The Preferential Option for the Poor and Asset Building: Using Public Policy to Expand Ownership to the Poor

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I. Introduction

During the past fifteen years, a relatively new public policy approach to poverty, an approach known as "asset building for the poor," has been the subject of increasingly vigorous debate among social scientists, policy advocates, and politicians. Like other better known critiques of standard measures of economic well-being, those working to develop policies that help the poor accumulate assets raise important questions about the adequacy of current definitions of human poverty and human well-being and the policies that flow from these definitions.

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2 Throughout this article, I will use the phrases "asset building" or "asset development" as shorthand for the complete phrase, "asset building for the poor."

3 Sen, a Nobel Prize winning economist, argues that standard measures of development, e.g., Gross National Product ("GNP") or personal income level, are inadequate indicators of development because they fail to assess whether the goal or purpose of development has been met. For Sen, this goal is the cultivation of "substantive freedoms—the capabilities—to choose a life one has reason to value" (Id. at 54). If the goal of development is to cultivate human capabilities, it follows that "poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes, which is the standard criterion of poverty" (Id. at 87). Cf. WOMEN, CULTURE, AND DEVELOPMENT: A STUDY OF HUMAN CAPABILITIES (Martha C. Nussbaum & Jonathan Glover eds., 1995) (articulating more philosophical position and defense of capabilities approach to development).
I begin this article by briefly outlining the critique of standard measures of poverty and well-being made by those working on asset-building policies. I then articulate the argument for the development of public policies that would assist those who are poor to accumulate assets. Having laid out the basic rationale for asset-building approaches to poverty reduction, I then argue that asset-building initiatives are consistent with key aspects of Catholic Social Thought, including the preferential option for the poor. Indeed, I suggest that Catholic Social Thought can be used to provide a moral rationale for current asset-building policy objectives, something that has thus far been lacking in most academic and policy discussions of this issue. Finally, I suggest that Catholic Social Thought can also benefit from the research of those working in the asset development field, arguing that the sophisticated and complex understanding of socioeconomic structures that contribute to asset accumulation in modern economies can help advance the Catholic social tradition's suggestion that ownership should be expanded to as many people as possible.

I will focus my discussion on poverty and asset-building initiatives in the United States; therefore my treatment of Catholic Social Thought and the preferential option for the poor will draw mostly, although not exclusively, from statements made by the United States Catholic Bishops' and moral theologians addressing issues of economic justice in the United States. In limiting my discussion in this way, I do not mean to suggest that asset-building approaches are only relevant to the U.S. context; indeed asset-building initiatives are now underway across the globe. It will be important, however, to adapt all such initiatives to their particular social and cultural contexts.

II. Towards an Adequate Definition of Poverty

Most of us would agree with Stuart Rutherford's assertion that "a popular and useful definition of poverty is one that does not have much money." The development of social policy within modern nation-states, however, requires a more precise definition of poverty.

such as a monetary threshold that distinguishes the poor and non-poor. A more exacting definition of poverty has tended to focus on two primary concepts: consumption and income. Since income as such has no inherent value, economists have looked to the purpose or end of income to generate a more defined understanding of what it means to be poor or non-poor. In identifying the "end" or "goal" of money, economists necessarily make a judgment of moral value, even though they frequently understand themselves to be engaged in a value-free enterprise. Charles Clark has suggested that, for neoclassical economics, the "ultimate good or value in the economy" is "consumption." If one looks more generally at standard economic definitions of poverty and welfare (well-being), Clark's theory is arguably true for the discipline of economics as a whole. For example, Oxford's A Dictionary of Economics defines poverty as the "inability to afford an adequate level of consumption" and welfare (or well-being) as the opposite. Consequently, the so-called "poverty line" marks the point where one has "just enough income to avoid inadequate consumption."

From this perspective, poverty, income, and consumption are intimately linked; one's income, and consumption level (enabled by one's income), ultimately determine whether one is impoverished. For this reason, Michael Sherraden, arguably the leading academic expert on asset-building policy, states that:

Almost entirely, poverty and welfare in Western welfare states have been defined in terms of income. It has been assumed that if households have a certain amount of income, they will consume at a level equivalent to that income, and this consumption is by definition welfare (well-being) of the household. This is consistent with the definition of welfare as it is used in welfare economics, and, indeed, the entire edifice of the welfare state rests uneasily on this narrow intellectual footing.

The link between economic poverty, income, and consumption is so pervasive that most of us have a difficult time conceptualizing it in any other terms. Reflecting this widely accepted perspective (and, no doubt, reinforcing it as well) the federal government defines the official poverty line for individuals and families according to income level, deter-
When poverty is understood as having too little income "to afford an adequate level of consumption," it should not be surprising that the goal of our anti-poverty policies has been dominated by efforts to raise the income/purchasing power of the poor just enough so that they may consume at a level that they will no longer be living in poverty. Thus, whether it be through means-tested income transfers, such as food stamps or rental subsidies, increases in the minimum wage, the earned income tax credit, or even restrictions on benefits to overcome alleged resistance to entrance into the workplace, the goal is almost always related to the income-consumption conception of poverty.

Contrary to the notion that poverty and economic well-being ought to be understood solely in terms of income and consumption—what I call the income paradigm—advocates of an asset-building approach to poverty argue that income and consumption do not exhaust the meaning of economic poverty. Moreover, they argue that restricting the definition along these lines undermines the effectiveness of anti-poverty initiatives. Until such initiatives incorporate some notion of asset-building, those proposing asset-building initiatives for the poor argue that long term efforts to alleviate poverty cannot succeed. This is because economic well-being includes not only adequate income flow and the consumption of goods and services necessary for daily living, but also saving and accumulation of assets, or wealth. Thus, Sherraden argues:

Sherraden clarifies that asset-based approaches are not intended to replace income-based approaches, but rather, to complement them. Income-based strategies to deal with poverty help serve the important function of addressing the immediate needs of those who are poor, but they do not help build the economic foundation necessary to escape poverty. Addressing immediate needs is hardly an unimportant function and nothing I say here is meant to undermine this important aspect of poverty policy. There is a considerable amount of data that support the claim that means-tested income transfers do have a substantial effect on income poverty. At the same time, the evidence compiled over a substantial number of years suggests that while income transfers are effective in addressing the symptoms of poverty, they appear to be less effective in altering the underlying causes that lead to poverty. One piece of evidence that supports this claim is the persistent pre-transfer rate of poverty, that is the rate of poverty when government transfers are not included. While "official poverty declined from 17.3 percent of the U.S. population in 1965 to 14.4 percent in 1984, pre-transfer poverty did not decline—it was 21.3 percent in 1965 and 22.9 percent in 1984." Thus, it appears that while income transfers have eased the burden of the poor, "they have not helped reduce the underlying level of poverty." Assets, as opposed to income alone, help provide the requisite foundation necessary to permanently escape poverty. As commentators Oliver and Shapiro note:

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Wealth is a special form of money not used to purchase milk and shoes and other life necessities. More often it is used to create opportunities, secure a desired stature and standard of living, or pass class status on to one's children. In this

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12 The official poverty line was established in the mid-1960s and based upon a 1955 U.S. Department of Agriculture (USDA) survey of food consumption which estimated that the average American family of four spent one-third of its after-tax income on food. In defining the poverty line, the lowest priced diet considered adequate (the "Economy Food Plan," later termed the "Thrifty Food Plan") was multiplied by three, and subsequently adjusted for inflation and differing family sizes.
13 The literature on assets and wealth does not adhere to a consistent definition of either assets or wealth. As these terms are used in the asset-building literature, they refer primarily, although not exclusively, to economic assets, financial or real (i.e., property, real estate, or other material holdings). In this same literature, the functional differences between assets and wealth vis-à-vis income are stressed. I discuss these functional differences in what follows. It is of course possible, and sometimes desirable, to speak of wealth and assets in non-financial terms (i.e., a particular quality of a person's character can be described as an asset) but, for the most part, this essay will focus on these terms as indicators of one's financial condition.
14 See id. (asserting position that alternate concept of welfare is not meant to replace previous notions).
16 Id.
sense the command over resources that wealth entails is more encompassing than is income or education and closer in meaning and theoretical significance to our traditional notions of economic well-being and access to life’s chances.17

Moreover, not only do assets help one to move out of material poverty, they also help enrich one’s life, the life of one’s family, and the life of the community in many ways. Positive benefits correlated with asset ownership include improved feelings of self-worth and less marital discord in addition to broader civic and political participation.18

III. The Growing Significance of Asset-Building Policy Proposals

Works amplifying the original insight of Sherraden have given significant momentum to an asset perspective on poverty.19 Moreover, during a period characterized by increasingly bitter partisan bickering, one can observe the beginnings of an unusual bi-partisan coalition in support for asset-building strategies. Evidence of this is increased legislative activity aimed at helping the poor to accumulate assets in addition to high profile political statements by significant party leaders.

Former President William Jefferson Clinton advocated asset-building programs in his first presidential campaign, signed into law the Assets for Independence Act of 1998,20 and later proposed a much larger matched-savings program, Individual Development Accounts (“IDAs”), which sought to enable savings and asset accumulation among low and moderate income Americans.21

In the 2000 and 2004 Presidential elections, both the Republican and Democratic Presidential candidates proposed billion dollar IDA initiatives in their platforms. Democratic candidate John Kerry supported matched savings accounts he referred to as “Empowerment Accounts.”22 In 2002, the Federal Reserve Chairman supported asset-building programs for the poor.23 As of 2003, 34 states have passed IDA laws24 and there is legislation pending in the United States Congress: the Savings for Working Families Act, which aims to provide $450 million for 900,000 IDAs over a ten year period.25 Former Senator Rick


Tens of millions of Americans live from paycheck to paycheck. As hard as they work, they still don’t have the opportunity to save. Too few can make use of IRAs and 401-K plans. We should
Santorum (R.-Pa.) and Senator Joseph Lieberman (I.D.-Ct.) re-introduced a version of the bill in the Senate in 2005, 26 and Representative Joe Pitts (R.-Pa.) re-introduced a version of the bill in the House of Representatives in February of 2007. 27 Policy activity related to asset-building policies for the poor have not been limited to the United States. Australia, Canada, Colombia, Indonesia, Hungary, New Zealand, Peru, Singapore, South Korea, Uganda and the United Kingdom are among the countries that either have or are currently developing programs that enable the poor to accumulate assets. In addition to government initiatives, there have been a number of non-profit and for-profit initiatives directing their energies and resources toward helping the poor. Among the many organizations involved in this effort are the Ford Foundation and the Grameen Bank.

Given the increased level of activity in advancing asset-based approaches to poverty reduction, it is striking that they have received relatively little attention in the writings of Catholic moral theologians and other scholars interested in Catholic social thought. This is true, despite the fact that the Catholic social tradition has frequently emphasized the importance of ownership to human well-being. To rectify this lack of attentiveness, I want to turn now to the Catholic social tradition, examining it in light of the arguments made by those developing policies aimed at helping the poor to save and accumulate assets. As I indicated in the introduction, my focus will be on Catholic social teaching in the context of the United States.

IV. Catholic Social Thought, Poverty, and Assets

Some two decades ago, the United States Catholic Bishops (NCCB) published *Economic Justice For All*, a clarion call to Roman Catholics and the nation to address the economic challenges faced by so many in this country. 28 Those challenges included the fact that 33 million people were living in poverty with "another 20-30 million" judged needy "by any reasonable standard." 29 The Bishops also noted "many working people and middle-class Americans live dangerously close to poverty" and that, over a ten year period, "nearly a quarter of the U.S. population was in poverty part of the time and received welfare benefits in at least one year." 30 To this account of material deprivation, the Bishops added that the U.S. economy "is marked by very uneven distribution of wealth and income," adding the following data to make their case. 31 With respect to wealth distribution, 2% of the nation's families controlled 28% of the total net wealth and 54% of the nation's net financial assets. 32 The Bishops noted that inequalities in income distribution, although not quite as severe as inequalities in wealth distribution, were nevertheless significant: the top 20% of income earners received nearly 43% of the nation's income, while the bottom 40% received only 15.7%. 33 Such extreme levels of inequality, the Bishops suggested ominously, could become "a threat to the solidarity of the human community, for great disparities lead to deep social divisions and conflict." 34 These and other troubling aspects of the economic conditions in the U.S. led the Bishops to characterize the current state of affairs as "a social and moral scandal," one which they "could not ignore." 35

The Bishops call for a re-visioning of the U.S. economy: one informed more by biblical norms, religious principles, and philosophical reflection on the nature of personhood than by the mechanistic language of economists. Against those who argue that economic decisions ought to be driven by purely "market" considerations, (i.e., maximizing efficiency, productivity, profitability and so on) the Bishops insist that the criterion for evaluating an economic decision is "whether it protects or undermines the dignity of the human person." 36 That dignity, grounded in the biblical claim that human persons are created in the image of God and in the philosophical argument that distinctive human capacities include freedom and rationality, places a claim on all of us to treat human beings with equal regard and respect. Since "respect for persons

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26 See *Savings for Working Families Act of 2005*, S. 922, 109th Cong. (2005) (seeking to assist American families in accumulating assets and support continued economic growth in *United States* of America). This legislation has yet to be reintroduced in the Senate in the 110th Congress.  
27 See supra note 24.  
28 *NAT'L CONF. OF CATH. BISHOPS*, supra note 4.  
29 *Id.* at ch. 1, no. 16.
30 *Id.* at ch. 1, no. 17.  
31 *Id.* at ch. 3, no. 153.  
32 *Id.*  
33 *NAT'L CONF. OF CATH. BISHOPS*, supra note 4, at ch. 3, no. 184.  
34 *Id.* at ch. 2 no.74.  
35 *Id.* at ch. 1 no.16. The Bishops were well aware of deteriorating macroeconomic conditions in other parts of the world and they did address the impact of economic and political decisions made in the U.S. on others around the globe. Because the focus in this article is on inequality in the U.S. I have chosen to focus on their remarks about the domestic economy. See *The U.S. Economy and the Developing Nations: Complexity, Challenge, and Choices*, in *NAT'L CONF. OF CATH. BISHOPS*, supra note 4, at ch. 3, sec. D, no. 251-292 (for the Bishops' reflections on the economic conditions of developing nations and our moral obligations towards the same).  
36 *Id.* at note 4, at no. 13.
as moral agents implies, a fortiori, respect for the conditions of their exercising agency (i.e., the provision of basic liberties and welfare) it follows that persons are ‘entitled, not merely to ‘negative liberties’, but to basic welfare-rights.”37 This is because the very exercise of human agency requires the support of the human community if it is to become actualized. The agency of a person in need of health care who does not have access to proper medical treatment, for example, is severely compromised. Likewise, human agency is undermined when persons living in a social and historical context in which employment opportunities are linked to advanced educational training do not have access to such training. Similarly, to the degree that ownership is associated with human well-being, positive steps must be taken to help persons secure assets if their dignity is to be protected. This claim is succinctly articulated by Pope John XXIII in Mater et Magistra: “it is not enough to assert that the right to own private property and the means of production is inherent in human nature. We must also insist on the extension of this right in practice to all classes of citizens.”38 In sum, since human dignity and the exercise of freedom are mutually implicating, one cannot respect the former without enabling the exercise of the latter.

It is in this context—that is, the context of enabling human freedom—that Catholic Social Thought most frequently discusses the question of ownership. Pope Pius XII argued that the dignity of the human person “normally demands the right to the use of the goods of the earth, to which corresponds the fundamental obligation of granting an opportunity to possess property to all if possible.”39 Pope John XXIII argued that the right to private ownership of property was “a means of asserting one’s personality and exercising responsibility in every field” as well as “an element of solidity and security for family life and of greater peace and prosperity in the State.”40 Similarly, Gaudium et Spes argues that “[p]rivate property or some ownership of external goods confers on everyone a sphere wholly necessary for the autonomy of the person and the family, and it should be regarded as an extension of human freedom.”41 In addition, ownership “adds incentives for carrying on one’s function and charge” and therefore “it constitutes one of the conditions for civil liberties.”42 For their part, the U.S. Catholic Bishops repeatedly stress the importance of expanding ownership to as many people as possible. Since human freedom depends not only upon a certain level of material well-being but also on the enabling of participation in human society, including participation in the economy, priority should be given “to policies and programs that support family life and enhance economic participation through employment and widespread ownership of property.”43 In a different context, the Bishops recall with approval an earlier statement made by their fellow Bishops in 1919 that argues that “the full possibilities of increased production will not be realized so long as the majority of workers remain mere wage earners. The majority must somehow become owners, at least in part, of the instruments of production.”44 The Bishops add that “[w]e believe that this judgment remains generally valid today.”45

The preferential option for the poor is central to the U.S. Catholic Bishops’ economic pastoral. A central claim of the letter is that economic decisions “must be judged in light of what they do for the poor, what they do to the poor, and what they enable the poor to do for themselves. The fundamental moral criterion for all economic decisions, policies, and institutions is this: They must be at the service of all people, especially the poor.”46 Because the concepts of human freedom and dignity, the social nature of the person, participation, and ownership are all interrelated concepts in the Catholic social tradition, we should not be surprised to find them woven together in discussions on poverty. Properly understood, the defense of ownership in the tradition is not an effort to underwrite the claims of those who currently own property against anyone who might seek to diminish that ownership in some way. Still less is it an effort to suggest that ownership and the accumulation of assets is an end in itself. In the Catholic social tradition wealth is a means of enabling genuine human activity, including broader participation in the economic, civic, social, and political life of the community. It is for these reasons that the U.S. Catholic Bishops argue that “efforts that enable the poor to participate in the ownership and control of economic resources are especially important.”47

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37 O’Neill S.J., supra note 11, at 75.
39 Id.
40 Id., ¶ 112.
42 Id.
43 Nat’l Conf. of Cath. Bishops, supra note 4, at ch. 2 no. 91.
44 Program for Social Reconstruction in the Marketplace, in Nat’l Conf. of Cath. Bishops, supra note 4, at ch. 4 no. 300.
45 Id., at ch. 1, no. 34.
46 Id., at ch. 3, no. 200.
V. The Role of Policy in Wealth Inequality: A Preferential Option for the Nonpoor

The problems identified by the Bishops did not, of course, come to an end after the publication of Economic Justice for All; indeed, on several fronts, things noticeably worsened. Both income inequality and wealth inequality have widened since the Bishops' call to action, with wealth inequality sharply higher than income inequality. Wolff reports that the top 20% of households earn about 56% of the nation's income and command 83% of our wealth.48 The top 1% earned about 17% of national income and owned 38% of national wealth.49 By contrast, the bottom 40% earned 10% of national income, but owned less than 1% of the wealth, and the bottom 60%—the majority of the country—earn about 23% of the nation's income, but own less than 5% of the wealth.50 Further disaggregation of the data on income and wealth inequality highlights the fact that there are even greater inequalities between races.51 The average black household had 54 cents of income and 12 cents of wealth for every dollar earned and held by whites; for Hispanics, it was 62 cents of income and 4 cents of wealth for each dollar belonging to whites.52

The sharp rise in wealth inequality since the publication of Economic Justice for All has been aided (both financially and institutionally) by public policies that favor those who least need assistance, the nonpoor. The United States has adopted a public policy approach to asset building that can be accurately described as a "preferential option for the nonpoor." Our asset-building policies are biased towards the nonpoor primarily because they deliver subsidies aimed at facilitating savings, ownership and asset accumulation through the tax code.

It is important to notice several features of these asset building policies. First, both from the perspective of the federal budget and from the perspective of their beneficiaries, policies that subsidize asset building through the tax code are not revenue neutral. The beneficiaries of these policies are provided with significant financial rewards via preferential tax treatment of their asset holdings and the federal government incurs substantial losses of revenue as a result of these same policies. These losses of revenue—referred to officially as "tax expenditures"—make up a significant and rapidly growing part of the federal budget. In 1995, tax expenditures totaled almost $440 billion; by 2006 these expenditures reached $945 billion. The 2006 figure is over three times the projected 2006 federal budget deficit and twice the amount of direct expenditures that most people associate with social welfare.53 From almost any perspective, tax expenditures represent "a massive commitment of fiscal resources." The magnitude of these expenditures leads Christopher Howard to suggest that, "the IRS, rather than Health and Human Services, is arguably the most comprehensive social welfare agency in the United States."54

Second, as I've already indicated, nearly all tax expenditures are directed to the nonpoor. Those whose income is $50,000 or more receive approximately 90% of the benefit of tax expenditures "on home mortgage interest, state and local taxes (on income and property)", marking these expenditures as the most regressive tax policy in the federal budget.55 In short, "public policies for asset building are making the

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49 Id.
50 Id.
51 Id.
52 Wolff, supra note 48. Another way one can assess the level of inequality in the United States is through a measure of inequality known as the “Gini coefficient.” The Gini coefficient for any given population can range from 0 to 1, with values near 0 indicative of very low levels of inequality and values near one indicative of very high levels of inequality. With respect to wealth inequality, Wolff notes that “the United States has a Gini coefficient of 82, which is pretty close to the maximum level of inequality you can have” (Interview with Edward N. Wolff, The Wealth Divide: The Growing Gap in the United States between the Rich and the Rest: An Interview with Edward Wolff, MULTINATIONAL MONITOR, 24.5 (2000)).
53 Christopher Howard, The Hidden Welfare State: Tax Expenditures and Social Policy in the United States 25-27 (1997); Thomas Hungerford, Tax Expenditures: Trends and Critiques 1 (Sept. 13, 2006) available at http://www.spencer.com/rpts/RL33641_20000913.pdf. The total direct expenditures for FY2006 were estimated at $1.232.8 billion. When one excludes Social Security and Medicare costs, the total direct expenditures come to 419.8 billion. The latter figure includes the following programs: Supplemental Security Income, Housing Assistance, Earned Income Tax Credit, Food Stamps, Unemployment Compensation, Temporary Assistance for Needy Families (TANF), Higher Education financial assistance, Child tax credit, Training and Employment, Women, Infants, and Children food program (WIC), Child support and family support programs, Workers’ Compensation. The amount spent on TANF was $17.4 billion. Food stamps, $31.7 billion, WIC, $5 billion.
54 Howard, supra note 53, at 30.
comfortable more comfortable, the rich richer, and leaving the poor as they are. Third, "most tax expenditures are asset based; that is, these ... benefits directly help people accumulate financial and real assets." The largest tax subsidies that encouraged asset accumulation were in the areas of preferential treatment of gains from investments ($142.2 billion), retirement accounts ($124.7 billion) and home ownership ($90.6 billion). The housing tax expenditure provides an especially striking example of how our public policies focus on consumption alone for the poor while enabling asset accumulation for the nonpoor. Whereas the nonpoor receive substantial housing subsidies directed at helping them to become homeowners, the vast majority of the housing subsidies directed to the poor enable them to secure rental housing.

Finally, the high level of participation among those who can take advantage of these asset savings vehicles is directly related to their ease of access and the incentives that they provide. "People participate in [for example] retirement pension systems because it is easy and attractive to do so. This is not a matter of making superior choices. Instead, a priori choices are made by social policy, and individuals walk into the pattern that has been established."

Low-income households have very limited access to these institutional mechanisms, incentives and subsidies that assist the nonpoor in their efforts to save. Low-income households are less likely to have employment matched pension programs, access to payroll deduction savings programs, or mortgage financed home purchases. They generally do not receive the tax benefits for mortgage interest deductions and if they do own their own home they generally receive lower rates of return for their housing investments.

It should be noted that a priori social policies have also shaped the choices available to the poor, but these policies have generally not had the effect of facilitating saving, let alone providing incentives to do so. Indeed, the main federal social welfare institution to which the poor have had access actually discouraged saving: means-tested welfare ben-

VI. Contribution of Asset-Building Research to Catholic Social Thought

What does the asset development approach to poverty and findings of those doing research in this field contribute to Catholic Social Thought? One can identify at least four distinctive contributions asset development research can make.

First, it provides a clear analytical distinction between the function of income on one hand, and the function of assets or wealth on the other. It marshals considerable empirical evidence to support these functional distinctions. In so doing, the importance of asset development (or wealth creation) to human well-being is made clear. The Church can draw on this research, in a way that both Catholics and non-Catholics can endorse, to bolster its case that ownership should be much more widespread.

Second, the distinction between income and assets also helps to identify, in a clear and precise way, important mechanisms of exclusion in contemporary economic arrangements. As I have already indicated, these mechanisms provide incentives and material rewards for asset accumulation, but tend to do so only for the nonpoor. This analysis helps bolster Catholic Social Thought's already cogent critique of institutional arrangements that both materially enrich the lives of the few who least need it while impeding the development of the many who most need it.

Third, by clearly identifying this mechanism of exclusion and marginalization, asset-building research identifies another dimension of what it means to participate in modern economies. I noted earlier that...
the central idea in Catholic Social Thought is the important connection between the protection and promotion of human dignity and the idea of participation in society. Persons should be enabled and allowed to participate in society, and this includes participation in the economic life of society. Given the importance of savings and investments to one's economic well-being in general, the growing importance of such savings vehicles in a post-industrial economy, and the widening wealth gap between the rich and the poor, a strong case can be made that full participation in the economy requires more than simply a well-paying job. It requires access to financial institutions and savings plans as well.

Fourth, Catholic Social Thought has long recognized that adequate material resources are a necessary although not sufficient aspect of human flourishing. For this reason, it has a long tradition of supporting both a "living" or "family" wage and private ownership. There is, however, a tendency within Catholic Social Thought to blur the distinction between income and income transfers and assets and ownership. Perhaps because of this, it has not articulated with specificity the important role that institutions and social policies play in facilitating individual ownership. This is not to say that it does not recognize that policy has an important influence on expanding ownership to more persons. But these writings show little awareness of the degree to which the nonpoor are being subsidized in their efforts to accumulate assets and the poor are not. Given both the consistent emphasis that Catholic Social Thought places on the role that social institutions play in facilitating or impeding human well-being and the extent of its discussions regarding the benefits of ownership, it seems reasonable to suggest that those working within the Catholic social tradition should take a closer look at its programmatic recommendations regarding ownership and the poor. Here again, research on asset development is extremely helpful.

VII. Conclusion

Given that the problems in the U.S. economy that were identified by the Bishops in Economic Justice For All have not only persisted but have intensified since its publication, it is perhaps worth revisiting their moral analysis of U.S. economic arrangements. To suggest that this may be a worthwhile exercise is not to imply that the Bishops "got it all right" in their pastoral letter. Still less is it an endorsement of ecclesiastical positivism, i.e., to argue that because the Bishops said it, it must be right. It is, rather, to acknowledge that the Catholic social tradition contains significant resources for moral reflection on the nature of human economic activity. Whether and how its moral insights, or indeed the moral insights of any religious tradition, ought to be brought to bear on public policy in a pluralistic democracy—including asset-building policy—is a complex topic that cannot be fully explored here. It is important to say, however, that the authority of the Bishops' arguments (and Catholic moral theologians reflecting upon their arguments) depends to a considerable degree on the persuasiveness of the claims they make.

It is true that, to some degree, the persuasiveness of arguments made by Catholic Social Teaching depends upon the authority that any particular person grants to the Catholic Church, its official spokespersons, and the texts and resources they adduce to support their arguments. For example, it is likely that the U.S. Bishops' analysis of the U.S. economy will initially be granted more authority by Catholics than non-Catholics, although this is by no means universally true. Similarly, an argument grounded in a particular biblical text may be more persuasive to those who accept that the Bible is in some way the revealed Word of God. But, again, this is not necessarily the case. It is quite plausible that someone who rejects the claim that scripture is the product of divine revelation may nevertheless find that the Bible contains important insights into the human condition as such. And it is quite clear that even those who accept the divine authority of scripture differ in the relative value that they grant to particular texts within the Bible. In the latter case, the relative valuing of texts depends upon complex criteria which may or may not form a coherent interpretive matrix. In the former case, the authority of the text depends much more on its ability to truthfully convey important insights into, for example, the nature of economic justice, or the appropriateness or inappropriateness of certain kinds of institutional arrangements than it does on an appeal to divine revelation as such.

The Catholic moral tradition has long maintained that reason and revelation do not contradict one another, and for a considerable period during its history much of its public moral argument relied almost exclusively on "reason" to support its moral claims. More recently, there...
have been calls by some moral theologians and Christian ethicists for a
more explicitly Christian form of public argument, in part because it is
clear that Christian symbols, stories and texts can have moral reson­
ance whether or not one subscribes to the Christian faith.\(^6\) But an­
other reason for increased calls for a more explicitly theological public
discourse is that the once widely accepted claim that public debate
ought to be dominated by “neutral” forms of rational argument, (e.g.,
argument that did not depend upon “thickly” held conceptions of the
good) has come to be seen as profoundly implausible. There is nothing
neutral about procedures that require some to “bracket” or set-aside
constitutive beliefs and values while others are given free reign to ap­
peal to alternative but far from neutral beliefs and values. In the con­
text of this discussion, for example, there is nothing neutral about mar­
ginalizing the claims of some who hold that the preferential option for
the poor ought to be a guiding principle in shaping economic decisions
simply because it originates from within a religious tradition, while
those who believe that all economic decisions should be left to “the
invisible hand” of the market are granted unfettered access to the pub­
lc sphere. The mere fact that an idea originates from within the social
sciences does not mean it is any more neutral (or less value-laden) than
ideas originating from religious traditions. It is nevertheless still the
case that theological ethics must be attuned to developments in the
human sciences and other disciplines of human learning and remain
open to the insights that these disciplines bring to our moral endeavors.
The work of those social scientists and others who are helping to
illuminate the benefits of and pathways to broader ownership is one
such development to which theological ethicists would do well to pay
attention.

\(^6\) See LISA SOWLE CARRIL, THEOLOGICAL BIOETHICS: PARTICIPATION, JUSTICE AND CHANGE
(2000); JOHN Rawls, POLITICAL LIBERALISM (1993); AMY Gutman & DENIS THOMPSON,
DEMOCRACY AND DISAGREEMENT (1996), KENT GROSSWALT, PRIVATE CONSCIENCE AND PUB­
LIC REASONS (1995); MICHAEL J. PERRY, RELIGION IN POLITICS: CONSTITUTIONAL AND MORAL