver Wendell Holmes, Jr. “With them, I buy civilization.” What a noble sentiment! What a saintly sense of universal benevolence! We may all aspire to this understanding that taxes are not a burden but rather an opportunity. But in the meantime, we had better rely on something stronger than benevolence to pay for our federal government. Come to think of it, we had also better rely on something stronger than duty and self-interest to pay for our federal government as well. A church community, for example, may squeak by with appeals to benevolence, duty, and self-interest, but in a nation of hundreds of millions of people who are personally unknown to one another, the Internal Revenue Service is probably a necessary mechanism for making sure that we can pay for our federal government.

But if we think of April 15 as the date of our annual national barn-building event, what contributions shall we expect from one another? Should every citizen contribute exactly the same percentage of income? Should wealthier citizens contribute a larger percentage of their income? Should every citizen contribute exactly the same dollar amount? Should we tax just income, or should we also tax accumulated wealth? If we tax income, shall we tax all income at the same rate, or shall we tax some forms of income, such as capital gains or dividends from securities, at lower rates? Shall we tax purchases, which would mean that all citizens would contribute exactly the same percentage regardless of income or wealth? For purposes of social security, shall we tax

all income at a constant percentage, or shall we exempt all income above some arbitrary level, such as \$87,900? Finally, shall we exempt from taxation income used for interest payments on the mortgages of homeowners?

All these questions reflect the larger question: What is the most equitable way to distribute responsibility for taxes? We might ask a more manageable question: What is the most equitable way to distribute responsibility for taxes according to Unitarian Universalist religious principles? But a comprehensive answer even to that more manageable question is beyond the scope of this sermon. I would, however, like to offer three general points for further reflection.

First, arguments for lower taxes often say to us, “It’s your money.” In fact, what you may think of as your money is the last link in a long chain of social and economic interdependence. Says Jim Sherblom, a venture capitalist and corporate chief financial officer: “The opportunities to create wealth are all taking advantage of public goods—like roads, transportation, markets—and public investments . . . We are all standing on the shoulders of all that came before us, and creating a society for our children and those that come after us.” Sherblom concludes: “We have obligations as part of that.”

Second, Adam Smith had a counterintuitive vision of a market that would trick self-interest into providing socially useful benefits. Smith did not believe that unregulated self-interest also would do this; a necessary element was a market, a social institution. In his book Adam Smith: In His Time and Ours, Jerry Muller writes: “Smith did not believe that there was a natural harmony of interests in society. He believed that the public interest would be best served if every [person] channeled his [or her] self-interest through the market. But he realized that from the point of view of the individual producer or group of producers it was most beneficial to circumvent the competitive market with its attendant risks, and use all available means to prevent competition, in order to obtain the highest possible price for their wares. In short, the pursuit of self-interest meant short-circuiting the market.”¹ Muller continues: “The . . . task of the legislator dedicated to the public interest was to prevent [producers] from bypassing the market and to keep it humming at full speed despite the efforts of organized economic interests to protect themselves from market competition.”² Nowadays we hear some people saying that government itself is the enemy. Yet an essential role for government is ensuring that producers stay in the market rather than bypass the market. Calls for lower taxes and less government may simply be disguised attempts to avoid competitive markets, and unregulated self-interest may run quite contrary to the interest of society as a whole. Marian Wright Edelman writes that “if government has no purpose other than its own destruction, the restraints against unethical behavior in both the public and private sectors quickly erode.”³

Third, government can be a way of shaping the character of society in socially responsible ways. You may not feel any particular benevolence for people with whom you are personally unacquainted. Yet through the taxes you pay to the federal

¹ Jerry Z. Muller, Adam Smith: In His Time and Ours (Princeton, New Jersey: Princeton University Press, 1993), p. 77.

² Ibid., p. 78.

³ Marian Wright Edelman, The Measure of Our Success: A Letter to My Children and Yours (Boston: Beacon Press, 1992), p. 89.

government, you may be helping to create a generous and compassionate society. What is the alternative social vision of those who believe that government itself is the problem? Are we simply to have rugged individuals seeking their own self-interest with little or no regard for others outside their immediate circle of acquaintances? “There is a hollowness at the core of a society,” to quote Marian Wright Edelman again, “if its members share no common purpose, no mutual goals, no joint vision—nothing to believe in except self-aggrandizement.”⁴ For society as a whole, there are few alternatives to institutionalized benevolence. Individual benevolence can work within a small community, and a sense of duty can motivate some individuals. But to coordinate socially responsible impulses among a large number of people, impulses which may be weak and wavering across large interpersonal distances, generosity and compassion need to take institutional form. Our hearts may go out to the people we heard about in the reading earlier this morning. But random acts of kindness are not enough to help them or others like them. Sustained, orderly, educated acts of kindness provided through institutions work much better than haphazard gestures.

“I like to pay taxes,” wrote Supreme Court Justice Oliver Wendell Holmes, Jr. “With them, I buy civilization.” Well, sometimes taxes may buy civilization. If you believe, however, that nowadays your taxes are not buying civilization, but are instead buying something contrary to civilization, then it may be important for you to become more politically active.

⁴ Ibid.