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BOOK REVIEW: Finding glory in the market

Doug Bandow

MONEY, GREED, AND GOD: WHY CAPITALISM IS THE SOLUTION AND NOT THE PROBLEM

By Jay W. Richards

HarperOne, $24.99, 25 pages

Reviewed by Doug Bandow

Can a Christian be a capitalist? Jay W. Richards, formerly at the Discover and Acton institutes, once would have said no. Now, however, he warns against Christians who "ignore the basic facts of economics." Mr. Richards answers his original question with a resounding yes.

"Money, Greed, and God" is both thoughtful and important. Mr. Richards builds his argument around eight common myths regarding economics. For instance, the Nirvana Myth contrasts "capitalism with an unrealizable ideal rather than with its live alternatives." The Piety Myth emphasizes good intentions. The Zero-Sum Game Myth presumes that some must lose if others gain. And so on.

Mr. Richards confronts the essence of the relationship of capitalism and Christianity when he asks: "What would Jesus do?" Critics of capitalism routinely make claims as to what they believe Jesus would not do - work on Wall Street, drive a sport utility vehicle and whatever the latest disfavored activity du jour happens to be.

Mr. Richards comes at the issue the other way. For instance, he writes, there is no doubt that believers are to help those in need: "God's concern for the poor isn't some sidelight." But God's commands are not self-enforcing. How does one help the poor?

Observes Mr. Richards: "Spiritually you're better off a little mixed up about economics than indifferent to human suffering. Economically, though, only what you do is important, whatever your reason." That is, good intentions are not enough. If you don't take economics into account, you aren't likely actually to make people better off.

The book challenges a number of "feel good" policies, including the living wage, fair trade and foreign aid. Of the latter, notes Mr. Richards, there is no correlation between foreign aid and economic growth.

Asks Mr. Richards: "what does tax money sent from one government to another have to do with speeding up the creation of wealth? Nothing. No developing country ever got rich that way."

He also defends the competitive nature of markets. Far from being unfair, competition is the driving force behind economic gain. "A free exchange is a win-win game," writes Mr. Richards: "Free trade makes it possible for people to play win-win games of exchange. We're so used to this that we take it for granted."

Mr. Richards applies this lesson to the issue of wealth distribution. In market economies, absent special circumstances, people are not poor because others are rich. In a positive sum game everyone benefits together.

He emphasizes: "Even if the gap between rich and poor grows over time, it doesn't mean that the poor are getting poorer, because the total amount of wealth may have gone up. The relevant issue is whether the lot of the poor improves over time, not how close they are to the richest member of their society."

If the poverty standard is relative, then there will always be poverty. After all, most Americans are poor compared to Bill Gates. However, most of these "poor" people are wealthy compared to most residents of developing nations.

Mr. Richards further contends that wealth creation is a natural aspect of God's creation: "As Creator, God has made us with the awesome power and responsibility to create." Obviously, Genesis is not an economics text. But, writes Mr. Richards, "not only do we create wealth, but, in the right circumstances, we create more and more wealth. Wealth, rightly applied, begets more wealth."

He does not ennoble greed. However, greed is not the essence of capitalism. Mr. Richards looks to Adam Smith rather than Ayn Rand. The former, notes Mr. Richards, "believed that normal adults aren't self-absorbed monads, but have a natural sympathy for their fellow human beings. His point about self-interest is that, in a rightly ordered market economy, you're usually better off appealing to someone's self-love than to their kindness."

Does greed exist? Of course, but it is the result of human sin, a natural attribute to humanity. As Mr. Richards observes, "greed is universal; capitalism is not."

Particularly important is the role of entrepreneurship. Meeting human needs in new and better ways is the most direct method -- other than using political power to mulct one's neighbors -- of becoming rich. While entrepreneurs are not per se virtuous, they are more likely to be successful if they exhibit virtue.

Explains Mr. Richards:

"Before entrepreneurs can invest capital, for instance, they must accumulate it. So unlike gluttons and hedonists, entrepreneurs set aside rather than consume much of their wealth. Unlike misers and cowards, however, they risk rather than hoard what they have saved, providing stability for those employed by their endeavors."

Just because entrepreneurship is economically beneficial doesn't make it consistent with Christianity. However, Mr. Richards warns against the simplistic application of fundamental biblical principles to complicated economic problems.

Mr. Richards writes: "We must distinguish what the Bible actually says from what we assume it ought to say. Unfortunately, as we've seen, when it comes to economics, pious assumptions too often replace careful reading -- and careful thinking."

Markets are a human, not a Christian, institution. But, argues Mr. Richards, markets are a natural outgrowth of God's creation. He writes: "Many bad things happen in a market as well, since every market exists in a fallen world. But the market order is one of the things that God has made or that emerge when his image bearers interact in a certain way." Thus, despite the market's obvious imperfections, he concludes, we "should see in it God's glory."

Doug Bandow is a senior fellow at the Cato Institute. He is a former special assistant to President Reagan, and he is the author of several books, including "Beyond Good Intentions: A Biblical View of

Politics" (Crossway).